

# How to Know if You are “Trading” or “Gambling”

## “Will Losses of 70, 90, 42 and 39 Pips Nearly Wipe Out Your Account?”

Today I received a question from a perspective FXCoaching.com customer after he saw the forex signals track record with four consecutive losses of 70, 90, 42 and 39 pips.

His question went like this: *“Hello Steven at FXCoaching.com, your overall trade results look good but, for example on week of August 16<sup>th</sup> 2010, you had four consecutive losses of 70, 90, 42, and 39 pips. Won't that trigger a margin call or nearly wipe out my account?”*

My reply: Whoa buddy! Slow down. I am sorry, but what you're doing does not even come close to resemble actual trading. Please forgive me, but I'm going to be a little harsh here.

If what you are suggesting is true, then you are definitely gambling.

If losses of 70, 90, 42, 39 pips can wipe out your account, you are using WAY TO MUCH leverage.

Stop it now and take this business seriously!

If you want to gamble, then go to Las Vegas and get it out your system.

Come back to trading when you are ready to make reasonable returns of 60-100% per year. Not 60-100% weekly!! It ain't gonna happen!

Keep in mind that the best professional traders, those that are the cream-of-the-crop, the very best-of-the-best, the most elite traders in the world are accomplishing 3-8% per month, so why are you aiming for 3-8% per day? Are you a better trader than these seasoned hotshots? No way José! Yes, you may hit an occasional home-run by swinging for the fences and those winners will fill like you just hit the jackpot, but this is not trading man.



Let's take trading seriously. The first order of business is capital preservation. You must protect your trading account. Your trading account is the life-blood of your career. It is what keeps you in business. Respect your account like no other.

Structure your leverage and trade size so that if you had losses of 70, 92, 42, 39 pips, your account draw-down would not exceed 3-4%... maximum! Yes, you got it right. I am saying that a loss of 243 pips should only make a slight dent in your trading account that should never exceed 4% of your account size.

I have been a professional trader for many years. I am head trader for two funds at Green Rock capital group. What I am saying to you is critical to your trading career. It is important that you understand exactly what I am saying here.

Do you want to make a living from your trading, or do you want to gamble occasionally and continuously fund your account each time you blow it up?

The choice is yours, but I can only help you at FXCoaching if you are serious about improving your trading career. My Forex trading signals and education can benefit you, but only if you are ready to trade like a pro.

Let's recap: If drawdowns of 250 pips are scaring you, what about 600 pips that we may possibly see at with the FXCoaching forex signals? Nobody likes these draw-downs. I hate them. You hate them, but they happen to even the best of traders. Trading is streaky like that. Even at a 600 pip drawdown, your account should drop only 6%. Absolutely no more than 12%! Here is a rule of thumb: 1% for every 100 pips in either direction. For example, if we lose 500 pips, then you have a 5% draw-down. The FXCoaching forex signals promises to deliver 600-2000 pips per month and if you are trading with proper leverage, you can expect 6-20% returns each month. And FYI, those are world-class returns that any professional trader would salivate over.

I always willing to help, especially putting a trader on track for success, but you must learn to trade with reason and stay away from those "loser" leverages which retail brokerages offer. They are the quickest way to killing your account... period!

Steven M. Matrix has been a trader for 23+ years and manages two funds at Green Rock capital in addition to running FXCoaching.com where he provides his trade signals based on the award winning SuperADX system along with the exact education needed for successful trading on your own. He can be reached at [Steven@FXCoaching.com](mailto:Steven@FXCoaching.com)