

FOREX TIPS FROM MY "1/2 A LOSS IN 22 TRADES" SYSTEM



DAMIEN HOOPER

All rights are protected, though you may print this document for your own reference or give this ebook away to anyone that may be interested, such as your subscriber base for promotional purposes.



© Copyright Protected 2016 by Damien Hooper

DamienHooperTrading.com

This work is copyright. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Damien Hooper, O'halloran Hill Adelaide SA 2016

Contents

1. **Forward**
2. **Disclaimer**
3. **Proof: 22 Trades In 22 Days**
4. **Finding My Feet**
5. **Commitment**
6. **Indicators are Unnecessary**
7. **Stop Predicting Price**
8. **Perfect The Process**
9. **Increase Your Awareness and Stop Complaining**
10. **Leave Your Ego At The Door**
11. **Don't Overtrade**
12. **Make Learning Fun**
13. **Risk Per Trade**
14. **Trade Your Best Set-up**
15. **My Parabolic Edge**
16. **Reducing Market Risk**
17. **Reducing Broker Risk & Costs**
18. **When To Trade**
19. **One Thing at a Time**
20. **Everyone Needs Rules**
21. **25 Rules**
22. **Find A Model and Learn From Live Trades**

1. Forward

I want to thank you for taking an interest in my trading style.

It is my experience that the forex market is full of empty promises and people who have less than noble intent. That said, I consider myself one of the good guys.

I get a kick out of helping people, and I am really excited to have this opportunity to give back to the forex community that I have learned so much from.

If you are new to forex, then I suggest you start your learning with all the free babypips.com courses, and you sign up to forexfactory.com and start learning all you can.

I also want to suggest you set up a [demo account](#) so you can try out a few strategies for size as you develop your understanding and get a bit closer to knowing what you are doing.

You will then be in a position to have a better context to test many of the ideas behind my system and the way I trade when you learn them, and be knowledgeable enough to understand them.

Once again I want to thank you for checking out this ebook. If you have any questions or suggestions, you can contact me at damienhoopertrading@mail.com.

**“The best way to predict the future is to create it”
Peter Drucker**

2. Disclaimer

High Risk Warning:

Foreign Exchange Trading has large potential rewards, but also large potential risks. Leverage very often works against you rather than for you. Please research the risks of trading in forex and be willing to accept them before you trade in these markets. Forex trading involves substantial risk of loss and is not suitable for all investors. Please do not trade with borrowed money or money you cannot afford to lose.

Any opinions, news, research, analysis, prices, or other information contained in this material provided by Damien Hooper is provided as general market commentary and does not constitute investment advice or a solicitation to buy or sell any foreign exchange contract, contract for difference or securities of any type. It does not take into account your personal circumstances, please do not trade or invest based solely on this information, or on the information provided by Damien Hooper, his websites, educational material, or that provided by his employees and associates. By viewing any material or using the information within this ebook you agree that this is general education material and you will not hold any person or entity responsible for loss or damages resulting from the content or general information provided here by Damien Hooper.

No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in any material in this or attached links.

The past performance of any trading system or methodology is not necessarily indicative of future results. For the avoidance of any doubt, the author of this material or any of his employees do not hold themselves out as Commodity Trading Advisors (“CTAs”).

Given this representation, all information and material provided by this author or any associated companies, or employees, is for educational purposes only and should not be considered specific investment advice.

Damien Hooper and his associates do not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from the use of or reliance on such information.

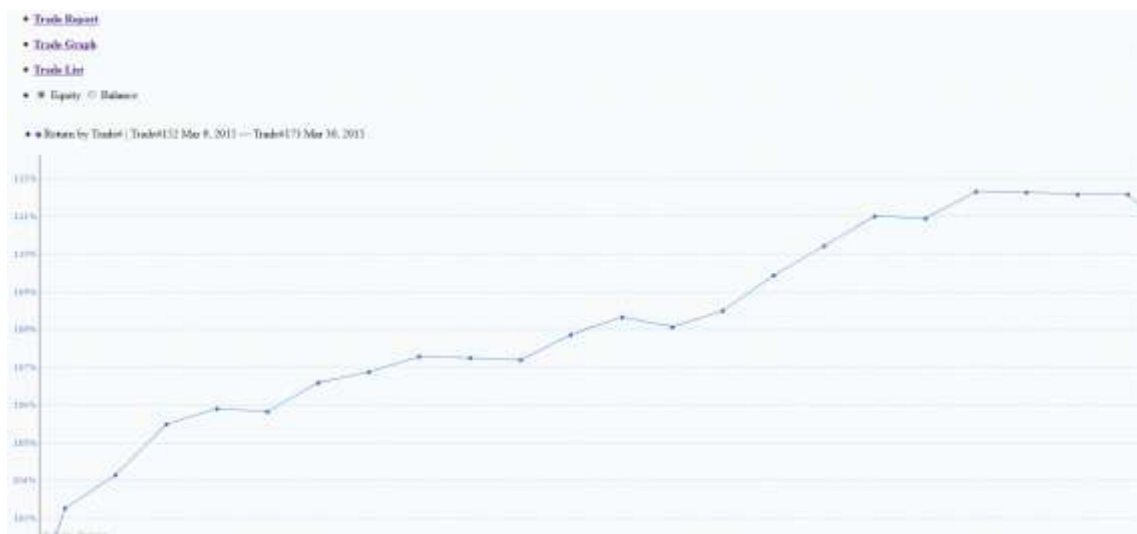
3. Proof: 22 Trades in 22 Days

Time for the proof, but before I do I want to make the point that during the 22 day period that is being analysed, I always aimed to make at least the amount of my risk back on each trade, and more if possible. The risk/reward of a system is very important and it would have been vastly easier to create the winning streak with a system that risked more than it stood to gain on a trade, than one like mine - which always aimed to make at least my risk back on each trade.

If you don't know the ins and outs of risk/reward ratio in trading and are fairly new to this stuff, I recommend you first spend some time completing some of the beginner lessons at babypips.com.

This ebook doesn't provide many trading basics, but there are plenty of great cheap and free resources around the internet that can get you started in the world of forex.

The following is my equity curve for the trading period, so you can be sure the list of trades for the trading period were sequential.



4. Finding My Feet

Most traders lose money. It's important for me to be honest and upfront with you about that fact if you aren't already experienced in forex and/or trading. Traders are in it for the money, but it is important to understand that for most traders that money never comes.

The great majority of traders give up trading before they become profitable, and I think it is important that you decide for yourself if you are up for the challenge. Asking yourself why you trade is also a good idea, because if your motivation for trading isn't strong enough, you probably won't achieve success - because it is most likely that you won't give the trading journey enough of your time or effort.

It is also my view that trading can't be 'the homework you don't want to do'. What I mean by that is you have to find a way to engage with it and enjoy it. From my experience - if you can't find a way to make trading fun - you are much more likely at some point not to continue.

Unfortunately when I began my trading journey, I wasn't as smart about my development as I should have been, and because of that - the journey to profitability took much longer than it should have. I tried to copy profitable traders, but unfortunately the products and support they provided was not adequate.

After a couple of years my routine was well established. I would focus intensely for several months on my learning and trading - blow up a small account - then take a few months off. This process would then repeat over and over.

What I was guarding against was giving myself a period of time within which I had to have the trading game 'won' - because after that period I would have to give up.

I decided also that if I didn't take time off, then I would become much more frustrated about my failure to - be the trader I needed to be - and this frustration and added pressure would make the trading journey even more difficult.

So here I was - a number of years down the track - and I was finally starting to hit some good patches of profit and discipline. I was finally getting to a point where I could be proud about my progress, and happyish with my profitability.

And I had been profitable for a while, but then something else entirely happened...

The hairs on the back of my neck stood to attention and my palms heated up as i tapped nervously on the desk with my index finger.

I could almost taste the adrenalin coursing through my veins where blood used to flow.

I may be giving it more credit than is due but I hadn't seen a run of trades like it, except for those 'outsiders' that risked much more on a trade than they took in profit.

Risking a lot to make a little was a strategy that I had tried - certainly for long enough to know it was a complete loser, and that i needed to always try and made sure my profit covered my initial risk.

But here i was - after planning today's trade on the back of a great run of 18 trades with only one half loss. 18 trades with only half a loss, and I couldn't believe my luck.

They say that a profitable trade can set off similar reactions in the brain to cocaine use. I can attest to that fact because at the time I was feeling amazing - *this was a high like I hadn't previously experienced.*

Not surprisingly i was more nervous at that point than i had been at any time in my trading past - even when i had a lot more money on the line.

The money wasn't the thing that I was focussed on, my focus was solely on what i had to lose - which was my **18 trade** winning streak - when I should have just been glad that all of my work had paid off.

For many years in the past I was much more accustomed to a large string of losses than wins - even up to 9 straight losses in my previous trading life a couple of times.

But here it was. Vindication.

Here finally was the indisputable proof that i had become more than just a slightly profitable trader, that my edge wasn't so small that I would lose it sometime down the track. *But in that moment none of it seemed to matter as much as **not losing my next trade.***

Thankfully it was also that moment I realised that I was falling back into one of the largest strategic traps of my past - the trap where a trader cares most about NOT losing his next trade rather than about trading his system accurately and systematically. The trap where a trader then uses that motivation as an excuse to break his rules.

The trap which most often produces a massive drawdown.

It turned out that remembering the trap was enough to put me back on the right path, and into the mind frame that had more than partly led to the statistical anomaly of my current trading run in which i only took one half loss.

Because I took stock at that time, the drawdown that had accompanied my most successful periods previously didn't happen this time.

At the end of the streak, i was able to achieve $\frac{1}{2}$ a loss in 22 trades over a 22 day period, and my trading has never been the same since.

Up to that point and for many years I had been tweaking every aspect of my system to find the optimal set of settings and rules.

The problem with always tweaking a system though is that it doesn't provide you with the consistency and focus that are so necessary to trade a system most effectively.

At that point, I decided to draw a line in the sand, and stop searching or changing my system.

I spent time thoroughly analysing that relatively short trading period, pulling it apart, and distilling all of the important wisdom within it, so that I could double down and use the system to change my fortunes forever.

I have trading systems to trade almost any market, but I decided at that point that I needed to simplify everything and just focus on *what worked best* for me.

What follows are the best tips and most important strategic considerations I learned from trading that system.

Prior to achieving such good results, I had been on a 7 year pilgrimage to profitability, and though i had achieved profitability sometime in the latter part of that period, I was not happy with my statistical edge.

I kept asking myself what good was only making 1-2% on your account after 20 trades if one mistake could wipe it all out? How could i build a trading career from a relatively small edge?

Because of these considerations - I struggled, I fought, I studied and busted plenty of accounts over those years until I finally achieved my goal.

I finally had an edge large enough I could take to the bank, and I finally had the skills and discipline to consistently trade it.

Thank you for giving me your time, i am so pleased that you are on the same journey that consumed so many years for me.

What I hope is that your journey to profitability isn't anywhere as long as mine, and if you are yet not a profitable trader, I hope you find what you are searching for in these pages and from my upcoming trading videos.

Life is short, too short to waste spinning your wheels for years and years because you refused to take the more difficult path of action.

“Twenty years from now you will be more disappointed by the things you didn’t do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sail. Explore. Dream. Discover.”

Mark Twain



5. Commitment

I could write a book on this topic, but for the sake of brevity I will say that whether your current circumstances are a result of *your* choices and actions or someone else's, you need to take responsibility for your current circumstances - and make a firm commitment to changing them.

Something I learnt early in my journey was that if you don't commit to doing *whatever it takes to succeed*, then you will more than likely fall short.

There is simply nothing I know of that is both life changing and incredibly valuable that comes easily, and doesn't require hard work and commitment. As time goes on, information is becoming easier and cheaper to access.

We are connected to people and resources in ways that are a complete change to how things were in the not too distant past, but what hasn't changed is the work required to apply this learning and developing the skills to be successful.

You may have better or more effective learning tools than many others have or have had in the past, or have a more profitable system than most others ever trade with, but they won't of themselves make you a great trader.

I believe that it is your ability to commit to being a great trader and then taking the actions that will bring it about which will determine your success.

You can search out shortcuts and ways to make things easier, but at the end of the day you can't run from hard work where it is required.

6. Indicators are Unnecessary

A famous Einstein quote is “Everything should be as simple as possible, but not simpler.” I am a big fan of the quote, and I think it is one of the secrets to good trading.

Have a look at the following picture. This is a screenshot of a chart from a system I used to like trading. While it may have been profitable, it is clearly a long way from being as simple as possible.



I spent many years in the pursuit of effective indicators, and my experience has been that the indicator route is a bit of a rabbit hole.

Very quickly you can hit overwhelm status and find it hard to make your way back to a straight-forward system that is both clear and effective.

Throughout most of my development I considered learning to trade with indicators a rite of passage, but I now believe that using indicators isn't keeping with the adage of being as simple as a system could or should be, and so they may not be the right of passage I once thought.

Having said that, every trader should have a good understanding of the various types of indicators available, and understand how they are used and what information they are said to convey. That is the only way I see them as a rite of passage, to be used as a tool to educate yourself about the innumerable dynamics of the market.

The reason for this is that understanding what an indicator is doing helps us understand a little more about the market each time, and that knowledge can then be integrated into your own system.

Even if you don't use it in your system, the understanding will provide the right foundation for your growth as a trader.

Other than not being as simple as possible, the other problem with indicators is that they **always lag price**.

Because of those things, my system uses only price action to determine entry and exit criteria, and (almost) uses no indicators whatsoever.

My only exception is a tool I use to filter the market for the strongest current trends.

At any time when you are looking for a setup with my system, it is **strategically crucial** to be **only focussed on the best current trends across all relevant markets and all relevant timeframes**.

What this means in a practical sense, is that if a setup occurs in a market that is not on my leader board of trending high achievers, I don't even consider it - and you shouldn't either.

The tool I use to filter for the strongest trends at any moment is called [Forex Trendy](#).

There are plenty of free indicators for MT4 that you may be able to use to filter for the best current trends, but I haven't found one that is satisfactory.

If you choose to run free indicators in MT4 you will need to have multiple charts running simultaneously which will drain your computer resources. There will likely be other issues that pop up for you but it can be done.

Over my trading history I have preferred IOS applications to MT4, but now that I have ditched my iphone for a better VR experience, I don't have a choice but to use something that displays in a browser window. I think that at only around \$12 a month, I wouldn't be without [Forex Trendy](#).

[Forex Trendy](#) enables me to select my most favoured specific timeframes, my preferred markets, and to locate up to 20 charts with the strongest trends for those timeframes and markets.

Considering that just five timeframes (eg 5m, 15m, 30m, 1H, and 4H) and 25 markets would provide you with 125 charts requiring analysis in order to determine which were trending the strongest, and you will easily appreciate that a tool which automatically finds the best of them and places them in trending order is pretty helpful.

[Forex Trendy](#) also measures the largest recent pullback as a % of the current move, which is a really great objective way of placing markets in order of the strongest trends to weakest trends.



7. Stop Predicting Price

When I started out on my forex trading journey, I made the assumption that what I was learning to do was predict price.

In hindsight, I can see that assumption subconsciously dictated much of my early development. Having that view meant I actively looked for systems, strategies and techniques that appeared to or attempted to predict price.

What I came to learn more recently, is that attempting to predict price is a bit of a fool's errand. My current thinking is that a prediction of direction only occurs when the direction of the market is weak or unclear. When the direction of the market is strong, there is no need to predict direction - it is obvious. When the direction of the market is strong, the only question to ask is whether the trend is going to continue.

So if prediction of price is required - or even possible, I am not interested in that market at that time. The result of that view and trading approach is that I only trade strong markets.

A distillation of my approach would be;

- Only trade the strongest trends,
- Only trade in the direction of those trends,
- Only enter a trade when that direction is confirmed by the current price action, and

- Always use solid trade management.

So I no longer try and predict price, i merely find a market that is moving and make sure it is still moving, then try and hop in the market using a precise strategy.

The result of my 'precise strategy' - is that most times **i miss out on an entry in the market because the market doesn't fit my specific requirements, or I miss out on an entry because the market stalls.** Sounds like a bummer right?

The important point is that neither of these scenarios cost me a cent!!!

Unlike the days when a moving market was enough for this monkey to go chuck his hand in the jar and just hope he can pull it out afterwards, with disastrous consequences, I now sit and wait for the right conditions prior to a trade.

And I don't hope i can get away with breaking my rules *just this time* - because I was sure the market was ready to pop. Trading like that is just a crap shoot.



8. Perfect The Process

I often wonder what chance aspiring traders have of finding effective systems to teach them how to trade, when the forex industry is so full of marketers who can't and don't trade. Not only can many of these marketers not trade, but a great number are promoting results which are based on blind hopes and lies.

Most beginners are going to naturally gravitate towards results which appear the most promising, which - due to all the unrealistic claims floating about, will mean they are naturally more attracted to the information which is the least legitimate.

Unfortunately in this context, the chances that you - a developing trader - don't get crushed by the shiny objects and snake oil salesmen floating around the top of the forex ecosystem is statistically pretty slim.

Said another way, the sad reality is that you are largely alone on your journey to profitability and success, and most of the shiny objects that you find in forex land will

only assist you to haemorrhage money quicker than you otherwise would, and ultimately cause you to fail in your attempt to become a profitable trader.

If only you could sit next to someone like you did when you were learning to drive, who had their own brake pedal that they were prepared to use to help you (and them) to stay safe, your results may be different.

I like comparing learning to trade to learning to drive a car, because firstly - most people reading this material will have successfully learnt to drive a car, and secondly - comparisons between them can provide a context which we can use to develop our understanding of the learning process and requirements as they relate to our development as a trader.

In terms of the dangers of trading for example, for most people driving a car is the single most dangerous thing they do on a regular basis, yet after a period of time, the danger involved usually recedes to our unconscious and we rarely think about it any longer. Trading on the other hand while dangerous, is only dangerous to our bottom line, not our *actual* bottom.

In addition to the danger, the technical requirements of driving are quite complex and challenging. It is not a skill that we learn within a small amount of time, and to maintain our level of ability, it requires we continue to practice our skills on the road.

We can see by these two examples that trading is not as dangerous as driving a car, and learning to trade is not as technically difficult and physically challenging as learning to drive a car.

These are important points to grasp. I want you to clearly see that if you can drive a car, you've pretty much proven you have the ability to learn the skill of trading simply due to the other skills you have successfully learnt in your life.

You have the ability, but what is required amongst other things, is the perfection of the trading process. Research from the University of Sydney and the Westmead Hospital Brain Research Unit has said that to fully learn a new skill, you will have to repeat the action up to 1000 times. Ouch.

What action is that I hear you ask? That action is your trading process. I have a free template of my trading process available for download on my website that you can use to either copy my trade process and/or develop your own.

One of the biggest problems in my view for aspiring traders is that they don't have clarity over their trading process, and if they do, they don't stick to one process long enough before tinkering at the edges. I admit that I was very guilty in that regard over much of my early trading period.

Developing traders will usually end up following some new idea they have come across, and are trying to integrate it with insufficient understanding and/or testing as to see if it is a profitable or complimentary addition to their existing system.

This less-than-merry-go-round of insufficient practice followed by insufficient testing inevitably ends when a trader runs out of money or patience, it invariably does not end well.



9. Increase Your Awareness and Stop Complaining

If I was to ask you what you thought humanities greatest collective hobby was, what would you say? I personally think that it is complaining and whining. People can't seem to get enough of it - so much so that it seems to me to be the collective hum of civilisation.

Whether I am right or not, on the surface it probably doesn't appear that it would have much to do with trading, but I hope that as I explain further you start to believe me it does. The fact is that you don't trade outside the context of your psychology. Your psychology is in that way the instrument through which your system is traded.

We may hold a view that in order to trade well we need to stick to the specifics of our system - and we would be right - but we also have to understand to the best of our ability

the 'what' that is doing the trading and executing our trade management, which is our psychology and our mind.

This is why I consider it a necessary part of your development as a trader to spend time developing your 'knowledge of self', and learning about self-awareness and self-analysis.

If you raced cars for a living, you wouldn't question how important it would be to understand many technical details about the car, and those subtle nuances to driving it that can give you an edge over your fellow drivers. For some reason when it comes to trading however, people think that their psychology, emotions and self-awareness don't matter. They want to act like they are trading in a vacuum.

Many people want to reduce trading down to its logical technical aspects exclusively, and forget that the most complex part of a trading system is the vehicle which is doing the trading. My experience has been that without developing our understanding about our habits, preferences, and cognitive bias, it is hard to see our weaknesses let alone work on reducing them.

If we trade a system that other people have proven to be profitable, and are not able to trade it profitably, then the only place we have to look for the problem is ourselves (assuming our technology or broker isn't letting us down).

I have a friend who has been a trading buddy for a number of years. He is most definitely smarter than me, but even though we have been trading for a similar amount of time, and we talk over every interesting angle and edge that either of us find, I am profitable and he still isn't (and no I can't get him to attempt to trade my system).

I am fairly certain that the reason I am profitable and he still struggles is that I have devoted much time and effort to understand myself and my psychology.

I don't try and reduce everything down to logic, without seeing the significant part that my mentality and general level of understanding about myself plays in the trading process, but it seems that he knows what he knows, and nothing will convince him that a change of path may be necessary.

The idea that you need to be more self-aware isn't very helpful however unless you have some guide around how to start the process. I am a big fan of Tim Ferris, the author of "The Four Hour Work Week" who has one of the most successful podcasts on the internet.

Tim Ferris interviews a great number of leaders in particular fields, and has said that about 80% of the extremely successful people he has interviewed undertook some form of regular meditation. I have meditated for many years and can highly recommend you undertake some regular form of mindfulness meditation. It will provide many benefits beyond an improvement in your trading performance.

Another important part of becoming a successful trader is ensuring you adopt a mindset which focuses on removing actions that are not helpful or are counterproductive. One of those counterproductive mental actions is complaining about life.

It is remarkable how pervasive the hobby of complaining about life is, and it is probably not until you start to take notice of when and how often you do it that you have a chance of realising how much time you are wasting, and

how much optimism and mental energy it is draining from you.

The reality is that complaining about life doesn't improve life at all, and we know from our own experience that the most successful people in our life are definitely not the most negative people, or the people that complain the most.

If something in life needs fixing or changing then FIX IT or CHANGE IT, but stop you're whining - because you are wasting time and energy, and complaining about life does nothing to bring you closer to your goals.

Seriously... STOP IT. I promise this strategy is more important than you appreciate.



10. Leave Your Ego At The Door

Beginning traders almost without exception come into the forex market with unrealistic expectations. Whether that relates to the profit they expect to make, how long they expect it will take to make that money, or the steps required before they will achieve the success they desire.

But soon enough aspiring forex traders find out they will not make as much money as they expect, and it will take longer than they expect, and the road to success will be much bumpier than they anticipated.

The primary problem is that our ego is attached to our expectations, our ideas and our projections of how we

have succeeded in the past, and the market won't act in a way that will support your expectations and projections.

What the market will do is show up your limitations, and it will mirror back your faults and prejudices. It will make you keenly aware that there are things about yourself and about the market which you don't know, and it will often do it in a way that is demoralising.

If you approach the market with expectations (which is entirely natural), then you are bound to be frustrated and disappointed by the process. This is fine, and actually a benefit to trading the market, because it may be one of the biggest reasons a small percentage of people succeed in trading.

The fact is that if you are not willing to face yourself squarely and fairly with all your warts and limitations then you may not achieve profitability in trading.

Did you know you have over 14 cognitive bias that impede your logical perception of reality and the operation of your mind? If that is true then *most* of what you think you know is likely to be incorrect.

The market doesn't exist to inflate your ego, or support your perceptions of yourself. If anything it will show you how little you really know. Just because you succeeded in your previous ventures, that doesn't mean you will easily become the trader you wish to be.

If you leave your ego at the door and use the journey to challenge yourself, be humble and learn, then the trading journey will likely open your mind up to things which you had previously not known beyond the market.

Keep in mind that you cannot fight the market, and the market will not reflect your ego back to you. Rather it will most likely help you realise the folly of its ways.

You don't even know where your next thought is coming from, so don't expect that little identity you have constructed from all those random thoughts to be anything more than a plaything of the market.



11. Don't Overtrade

Overtrading is possibly the biggest and most recurring trap a trader will face, and it needs to be personally addressed by every trader.

I have a number of components hardwired into my system which operate to prevent overtrading, and I would say they are absolutely fundamental and crucial aspects to my profitability.

As you are (i assume) yet to see the specifics of my trading system, I can suggest a quick fix if you are a trend trader. Most trading mentors/educators will advocate

trading larger timeframes, but I am too impatient to want to trade daily timeframes all the time, so I will suggest a couple of other options.

The first suggestion I have is to take 10 minutes or so off after every trade is closed. Use the time to reset and to move back in a calm and relaxed mindset.

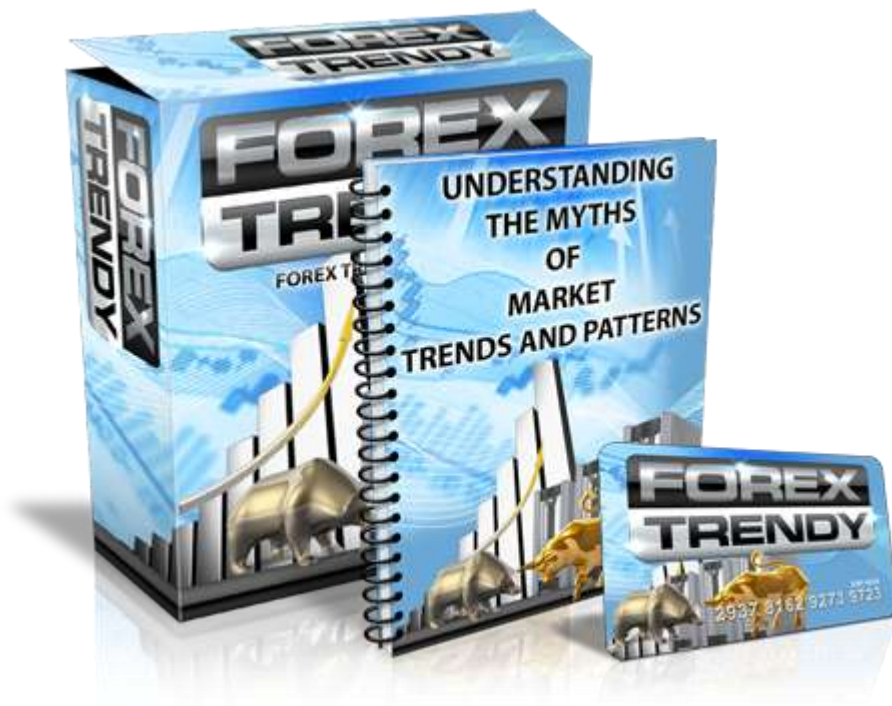
Another suggestion specifically for trend traders is to use a tool that finds the best current trends available in your chosen timeframes and markets, and only trade those markets.

My favourite tool for locating the strongest current trends in any timeframe in any forex market is [Forex Trendy](#).

As mentioned elsewhere in this document, [Forex Trendy](#) is effective, affordable, is always up to date and for the price of a couple of coffee's a month is really a no brainer for any trend trader wanting to reduce the time he spends analysing the markets and finding trades.

The comparative amount of time I save now that used to be spent looking for trades and analysing trends is ridiculous. I am just surprised [Forex Trendy](#) isn't more expensive.

If you try those suggestions but still find you are having trouble overtrading, then you need to do a deep dive into what is going on under the surface of your trading methodology and mindset. My view is that solid discipline and effective methodologies are the antidote to overtrading, so if you aren't making headway on the problem, you need to address the fact you are most likely addicted to trading, and your greatest motivation is probably not making money - it is something else.



12. Make Learning Fun

I have always been a person that enjoyed learning new things. I have always been naturally inquisitive and keen to further develop my understanding in areas that are of interest to me, and it seems to me that this focus on learning has been the cornerstone of me achieving profitability in trading.

Learning institutions such as Universities are not meant to solely teach us the subject we go there to study. Their purpose is as much to teach us how to learn, and to

develop in us the principle of the necessity of lifelong learning.

This is very important regarding your desire to become a profitable trader. From my understanding, you don't get to learn the bare minimum and walk away, never to pick up a trading book again.

Your research and self-analysis needs to be ongoing and not stop until you wish to stop trading.

Change in life is constant, and even if you have found a relatively simple system to trade, you need to be learning and on your guard for changes in the market, your broker and your temperament. You can't afford to approach trading in a lazy or haphazard manner.

So please take it on board, that profitability and success in any challenging endeavour will require an attitude of lifelong learning. My view is that anything less will not keep you in the mindset and position necessary to not only achieve success, but more importantly to maintain it.

Luckily for us these days there are some really affordable resources that can assist in the development of new skills.

One of my favourites is [Udemy](#). [Udemy](#) is the largest seller of video courses online - and most courses are at good prices and all come with a 30 day money back guarantee - so you can refund and avoid any average courses. I recommend that you think about what skills you wish to develop, and dive right in. Once you are in the platform, be sure to hunt around and find out which courses are currently being discounted.

The next side to the learning equation is the time that it takes to learn a new skill.

It is said by developmental psychologists that it takes 40,000 hours to *master* a skill.

Sounds scary right?

Let me firstly say this is a general principle and I don't think it would take you anywhere near 40,000 hours to be a consistently profitable trader. Having said that, to master your trading skills 40,000 hours may be an accurate number.

The biggest issue about the 40,000 hour rule is that psychologists have come to an understanding that if you don't have fun for the first 5,000 hours or so at least, you will most likely not be there for the 40,000th hour.

We can understand the principle most clearly in child sports. No professional basketball player that I know of started playing ball at 16 or 18, rather they invariably started their development as a younger child, whose primary aim would have been to have fun.

It seems pretty clear to me that if someone's first introduction to the game was a strict NBA level training regime and timetable, that person would not stay interested in playing ball for very long.

The reality is that before professional athletes start seriously in their chosen field, they have most likely spent many thousands of hours first having fun in that field or a related one.

So it is an important point - that you should try and find ways to make your development as a trader interesting, engaging, and if possible - fun.

Find a trading buddy, an interesting forum, find different forms of education, learn which teaching methods best suit your psychology and preferences (because so many trading books are all kinds of boring).

There are many things you can do, and this principle is one that will filter through into all of the most complex endeavours that you attempt in your life.

It is powerful, so don't ignore it, or you will likely walk away from trading at some point and not even fully understand why.



13. Risk Per Trade

I will never recommend risking more on a trade than 1% of your account. I understand that many people will say you can risk up to 2% per trade safely, but my experience is that professional traders don't risk more than 1 % of their account, and more often they risk much less.

The problem with risking more than 1% is that it introduces more volatility into your system, and that volatility increases exponentially as the % increases.

You could fairly easily lose five trades in a row trading any system. If you took those trades over the course of a day, then you are now down 10-15% of your account, depending on how much you have risked per trade. You would then be in a situation of being bummed out, frustrated and worried about your losses rather than focusing your mind on what you need to focus on such as reducing your risk in a trade.

Something you will hear often is that most traders or aspiring traders are people who are successful in another area, and move over to trading to find a new challenge.

The reason for that is that those sort of people are usually the only ones who actually have enough money to trade properly straight off the bat. For everyone else, they need to find another way to build their account to a level that makes their level of profit worthwhile.

Many newbies, and not-so-newbies entertain the idea they can risk a relatively large percentage of their account early on when their account is small. They rationalise that as their account grows, they will reduce their risk accordingly.

The thinking is that they don't currently have enough money to trade with that could realistically provide an income, so they will have to take large risks early to build up their account.

Think about the annual return the trader who is being paid big money to trade your superannuation fund is making. He or she is being paid a lot of money to make 6-10% or so a year.

And here you are thinking you can make a few hundred percent a year to build your account up, and then slowly taper off with your risk?!?

If you think about the sums further, let's say the best scenario is that you make 30-40% a year return on your trading account. How much money will you need to trade with in order to achieve an acceptable standard of living if you make 30% a year on your money?

The fact is the required size of your account would be much bigger than you anticipate.

The other issue, and one that is pivotal in my mind, is that you need to trade how you want to continue. There is no point in developing discipline and consistency, if you are then going to mess with various aspects of your system and/or position size down the track or as you go along.

You have at some point thrown your consistency out of the window with that methodology, and you will most likely struggle from that point.

It takes considerable time to teach yourself what you need to know and execute to trade profitably consistently, and it takes time to train yourself to execute your strategies and plans consistently and with discipline. If you are playing around with your risk levels, you will find it very hard to do that.

14. Trade Your Best Set-Up

Many professional traders that I have learnt from over the years trade multiple entries and strategies. Some traders even have a strategy for every market condition.

I am not going to say that you shouldn't adopt that approach, but I will say that it didn't work for me, and that is why it is not the way I teach. That is why I teach traders to trade their best setup.

As stated in the beginning of this ebook, it seems logical to me to simplify my trading as much as possible, and one way of simplifying the whole business is to only trade my best setup.

Obviously it matters how often that setup comes up. If you only get a particular setup once a week or month, then you can't build any sort of trading career around that, but if you find a setup once or twice a day, then you can use that to build a career - if that is your wish.

I will be honest and admit that my natural predisposition is often to complicate things endlessly and unnecessarily. With trading however there is just too much at stake to act in accordance with my predispositions, and besides, there are many benefits to that strategy beyond mere simplicity.

Trading my best setup removes mental clutter and can help me avoid attempts to multi-task while I am trading. I think it gives my equity the best bang for its buck when I enter a trade, and it helps prevent my mind over-analysing the market action.

I am sure it could also help you recover from an addiction to the markets, if that is something that is a problem for you, because whether you appreciate it or not, trading Markets is a highly addictive pursuit. In many ways it can make slot machines seem not even worthy of being called a gateway drug (lol).

Funnily enough there is so much information available in the world of forex, so many strategies to play with and so many markets to trade, that many people don't seem to really care that they don't find profitability.

The complexity inherent in financial markets just adds to the appeal and makes the market that much more addictive. So much so that many traders seem to be just happy with their new hobby that takes all of their intellectual prowess - and more.

A very apt and famous trading quote by Ed Seykota is "win or lose, everybody gets what they want out of the market".

Maybe you only think you want to make money - when maybe the intellectual challenge is all your subconscious is really interested in. After all, our subconscious motivations are often very different from our conscious ones, and in the contest the subconscious usually seems to win.

But that isn't our path, because we are here to take our trading seriously, and part of becoming professional in our approach is to stop fixating on shiny objects in the world of forex and just get the job done.

Make your money and get back to building the life of your dreams - because you should be trading for the amazing upside - not to give yourself a new 20 year hobby.

15. My Parabolic Edge

One of the absolute cornerstones of the way I trade, and a key takeaway from this ebook - is that I only trade markets

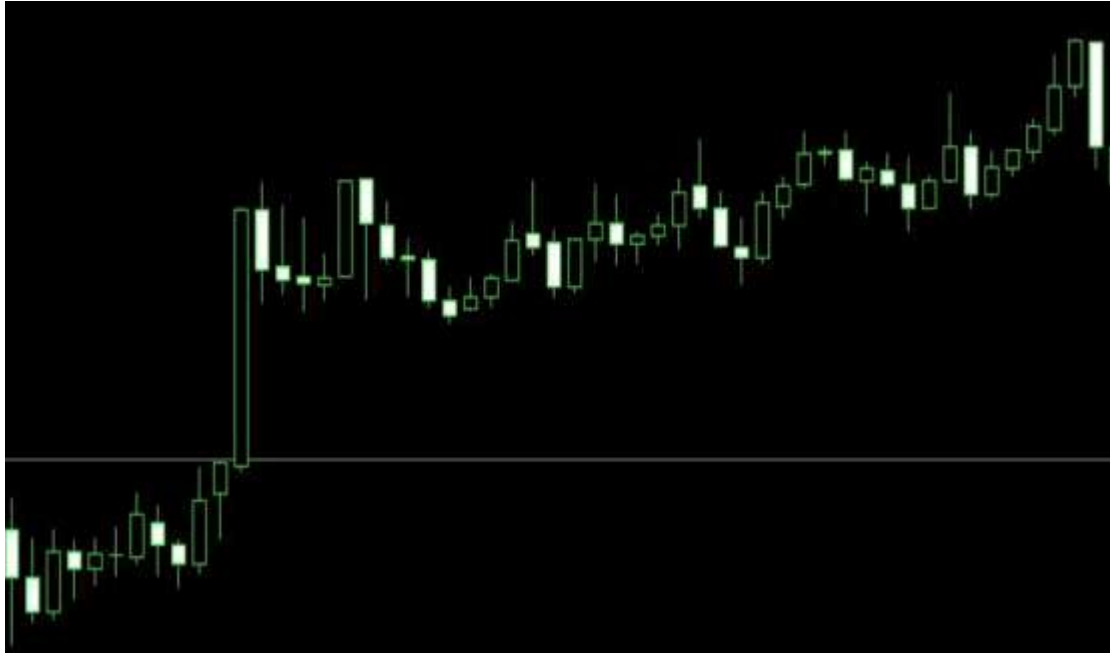
that have a lot of momentum, and the more momentum the better.

It is important though that you use your own discretion and experience as you go along, and develop your own standards for how 'parabolic' a market has to be before you trade it.

As you should know there are - generally speaking - two market conditions. A market is either trending or is ranging, and depending on what measure you use, it is possible to determine which is occurring at any one time.

I further divide trending markets into two separate categories - namely a regular trend and a parabolic trend.

The following is a normal trend:



The following is a parabolic trend:



The difference between a standard trend and a parabolic trend is the level of momentum that each contains, and how quickly it has moved from one price point to another. As you have seen from the above images, a parabolic trend will have clearly stronger momentum than a standard trend.

It is fundamental to my trading system that average trends are ignored, and only the strongest trends gain my attention. Why not trade the strongest and fastest markets exclusively, and leave the rest for everyone else? What have you to lose from discriminating against sluggish, slow or erratic market trends?

As discussed elsewhere in this ebook, [Forex Trendy](#) is the tool I use to find the best current trends across the entire forex market. It is the best tool I have found that doesn't come with a massive price tag. My view is that for ease of use and value for money, [Forex Trendy](#) is an invaluable addition to a developing trader's arsenal, which has the potential to save you countless hours of analysis.

16. Reducing Market Risk

I choose to only trade the strongest trends I can find not only so that I am trading with massive momentum behind my decision, but also so that I am in the market for the shortest time possible. It is a deceptively simple idea, but one that is very powerful. The specific term for the risk of being in a trade is market risk.

You will not always find a parabolic trend in your chosen time-frame(s) over the 20+ pairs you choose to trade, and that is both good and bad. It is good because it will keep you out of the market the majority of time, and it is bad because it may leave you frustrated and sometimes bored.

Please keep in mind also that a characteristic of forex market action is that often many markets will trend in unison, and the opposite is also true, that in quiet times often few if any markets will be trending strongly.

You will often therefore find either a famine or a flood of trading opportunities, and that is entirely in line with what you should expect of the market.

The point I want to reiterate is that when you are in a trade, you are exposed to risk - and so in order to minimise market risk, you should ensure that you are in the market as little a time as possible and that your time in the market is most efficiently used.

One good way to do that is to only trade parabolic trends.



17. Reducing Broker Risk & Cost

Another significant risk to the aspiring trader relates to your broker, and the fact that finding a good broker is almost as important as finding a good trading system.

Trust me on this one!!!

The four biggest problems with [forex Brokers](#) are:

- most have terrible spreads (ie the distance between buy price and the sell price),
- occasionally brokers go out of business (taking your money with them),
- many brokers use back-end applications which distort the mt4 trading environment, and
- some brokers make it difficult to withdraw money from a person's account.

A way around these problems is to keep the minimum possible balance in your account, split your money between a couple of brokers, and only trade with a broker you trust or with whom you have done due diligence.

If you have \$10 000 to trade with for example, then using my 1% rule you should be risking \$100 per trade. You can easily risk that amount per trade with a \$1000-\$2000 account.

If you were to maintain two separate \$1500 accounts for example, you can easily trade a \$20 000 account using \$3000 and you have only risked \$1500 in total at a single broker!

Without the massive leverage that forex Brokers provide, you would not be able to safeguard the majority of your funds from your forex Broker.

You should use the leverage to your advantage to protect your money, rather than using leverage the way most people use it, which is to take too much risk in each trade and blow up their account.

My system involves trading many markets beyond the majors, so it is important that you trade with a forex Broker that provides good spreads.

It is hard enough to trade profitably without giving more money to your broker than you need to, or trying to profit from a broker who actively frustrates your attempts to trade profitably.

The unfortunate reality is that while spreads in general are improving due to recent growth in the numbers of people that want to trade forex, most brokers charge more than is reasonable, so much so that even my system might struggle to be profitable if I traded with many of them.

Keep in mind that the difference between a good broker and a bad one can be 100's of % difference in transaction costs.

Over the years I have come to have several favourite brokers, but my most favoured broker is [Global Prime](#).

[Global Prime](#) is sufficiently large, has been around for long enough, has tight spreads and has provided me with good support.

I recommend you do your homework when it comes to finding suitable brokers to work with, and keep in mind that from my experience **most brokers should be avoided!!**

A site which may help you do your research is forexpeacearmy.com. I want to repeat that my choice of brokers comes from many years of trading, but it also comes from discussions with well-connected institutional traders.

You should still however do you own homework, and remember to keep your trading account as small as possible (given your overall trading equity) whoever you choose to trade with. I have attached a link to [Global Prime](#) below.



18. When To Trade

The forex market can be broken up into four major trading sessions;

- The Sydney session
- The Tokyo session
- The London session &
- The New York session.

Open times are based on local business hours, which will vary according to daylight savings hours in each applicable location.

It is a very important part of my trading system to only trade the busiest sessions in the forex market, and these are both the London and New York sessions.

While big moves can happen at any time of the day, and the forex market is open 24 hours a day for over 5 days of the week, I am only interested in trading when there is the most liquidity and the highest number of traders participating in the market.

This happens to be the London and New York Sessions.

Technically you will have the highest liquidity in the crossover of both those market sessions, which is the time I am usually trading.

All the way along my educational journey in forex I have been instructed by experienced traders to stick to the Euro and US sessions, and it is a rule that I adopt without exception.

The larger the time frame you are trading, the less important it is to only trade the highest volume sessions. If you are trading 2 hour bars or higher, it wouldn't make sense to limit yourself to specific sessions. You will likely need in that case sessions outside of London and New York in order to give your trade the time it requires to move sufficiently in your favour.

The only other point I would like to make is that you should research what the non-farm payroll is if you don't already know. It doesn't relate to a trading session so much as it is a day each month which affects trading conditions significantly, and extra care and/or absence is necessary on that day.

A green rectangular graphic with white and yellow text. At the top is the Udemy logo. Below it is the question 'WHAT DO YOU WANT TO LEARN TODAY?' in bold white capital letters. Underneath is the text 'Discover 1000s of on-demand, online courses.' in white. At the bottom is a yellow rounded rectangular button with the text 'START LEARNING TODAY' in bold black capital letters.

udemy

**WHAT DO YOU WANT
TO LEARN TODAY?**

Discover **1000s** of on-demand,
online courses.

START LEARNING TODAY

19. One Thing at a Time

“The minute you get away from the fundamentals - whether it is proper technique, work ethic, or mental preparation - the bottom can fall out of your game.”

Michael Jordan

Given that trading often takes many years for most people to learn and master (without the right information and instruction), you can reasonably assume that it is a complex art. What is not often understood is that even though trading can obviously be complex, it doesn't (for me at least) require multi-tasking.

The common wisdom from experienced traders is that you should know what to do at each point during a trade prior to opening the trade.

This is a very important principle and something that should be etched into your brain.

What is a lesser known truth (because I made it up) is that you can and should try to only focus on one thing at a time during a trade. A good example of this is that after entering into a trade, my system involves a single focus on removing the risk in the trade.

The risk is removed in two steps, and once removed, then I am able to move my focus onto more fun and interesting things like managing my profit.

I have found it an important component of my system to have a singular focus at all points within a trade, because it is so easy to become distracted by other considerations and then become too overwhelmed to execute our plan in the way we intend.

Implicit in becoming distracted by shiny things whilst in a trade is the idea that **risk isn't the most important consideration in all of trading.**

Let me burst that bubble right now.

Trading for me is pretty much 99% about the management of risk, and the other 1% really doesn't matter that much. Okay maybe i am exaggerating.

Seriously though, **get your head in the game and focus only on what is important in that moment!!!**

It is such an important strategic consideration i cannot emphasise it enough.



20. Everyone Needs Rules

Every trader needs a trading plan, and then they need to adhere to that plan. If you are not adhering to a trading plan, or you don't even have one created, then you don't have a trading business.

You are like a gym that isn't maintaining a profit/loss or balance sheet. They might be able to convince people who look on from a distance that they have a business, but it is only a matter of time before the tax office is going to come along and burst their bubble, charge them fees to do it, and require them to create their financials. At that point - if they don't have the 15-20k required to reconstruct their financials, they will have to close the doors.

Your trading plan is what you should think of as your 'minimum viable product'. Many aspiring traders keep their trading system rules in their head, not appreciating the importance of comprehensively writing them down. If you don't write them all down, then you can't establish

consistency - and you can't get very far as a trader without first establishing consistency.

Trading rules can be a component of a trading plan, but for me are a more personal thing. Not every professional trader will talk about them as separate from a trading plan, and I expect not every trader adheres to the view that separate rules to the specifics of a plan are necessary.

I think that in the same way we give children rules, we similarly should give ourselves rules - beyond our trading system rules - in order to more safely travel the forex terrain. There is a lot to learn on our trading journey, and building up a list of rules is a great way to distil the trading wisdom that we learn along the way, and have it available to us in a form that is succinct and efficient.

21. Twenty Five Rules

If your trading plan is sufficiently detailed, then maybe you won't need a separate set of rules, but my view is that your trading rules should be developed separately, and then incorporated into your trading plan.

I am always interested in learning about other people's trading rules and adding to my own. I don't expect to reach a point at which I stop looking at different rules and trying to consider if they can help me in my own trading.

Here are 25 of my favourite rules, I encourage you consider adding some of these to your own list;

1. Leave your ego at the door
2. Markets are never wrong
3. Enter with an exit

4. Don't overtrade
5. Never let a profit turn into a loss
6. Only trade in the direction of a trend
7. Never trade without a plan
8. Cut losses short
9. Never average a loser
10. Never trade tips
11. Don't formulate strategy whilst in a trade
12. Trade one market at a time
13. Take windfall profits when they occur
14. Take a break after closing a trade
15. Buy strength, sell weakness
16. Be humble
17. Control what you can, manage what you can't
18. Avoiding losses is beats taking wins
19. Trade the strongest trends
20. Make price jump through hoops before entering
21. Don't let a trade turn into an investment

22. Protect your trading capital
23. The smarter you are the longer it takes
24. You are your biggest trading adversary
25. Don't increase risk level after a string of wins



22. Find A Model & Learn From Live Trades

When we learn to drive a car or undertake any complex skill in our life, invariably we copy an individual or a process outlined by an individual that was competent at that skill. It seems that an accurate adage is that “we do what we see”.

How many of your parents actions and mannerisms are mirrored by you simply because you saw them so many times that you integrated them yourself?

Given most profitable traders are busy being profitable and are not available to model behaviour for us, it is especially difficult for the developing trader to learn in the manner which they are most accustomed, and one that has proven effective in their past.

Because modelling is so effective as a learning technique, I think it is very important to find traders that can model

behaviours for us. I will be providing videos of my live trading to my ecosystem, but there are a number of trading rooms and competent teachers around, it is just a matter of hunting them down.

If you want to see a modelling of how I trade, I will be posting regular live trades on my facebook page and youtube channel if there is enough interest in my trading methodology, which should check out when you can.

Feel free to provide feedback if there are things that you think could be improved DamienHooperTrading@mail.com

All rights are protected, though you may print this document for your own reference or give this ebook away to anyone that may be interested, such as your subscriber base for promotional purposes.



© Copyright Protected 2016 by Damien Hooper

DamienHooperTrading.com

This work is copyright. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Damien Hooper, O'halloran Hill Adelaide SA 2016