

FROM THE DESK OF
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How to Turn \$3,000 into an Annual Income of \$300,000 Within 3 to 5 Years

with a minimum of risk, using forex (foreign exchange trading)

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- Make sure you have a credit card with a limit of at least \$4,000, preferably \$5,000. If you don't have a credit card, get one. (But if you can't get one, don't worry too much about it.)
- *Thoroughly* learn the Forex tutorial given at www.babypips.com/school/ (it should take you about two months – so be patient). Also read as many articles as you can at <http://www.fxkeys.com> and <http://vantagepointtrading.com>.
- Open an OANDA trading account at www.oanda.com/. (You will have to send your ID, etc., to OANDA, to prove you are who you say you are, so opening an account may take some time.) Using your credit card, deposit **only** \$100 – not more! – into your account and practice Forex using OANDA's proprietary *Java* software *until you double your \$100 using the strategy outlined below, twice over.* (Try not to use any of the other available methods of depositing money into your account, since a commission will be charged; but if *necessary*, use them.) Preferably also find a mentor or other forex experts to talk to. (Note that this time is *not* to be counted towards the 3 to 5 years in which you will turn your \$3,000 into an annual income of \$300,000.)
- *Only then* deposit \$3,000 into your trading account. Keep the remaining \$2,000 of your credit card's balance as a "cushion" against unexpected losses.
- Preferably, to prevent anyone hacking into your computer, use a dedicated computer to do your trading – but it doesn't have to be an expensive computer; it just has to be capable of running the latest *Java* software.
- Using OANDA's web site, set your leverage level to no more than 33:1 and no less than 25:1. (Leverage of 30:1 will be okay.)
- Trade only the currency pair Euro/US Dollar (EUR/USD).
- In the OANDA *Java* applet, click in the menu on "Tools" → "User Preferences" → "Trading" and set the "Default Order Size" to 8% of Leveraged NAV (here, "NAV" is short for "Net Asset Value").
- *Every day*, check the *daily and weekly* charts for EUR/USD and determine the *longest-term* trends. Also go to <http://www.forecasts.org/exchange-rate/euro-exchange-rate.htm> and see what their forecast chart is predicting (it is fairly accurate, as can be seen by their historical data). In addition, google the phrase "EUR/USD long term outlook" (without the quotes) and read what big financial institutions like big banks and major investment houses – e.g., Goldman Sachs and Bloomberg – are saying about the long term outlook for the EUR/USD pair. And best of all, make a daily in-depth study of the material at <http://www.fxempire.com/currencies/eur-usd/technical-studies/>.
- *Set trades only in the direction of the longest-term trend, outlook and sentiment* with regard to the EUR/USD pair. (This is **very** important!)
- Just before going to bed, in the OANDA *Java* applet, set 9 "Limit" (or "pending") trades *in the direction of the long term trend*, each 5 pips apart from the next. Each trade except the 8th should be set to 7 pips of "Default Take Profit" level, and the "Default Limit Order Duration" of each trade should be 1 day. There should be no stop loss on these trades.
- The 8th pending trade should have a take-profit of 12 pips.
- Set a 10th pending trade at the same level as the 9th-farthest from the current price, with 2.33 times the number of units of the other trades (use a calculator to figure this out), with a stop-loss of 30 pips and a take-profit of 10 pips.
- The pending trade closest to the current price line should be 20 pips away from the price line.
- Let the software automatically take profit on your trades, or trigger the stop loss on the 10th trade (if that happens).
- Get yourself a tablet or a smart phone, and download the appropriate OANDA app; check how the market is doing every now and then wherever you are, and if necessary, close trades as explained below.
- If there are any "dangling" trades – trades that are potentially losing money – close any losing trades over and above 5, even, if necessary, at a loss. (Most days there should not be any dangling trades, while on some days there may be one or two. It will be rare to have 5 or more.)
- At the end of every month of trading, withdraw 30% of the profit made during that month, and keep it in a *separate* bank account to use as a "cushion" against any catastrophic unexpected losses. In time this "cushion" will grow to exceed the balance in your trading account.
- Keep a close eye on the "Margin Closeout Percent" in the "Account Summary" table of the OANDA *Java* window. If it goes above 45%, deposit some more money from your credit card or "cushion" to tide you over temporarily. If you have used up two-thirds of your cushion, close some trades, even at a loss if necessary. Once you have made a profit equal to or greater than the amount deposited, withdraw the money so deposited.
- *Be VERY patient.* If you make a profit of around 13 to 14% per trading month – which is within the capability of this trading system – then in 3 to 5 years, the annual profit from your trading (which you can use as an income), even *after* withdrawing the above-mentioned 30% "cushion", will have grown to over \$300,000 ... while over that *entire* time you will have deposited – *and therefore risked* – only \$3,000. (Your Trading Account *Balance* will also have grown to about \$300,000 – which is all you need to make that kind of income.)
- Email me if you have any questions!

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