Forex Profits by buying and selling at the same time?

This article is one of a series which looks at the advantages and weaknesses of trading using the hedged, grid trading system to trade volatile markets.

We will look at how money can be made by breaking a number of trading truths or principles; * cut your losses and let your profit run and * there is nothing to gained by entering into buy and sell deals at the same time.

The hedged grid trading system uses the principle that one should be able to cash in at a gain no matter which way the market moves. No stops are therefore required at all. The only way this is logically possible is that one would have a buy and sell active at the same time. Most traders will say that that is trading suicide but let's take some to look at this more closely.

Let's say that a trader enters the market with a buy and sell active when a currency is at a level of say 100. The price then moves to 200. The buy will then be positive by 100 and the sell will be negative by 100. At this point we start breaking trading rules. We cash in our positive buy and the gain of 100 goes to our account. The sell is now carrying a loss of -100.

The grid system requires one to make sure that cash in on any movement in the market. To do this one would again enter into a buy and a sell transaction. Now, for convenience, let's assume that the price moves back to level 100.

The second sell has now gone positive by 100 and the second buy is carrying a loss of -100. According to the rules one would cash the sell in and another 100 will be added to your account. That brings the total cashed in at this point to 200.

Now the first sell that remained active has moved from level 200 where it was -100 to level 100 where it is now breaking even.

The 4 transactions added together now magically show a gain:- 1st buy cashed in +100, 2nd sell cashed in +100, 1st sell now breaking even and the 2nd buy is -100. This gives an overall a gain of 100 in total. We can liquidate all the transactions and have some champagne.

There are many, many other market movements that turn this strange "buy and sell at the same time" activity into gains. These will be covered in future articles and are covered in a free grid trading course which is available at the expert-4x.com website for those traders whose curiosity has been aroused.

There will be more on the hedged grid trading articles to be issued regularly. Please watch this site.

About the Author

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