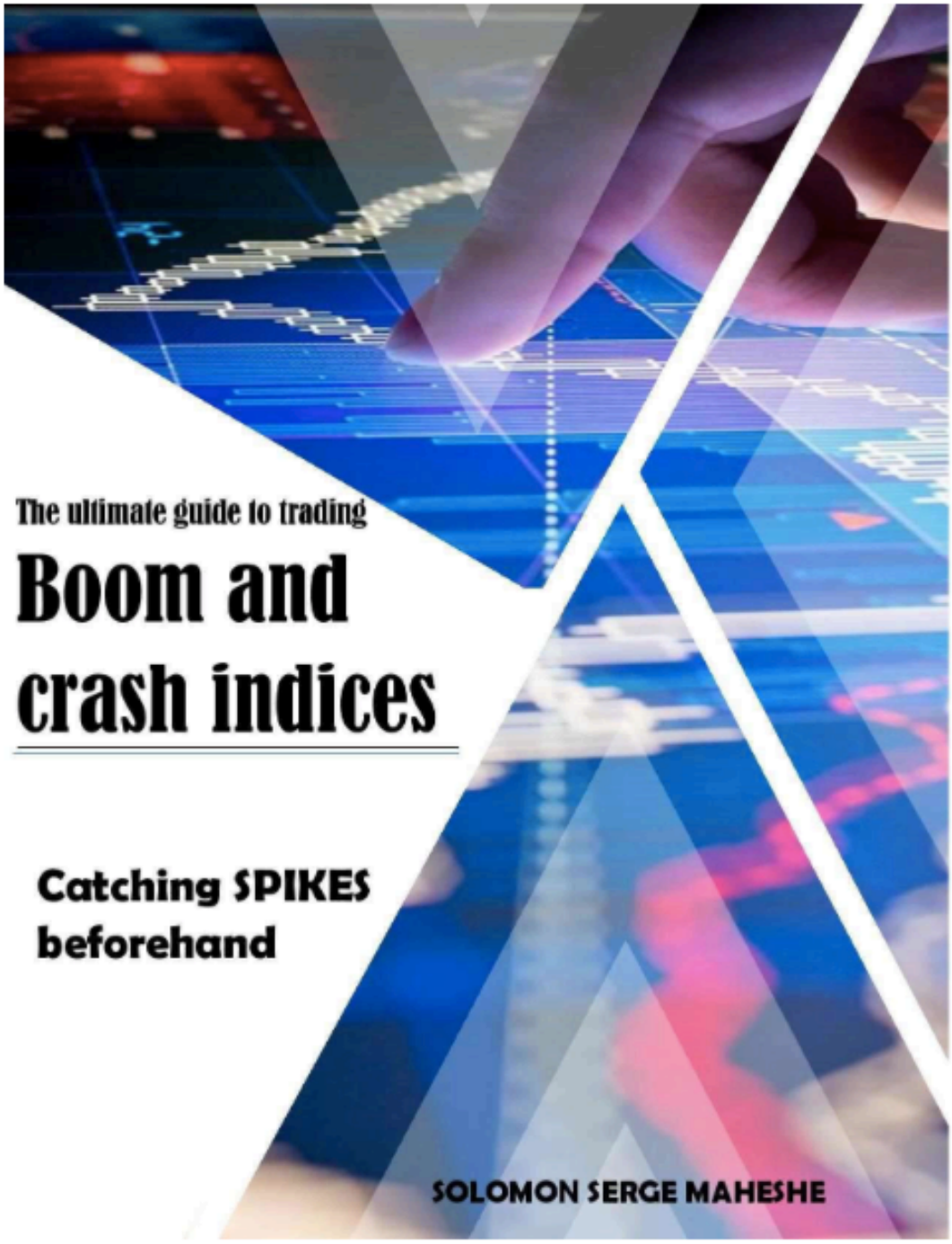

The ultimate guide to trading

Boom and crash indices

Catching SPIKES beforehand

SOLOMON SERGE MAHESHE

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Disclaimer

1. Introduction

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1.1. Synthetic indices and binary.com

An idiosyncratic broker called binary.com offers many markets such as commodities, currencies and specific SYNTHETIC INDICES which will form the center of gravity of this book. These simulated markets can be traded via an MT5 account type provided by binary.com called SYNTHETIC INDICES account. They are of course provided through other platforms however the best way to predict synthetic indices is only when they are traded as CDFs.

Synthetic indices in general and boom crash indices in particular are a gold mine. These trending markets have attracted more traders these recent days and by rebounce many traders extract millions of dollars out of them, although every trade involves risk.

Boom crash indices which are the core subjects of this book are only found with binary as a broker.

Social media is a channel proof that shows how synthetic indices spread like wild fire in popularity and in first choice.

Before we go any further into the meat of the subject, hope you already have an account with binary.com however in case you have not opened an account with binary.com yet, then stop for a while and simply click on the link below that will usher you to opening an account with binary.com.

Make sure your internet is on, or the link will not open.

https://record.binary.com/_pz55aRSvOcu6tyDIijdDK2Nd7ZgqdRLk/1/

1.2. A brief overview on binary.com

Binary.com has been providing financial trading services since 1999 to a worldwide audience of more than over 1,000,000 accounts with over two billion dollars in trades. With years of creativity and innovation continuously pumped into their pursuit of excellence, Binary.com offers one of the best binary option platforms around. The return rates in Binary.com are above 1000% on selected trades, and it costs a mere $1 (minimum trade) to start trading.

1.3. What are synthetic indices?

Synthetic indices are strictly regulated markets with a high level of transparency. The market makes use of randomly generated numbers to reflect the real financial market patterns, creating a resemblance with the Foreign Exchange and Stock markets in terms of

the pattern of price movement. They are made in such a way that they can be approached and traded in the same fashion with currencies or stocks; Similarities in candlestick formation, trading platforms (Meta trader 5), stops orders and many more.

1.4. Boom crash indices from synthetic indices

Synthetic indices implies a coagulation of many simulated markets that also include boom crash indices. It is broad. With binary.com there are 3 types of synthetic indices:

1) Volatility indices containing volatility index 10,10(1s) 25, 50,75,100 and 100(1s)
2) Boom crash indices containing boom 1000, boom 500 and crash 1000, crash 500
3) Step index
4) High frequency volatility index 10,25,50 and 100

Among all these synthetic indices the more profitable indices are boom crash indices and volatility indices. This being so, you should anticipate a well refined book on volatility indices which is of course a horse of a different color or a whole new ball game but with few similar game rules.

Back to the salt mines; our main aim is to extract serious money out of the boom and

crash market which is of course a juicy market

1.5. The anatomy of boom and crash indices

Crash and boom simulate the rising and falling of real world markets.

We discovered earlier that boom and crash are both divided in two types:

The Crash 500 Index has on average 1 drop in the price series every 500 ticks, while the Crash 1000 Index has on average one drop in the price series every 1000 ticks. In other words, in a market with a Downward (Crash) trend, look out for a drop that happens every 1,000 ticks on average.

The same applies for boom; For the Boom 500 Index there is on average 1 spike in the price series every 500 ticks, and for the Boom 1000 series there is on average 1 spike in the price series every 1000 ticks, in other words In a market with an upward trend (Boom), look out for a drop that happens every 1,000 ticks on average.

This might be like mandarin for you at this moment, but worry not because this is just an informational part. You will understand it better with charts and examples.

1.6. The edge of synthetic indices over currencies (why

synthetic indices are better than currencies)

1) HIGH VOLATILITY: one of the most outstanding characteristics of synthetic indices is the current and frequent volatility they display. In case you may be wondering from the beginning what does volatility might mean; to put it bluntly, volatility means a frequent and rapid change in price of the market. The higher the volatility, the higher the reward but in case of wrong market analysis it can lead to higher risks. So one can make a lot of money with a small movement in price of the market.

2) NEWS PROOF: synthetic indices are not affected by news; in other words they are not affected by external and unexpected events that can change the course of the market pattern and put you into losses. Remember that there are natural, political and economic events that do not care about price action and price patters to an extend that price patterns can be modified unexpectedly because of them. This will lead us to the third edge of synthetic indices over currencies…

3) PRICE PATTERN RESPECT: That is one of the reasons why many people are now running away from currency trading. Only large institutions remain unmoved but many retailers diversify into volatility indices, Gold and NASDAQ or US100 mainly because these markets cited earlier follow patterns and are not much manipulated. Following price action and patterns for

a market means it is easily predictable and can make one gain from his accurate analysis. This being so you should anticipate another book on volatility index and NASDAQ as they too have their own strategy, so stay connected.

4) TRADABLE 24/7: yes, compared to currencies, stocks and other commodities, synthetic indices can be traded everyday including weekends. This is a good arrow in their quiver, an outstanding edge.

1.7. Any drawbacks?

It is without contradiction that synthetic indices can make you earn a lot of money? However this can only be done when one has the right knowledge and strategy.

This is why you picked the book, to be equipped with the right and productive knowledge. You will not be disappointed after you are done absorbing secrets of trading that this book offers.

On the other side, remember that volatility is a double edged sword: it is of course an edge as it can enable the trader to earn money in a short moment of time. On the other hand, it can be a drawback when one does not analyze properly the market and does not use proper money management and lot size calculation.

To help you overcome this obstacle, the book has provided a segment where you will learn how to make calculated risks, manage lot sizes.

In other segments of the book, money management will be learned in forms of ”when to

exit trades when in profit and in case a loss is made, how it can be managed or recovered.”

Now that you have an in depth view of what you are about to trade, stay focused as you are about to be ushered into the real realm of knowledge that will help you make serious money with boom and crash indices.

2. Trading strategies part 1: specific moving averages

It is paramount to know that the moving average is a widely used indicator and a preferred choice of many trading schools as well as major institutions. The moving average is a twofold indicator in essence:

1) It serves as support and resistance

2) It displays the direction or trend of the market; showing whether the market is an uptrend or a downtrend.

There is really no need to define the moving average and demonstrate its algorithmic formula. The best way to define indicators is by exposing their roles.

Remember this is not a memorizing lesson but an understanding lesson. The aim of this book is not to give you an exposition of knowledge only, but to make you earn money from every single knowledge you acquire. Knowledge on its own is not power, but the application

of knowledge is power.

2.1. Specific moving averages

We will work with two specific moving averages which are:

1) The 200 Exponential moving average (EMA)
2) The 10 SMA

Here you will be told how to set them up both on the computer and on the mobile phone. In case you have not downloaded your binary MT5 software, click to the link below that will usher you into the website in order to download the MT5 software:

https://record.binary.com/_pz55aRSvOcu6tyDIijdDK2Nd7ZgqdRLk/1/

2.2. Setting up moving averages

For a PC we need to go to trend indicators as the arrow indicates on figure 1 a

Fig 1.a



When you click on “trend”, you will realize that there will be an unveiling of many trend indicators. Locate the moving average and double click

Fig 2.b

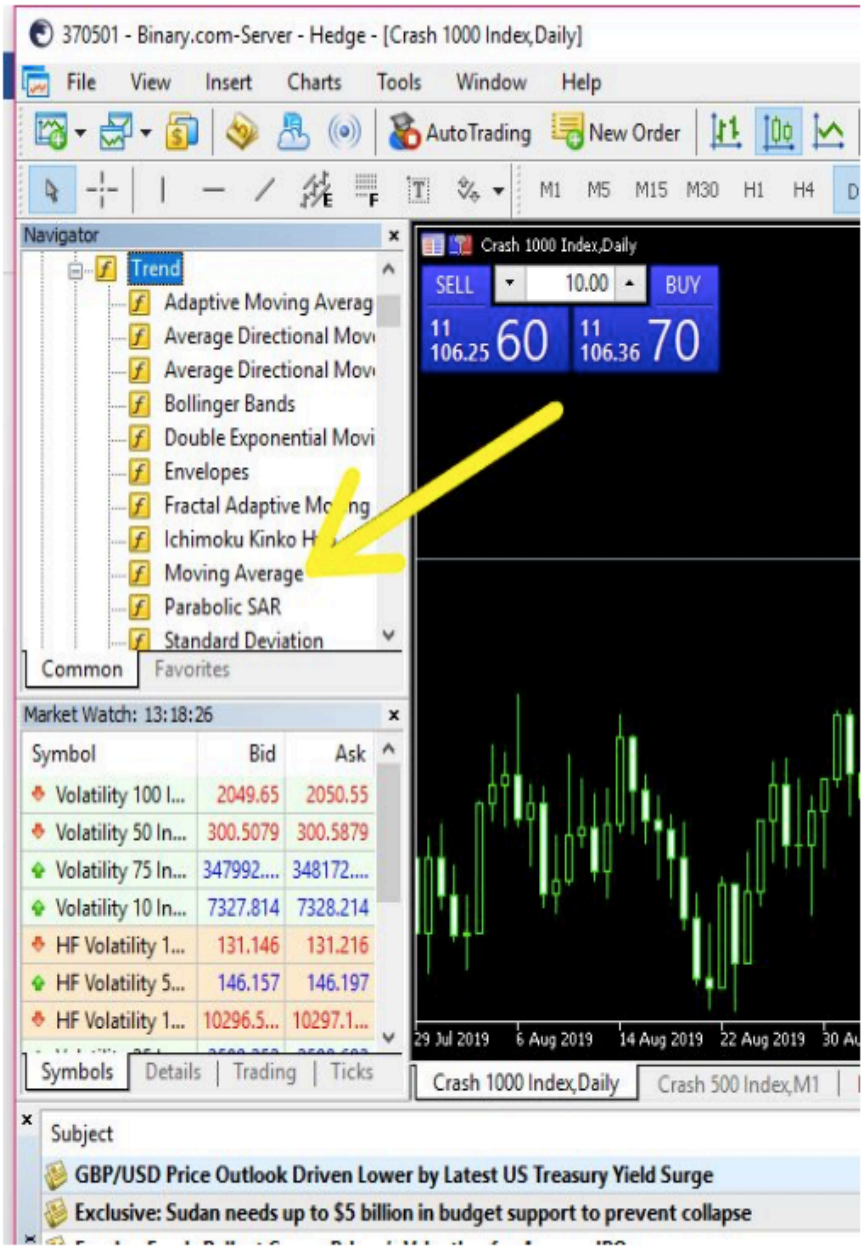
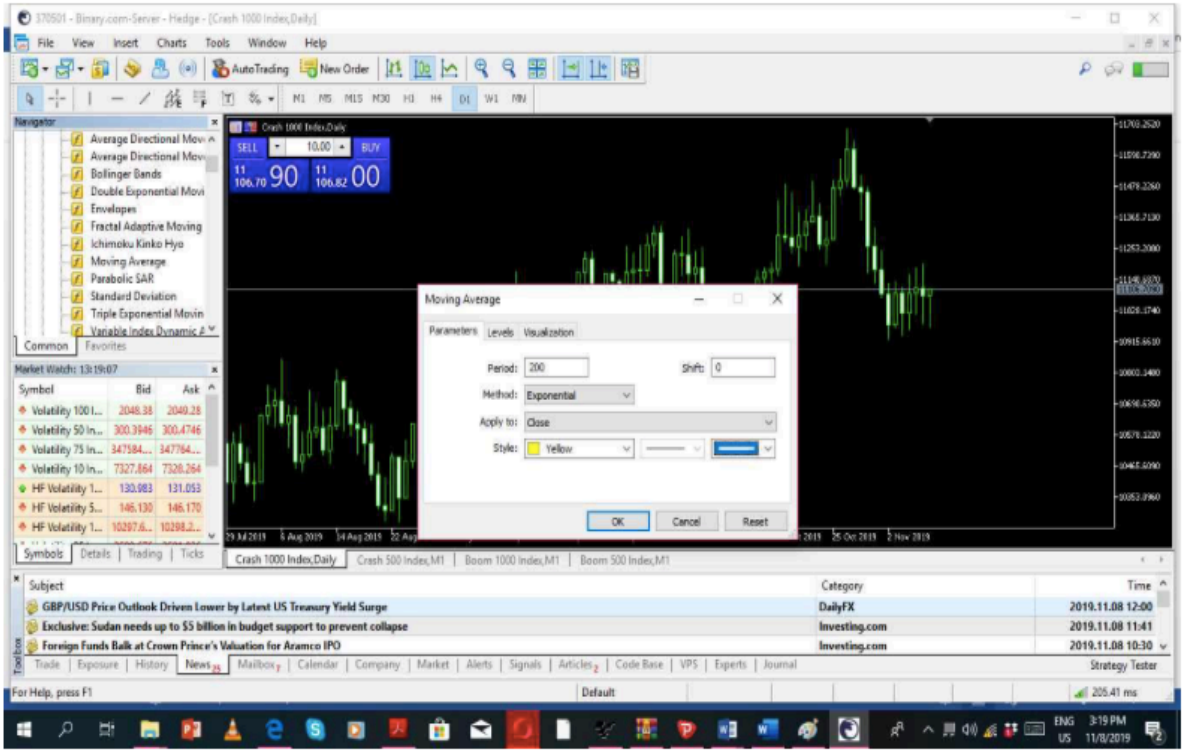

370501 - Binary.com-Server - Hedge - [Crash 1000 Index,Daily]
File View Insert Charts Tools Window Help
AutoTrading New Order
M1 M5 M15 M30 H1 H4
Navigator
Trend
Adaptive Moving Averag
Average Directional Mov
Average Directional Mov
Bollinger Bands
Double Exponential Movi
Envelopes
Fractal Adaptive Mo ng
Ichimoku Kinko H
Moving Average
Parabolic SAR
Standard Deviation
Common Favorites
Market Watch: 13:18:26
Symbol Bid Ask
Volatility 100 I... 2049.65 2050.55
Volatility 50 In... 300.5079 300.5879
Volatility 75 In... 347992.... 348172....
Volatility 10 In... 7327.814 7328.214
HF Volatility 1... 131.146 131.216
HF Volatility 5... 146.157 146.197
HF Volatility 1... 10296.5... 10297.1...
Symbols Details Trading Ticks
Crash 1000 Index,Daily
SELL 10.00 BUY
11 106.25 60
11 106.36 70
29 Jul 2019 6 Aug 2019 14 Aug 2019 22 Aug 2019
Crash 1000 Index,Daily Crash 500 Index,M1
Subject
GBP/USD Price Outlook Driven Lower by Latest US Treasury Yield Surge
Exclusive: Sudan needs up to $5 billion in budget support to prevent collapse

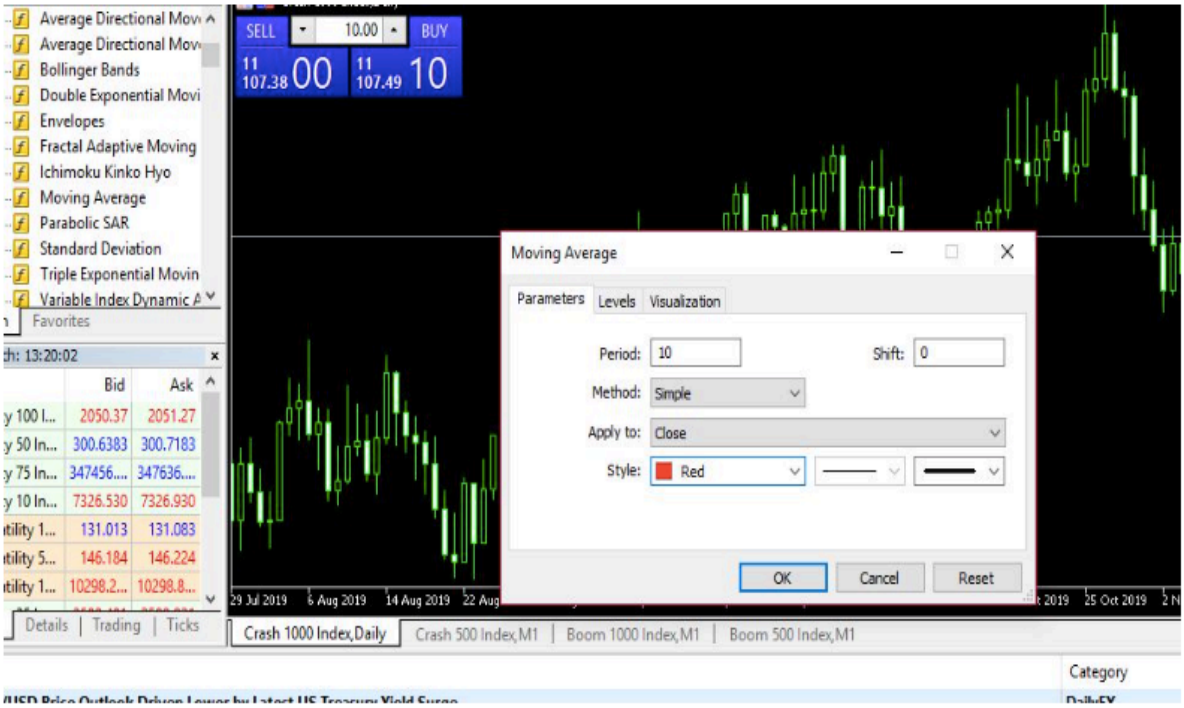
Fig 2.c shows how you can set up the 200 exponential moving average. Period number: 200, method: exponential, style: yellow.

Fig 2.c



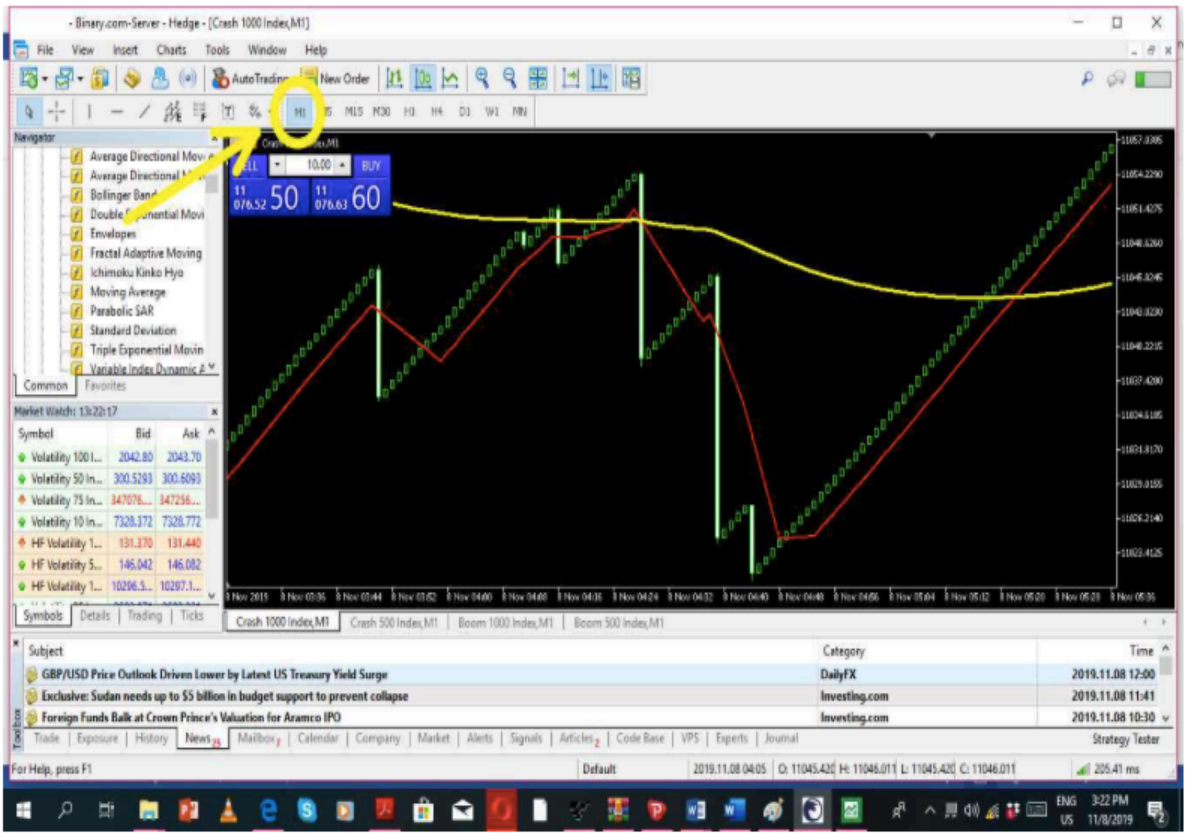
Then comes fig 2.d for the 10 SMA with period: 10, method: simple, color: red.

Fig 2.d



Your chart should look more like on fig 2.e. do not forget to put your timeframe on a 1 minute.

Fig2.e



Now let us try to quickly show how some can set up their moving averages indicator on their mobile phone. Although it is evident that you should be taken step by step in everything, but there are certain things that are just too basic to take you through .you can find them on

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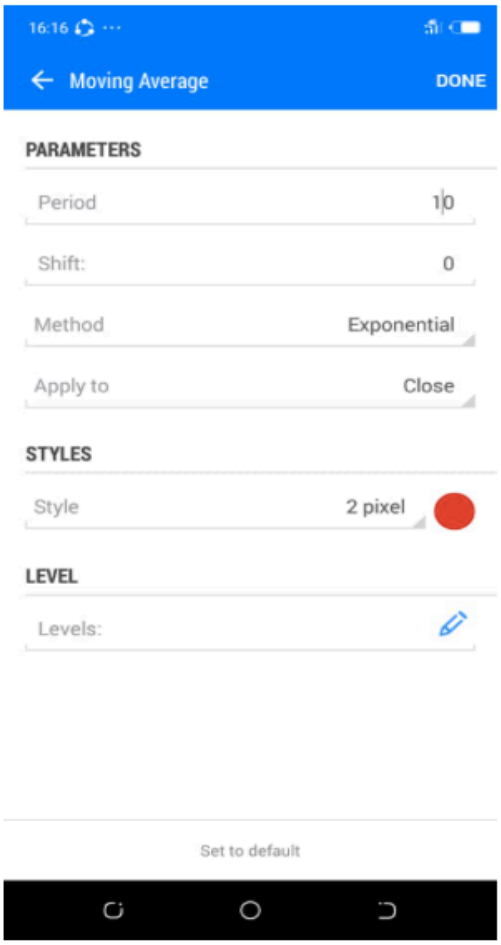
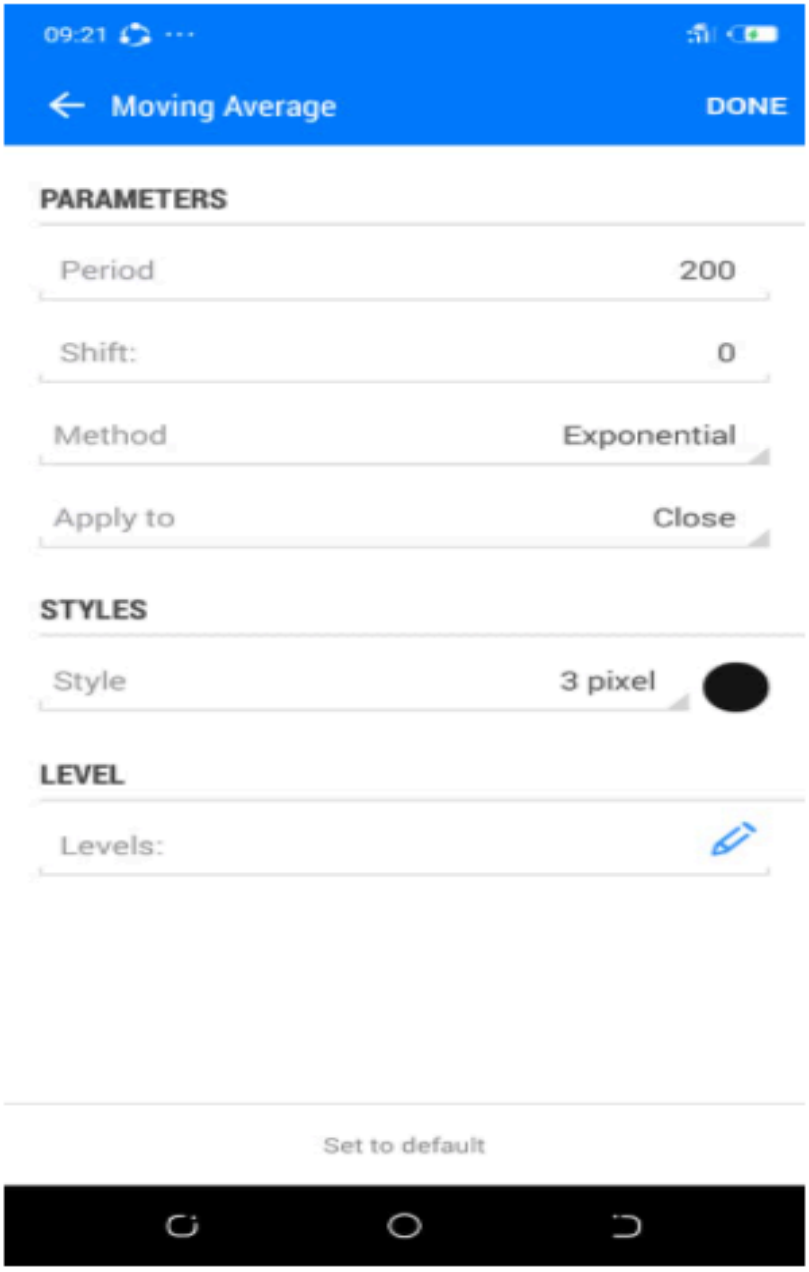
your own. This is why, for the mobile phone, you will only be given moving averages set ups.

Fig 2.f



This is for the 10SMA. The following is for the 200 EMA

Fig 2.g



After everything is done, your chart should look more like what is on figure 2.h:

Fig 2.h


16:17
Boom 500 Index, M1
9844.015
9841.470
9838.925
9836.380
9833.835
9831.290
9828.745
9826.200
9823.655
9821.110
9818.565
9816.020
9813.475
9810.930
9808.385
9805.840
9803.295
2 Nov 09:02
2 Nov 09:26
2 Nov 09:50

2.3. Moving averages as support and resistance

Remember that the moving average is a first choice indicator of many traders. This being so, many traders are able to spot certain levels of support and resistance and thus make significant decisions and make decisive orders that can affect the direction of the market. Note that Support and resistance is similar to supply and demand.

By definition, Support is a price level where a downtrend can be expected to pause due to a concentration of demand. On the other hand, resistance is a price level where an uptrend can be expected to pose due to a concentration of supply. At support and resistance, the price will either bounce back or change the direction, or breakout by continuing with the trend; oftentimes after many difficulties.

So these moving averages do act many times as support and resistance and because of that we can know when to enter a trade and when to exit too.

Let us start with how we can use the 200EMA to our advantage and catch sudden spikes.

With the fig 2.i, you will see how boom 1000 did reject at support level many times. So if you enter a buy trade near the support level, you will most likely be able to catch a spike. See the figure below to understand better.

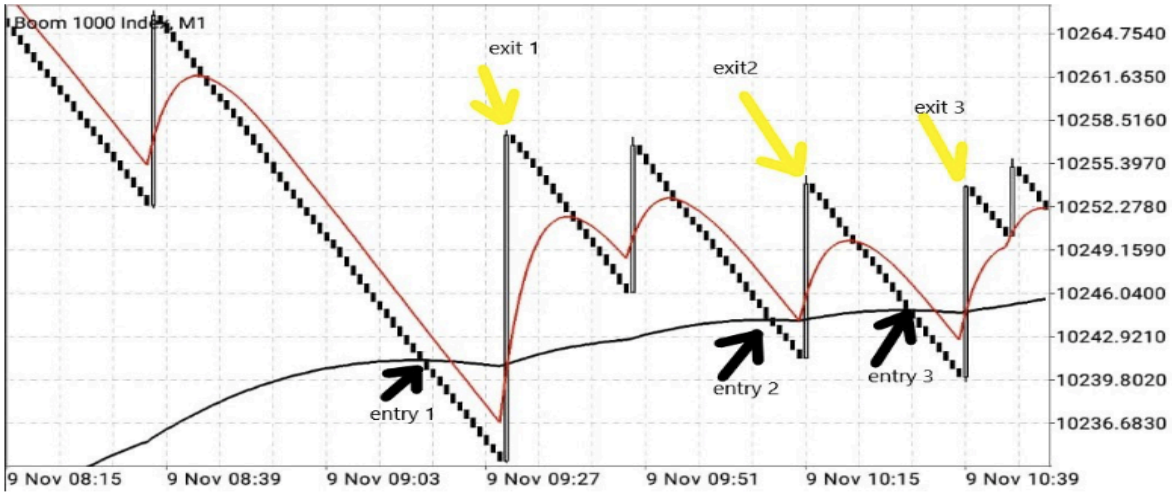
Fig 2.i



See? When the price comes closer to the 200 EMA there is a spike happening because of the rejection.

However note that it is not all the time that there will be an immediate spike as soon as the 200EMA is touched by the price. It can take few minutes to make a spike after the 200EMA is touched but when a spike happens, you will make profit. Analyze the figure below for a better understanding;

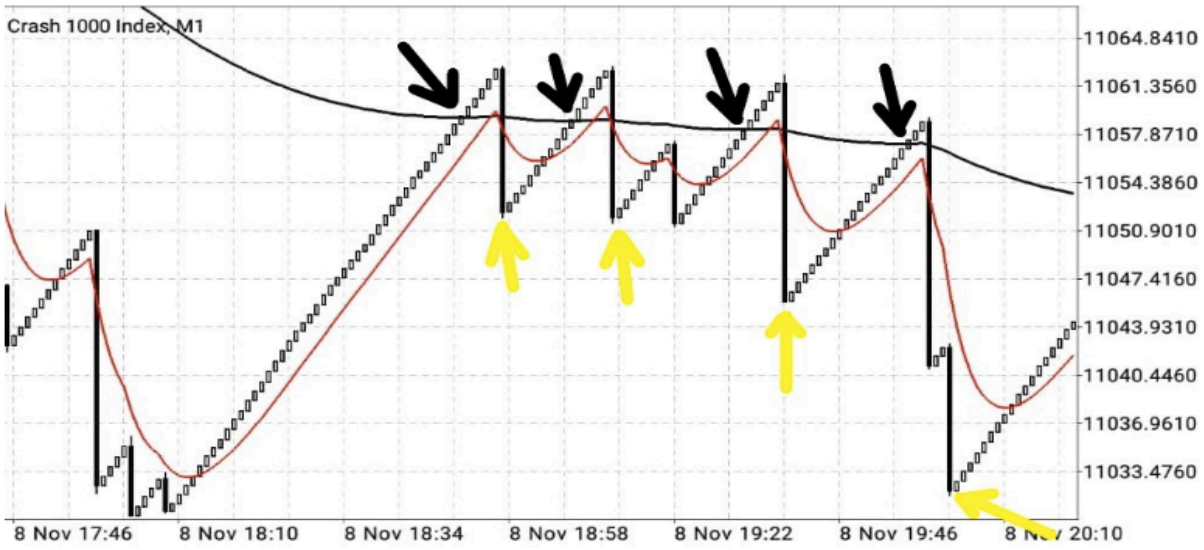
Fig 2.j



Through the above figure you will see that it took few minutes before there could be any spike. There was no spike immediately the 200EMA was touched, but overall it ended up in profit.

Let us also see the same behavior with crash. With the figure below, it acted as support and made the price reject few minutes after the price hit the 200EMA. Black arrows are for entries of trades and yellow arrows are for exits of trades.

Fig 2.k



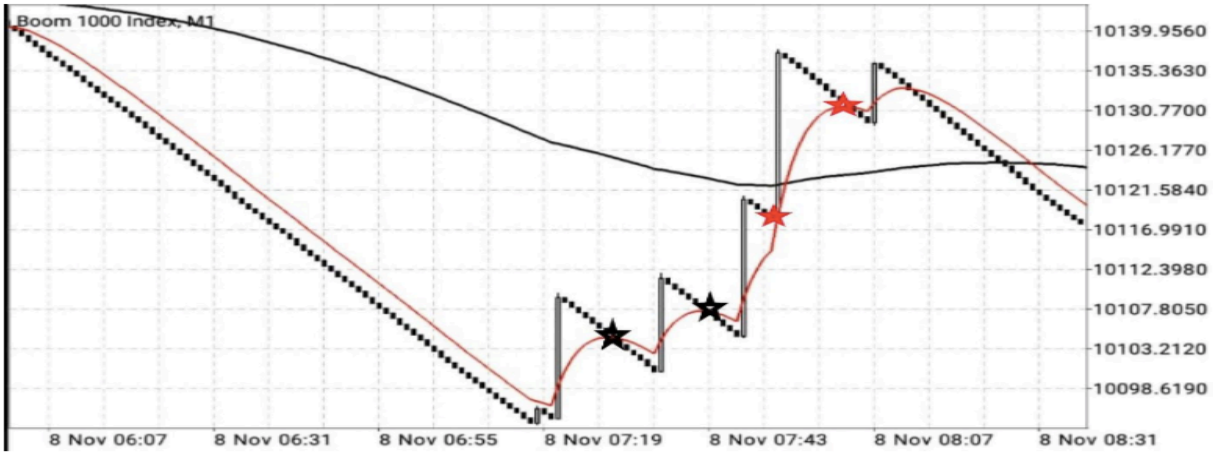
Now let us talk about the 10SMA. This specific indicator serves as support and resistance in very particular instances:

For boom, there is a way of catching spikes through 10SMA when boom start going on an uptrend. The uptrend is the overall direction of the market moving upwards. So whenever at least 2 spikes have happened close to the 10SMA then get ready for 2 or more other spikes

around the 10 SMA.

The figure below shows with stars how you do spot signal spikes (in black stars) in order to anticipate upcoming spikes (in red stars).

Fig 2.1



Let us get another example for better understanding. The figure below shows boom 1000 going through an uptrend. Through the 2 first spikes, you can make more money by anticipating the upcoming spikes...

Fig 2.m



Note that the same is applicable with crash. There should be a downtrend (i.e. the overall direction of the market moving downwards) with at least 2 spikes around the 10 SMA in order to be confident to enter the third spike around the 10 SMA.

2.4. Moving averages as trend line

We stated earlier that moving averages can indeed serve as trend lines showing the overall direction of the market. It is important to know that the trend line is best portrayed on a higher timeframe like 1 hour timeframe. Through the higher time frame you can detect the overall direction of the market.

Fig 2.n

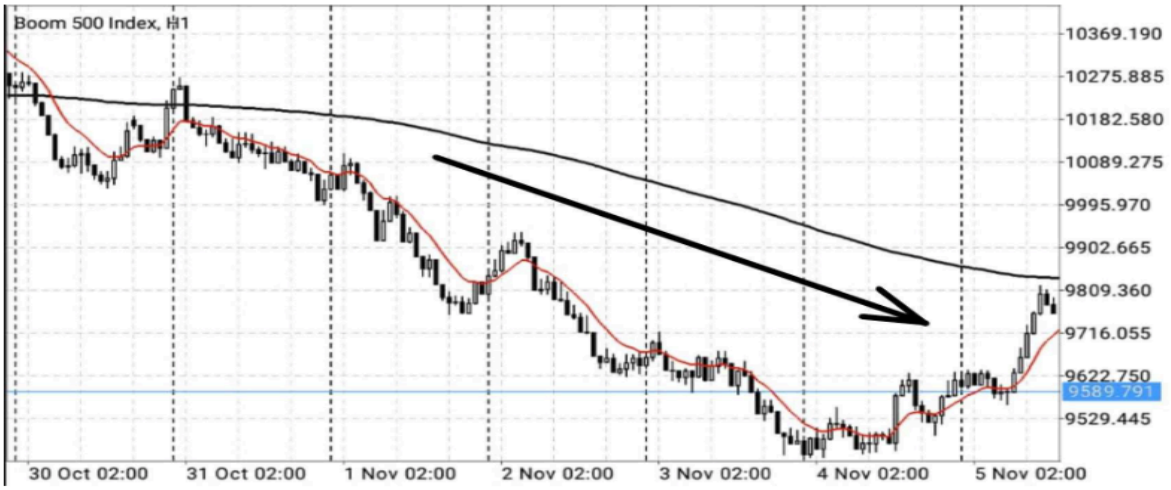


Fig 2.n shows that boom is on a downtrend. This being so there will be less spikes in the market. Because spikes on boom are directed upwards but as you can see for the market to go downwards, there has to be less spikes. This market can be traded but one should be very careful to open positions anyhow.

Fig 2.o



Fig 2.o shows the direction of the market as being an uptrend. For this case there will be less spikes on crash 1000 because spikes are directed on the downwards direction but the trend is upward. This being so, one should trade more carefully and not enter trades anyhow.

Understand that the other way round is also important to consider: boom in a downtrend and crash on an uptrend show that there will be more spikes and you can trade more safely and more swiftly.

Remember that despite seeing the overall trend, it is advantageous for you to go back to

the 1 min time frame in order to look for sniper entries. These will even help you spot multiple spikes before they happen.

2.5. Summary

We discovered that the widely used indicator could help us catch spikes.

Therefore we did set up two special moving averages that could help us as support and resistance. They also helped us identify trends of the market and take advantage of them.

Moving averages are very powerful. However for them to even be more precise, they should be combined with the dynamics of RSI. Get ready for these secrets in the next chapter.

3. Trading strategies part 2: dynamics secrets of the RSI you never knew.

The Relative Strength Index (**RSI**), developed by J. Welles Wilder, is a momentum

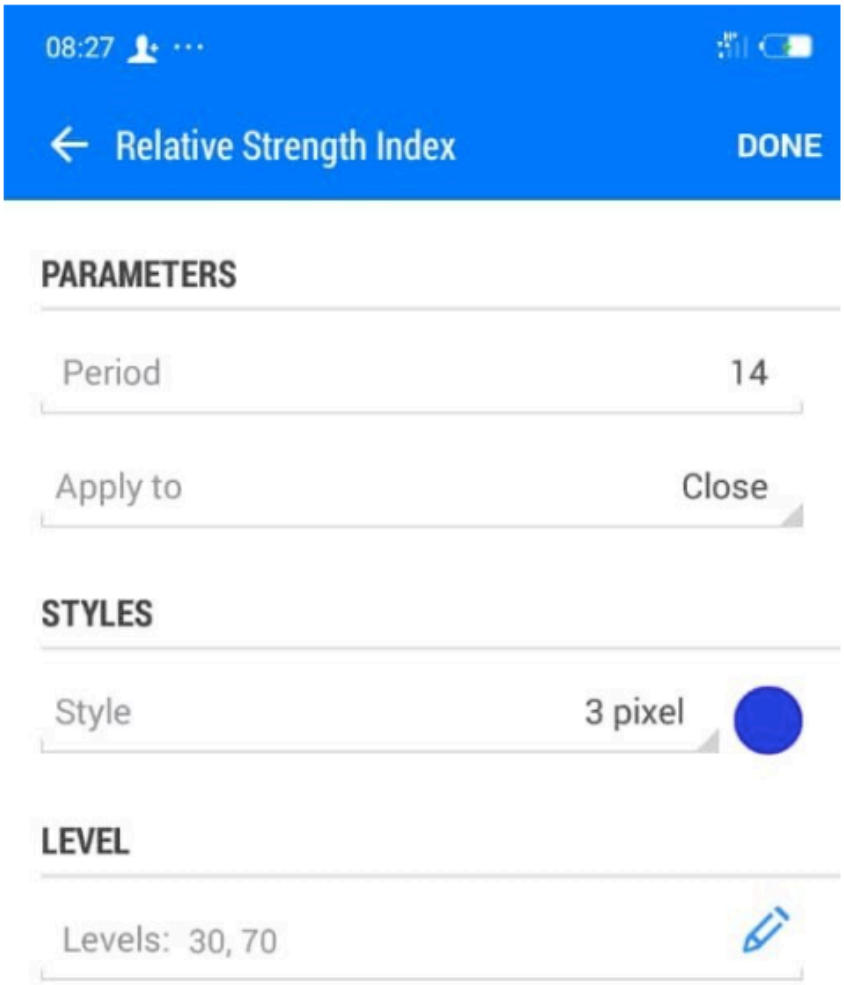
oscillator that measures the speed and change of price movements. **The RSI** oscillates between zero and 100. Traditionally **the RSI** is considered overbought when above 70 and oversold when below 30.

Now try to set up your RSI indicator. By now you should be able to find indicators. In case you forgot, kindly get back to the previous chapter and see how we did find indicators.

This time select “relative strength index”.

Settings on your mobile phone are as follows:

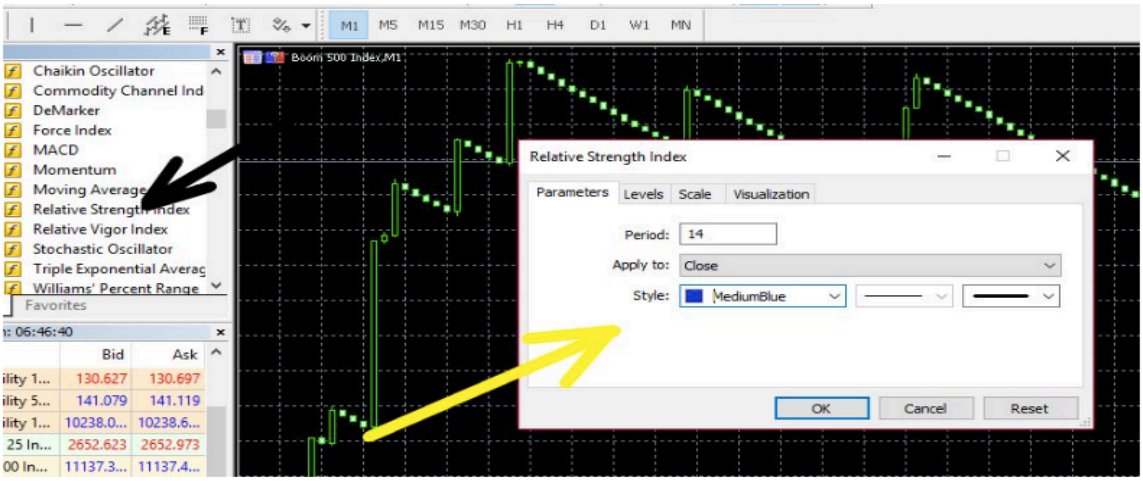
Fig 3.a


08:27
Relative Strength Index
DONE
PARAMETERS
Period
14
Apply to
Close
STYLES
Style
3 pixel
LEVEL
Levels: 30, 70

After finding and clicking on relative strength index, you should see these parameters and click “done”.

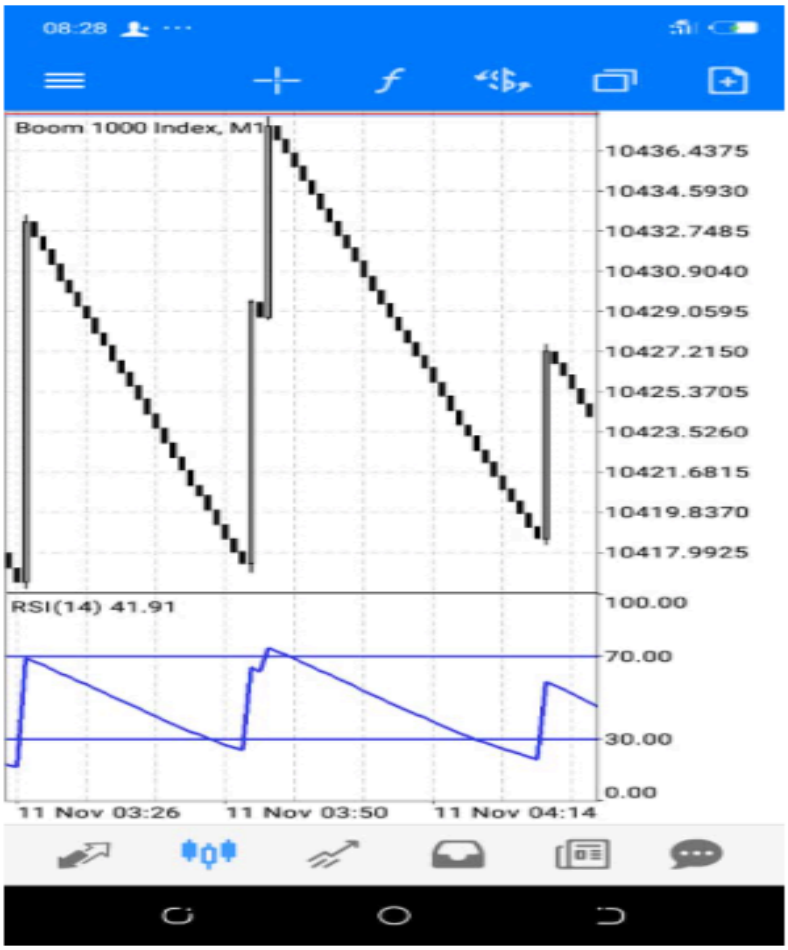
For the computer, after you find the RSI, click on it. Settings will display. Follow the template below then click “ok”.

Fig 3.b



After your settings are done, this is how your chart should display on your mobile.

Fig 3.c



3.1. First dynamic: RSI as overbought and oversold.

From the beginning of the chapter it was brought to our attention that **The RSI** oscillates between zero and 100. Traditionally **the RSI** is considered overbought when above 70 and oversold when below 30.

Fig 3.d shows overbought levels “in red circles” and oversold levels “in white circles”

Fig 3.d

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Since we would want to catch spikes ,you can immediately see that as soon as the overbought level was hit (see red circles), there was a potential sell opportunity and if you entered a sell, you could have caught a spike and be in profit. Therefore understand that for boom we look for an overbought opportunity in order to enter a “sell” position. But on crash we look for an oversold opportunity in order to enter a “buy” position.

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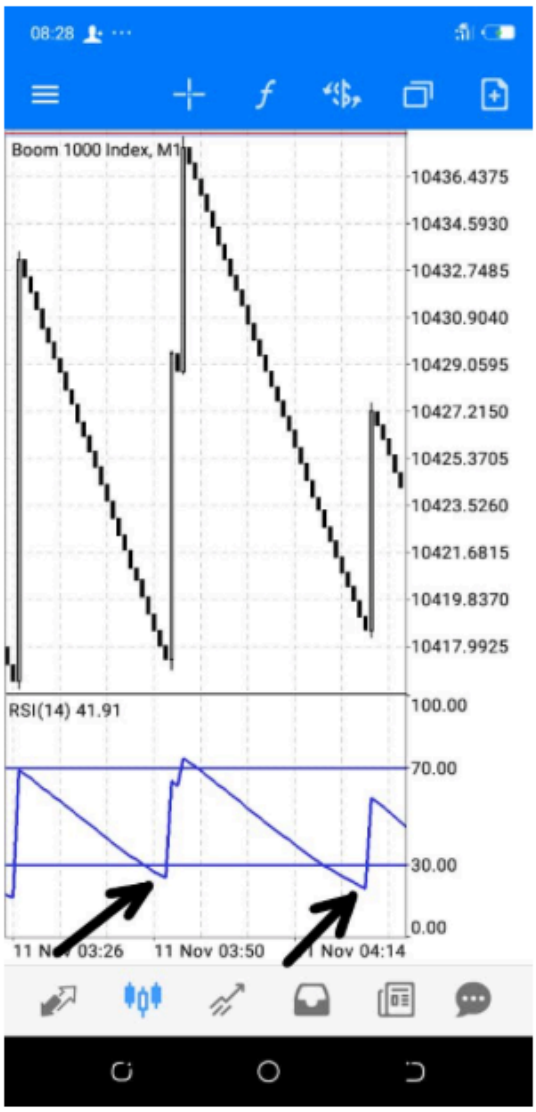
For a better understanding of what I just said earlier, Let us take another example with boom. The following figure shows how a spike happened when the RSI was oversold.

Fig 3.e



Now, this dynamic of the RSI is more accurate on ranging markets. Ranging markets are markets that are temporarily neither on an uptrend nor on a downtrend. The probability of success of this dynamic is reduced when the market becomes either an uptrend or a downtrend. This is why there is another dynamic of the RSI called “RSI DIVERGENCE”.

3.2. Second dynamic: RSI divergence.

Divergence is an important strategy that can read potential market reversals by comparing the direction of an indicator in contrast with the market direction.
... **Divergence** occurs when the price of the market and the indicator follow two different directions. A figure will help you visualize what divergence really is:

Fig 3.f



See? The figure 3.f shows how the case number 1, the 2 PICS of the RSI pointed downwards while the price of crash was going on an uptrend. That was a divergence. The same happened in case number 2 and case number 3.

So for crash, if as soon as the price of the market reaches the price of the previous pic, and when you check on the RSI the direction is a downtrend, understand that there is divergence and **a spike** is likely going to occur.

Now, if you draw a white line on every last pic and wait for the price to reach that zone again. Whenever the price reaches the price of the previous pic, check your RSI and see if it is

on a **deep** downtrend. If yes, then enter a sell because a spike is more likely going to happen.

This dynamic of the RSI has proven to be the most accurate among all other dynamics.

For a better understanding, let us analyze boom and see how through divergence you can spot winning opportunities.

Fig 3.g



See? As soon as there is a divergence, there is a high probability of a winning trade. With boom, whenever the price reaches the previous lowest point, check your RSI. Whenever there is a high probability winning trade, you can enter a buy position without a lot of stress.

The reality behind divergence is the loss of momentum of a trend. Even if it does not show on a chart that there is an exhaustion on the trend, the indicator reveals it through a divergence.

Remember that there is no strategy that is 100% accurate, but there are strategies that have a high level of accuracy and the divergence dynamic, when used properly, can give you a row of outstanding winning trades. More winning trades, more profit; more profit, more money.

3.3. Third dynamic: trend lines, support and resistance in RSI.

The RSI can of course display strong support and resistance levels. In case you forgot what support and resistance is, kindly get back to the previous chapter where we did give a proper definition of support and resistance.

Fig 3.h

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Through fig 3.h you can affirm that there was a strong resistance on level 56 of the RSI. This resistance level spotted many spiking entry zones. See? You only needed two support areas in order to spot the two or maybe three other spikes…this dynamic is even perfect when used on 1 hour timeframe;

Fig 3.i



Through the figure above one can identify the highest level on the RSI which acted as resistance. Knowing the highest level, one can easily spot a strong probability of reversal. You will be able to identify a change in the trend of the market and by rebounce, adapt your strategy to the trend of the market.

We can also spot specific entries through trend lines drawn on the RSI

Fig 3.k

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Through trend lines, one can also spot good entry points. However these instances do not occur all the time and they should be used with other strategies given above in order to be more specific.

The other disadvantage of the trend dynamic is that you can miss out two first spikes in order to catch out the third and the following ones...reason being that without two first pics, on cannot draw a trend line.

3.4. Summary

We discovered that the **Relative strength index** is an indicator that measures the momentum and speed of a price movement.

We understood through the first dynamic of the RSI that we can sell at the overbought level and buy at the oversold level.

Through the second dynamic of the RSI we understood divergence and how we could use it to premier spikes.

Lastly we learned how through the third dynamic of the RSI we could draw trend lines, support and resistance levels so that we can speculate where the spike might occur.

4. All strategies traded in harmony

In previous chapters we discovered secret strategies that revolutionized our way of trading boom crash indices. They can of course be traded separately, but it is an advantage to combine forces for better results. Harmony is key. This being so, you will learn in this chapter various ways you can use the combined indicators to read future movements of the market.

4.1. Trending

One important factor we talked about concerning the two set of indicators is that they can unveil the trend of the market. Whenever there is a trend, one can confirm its strength if

both set of indicators point in the same direction of the trend. Let us take a look at a figure for a better understanding.

Fig 3.a



On fig 3.1 the big arrow points out the direction of crash 1000. Pointing out that it is a downtrend. The first indicator which is the 200EMA in yellow has already approved it because the current price and previous prices are below the 200EMA.

On the other hand the RSI has confirmed it too with the first two pics rounded in purple. Those two pics circled in purple are enough to draw a trend line. When the trend line is drawn, you can easily know the trend of the market.

As if that was not enough, when both indicators point in one direction, it will be easier

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for you even to catch specific entries for spikes either through the 10SMA or through the resistance level on the RSI. Remember this:

"The safest way is to set orders or entries in the direction of the trend. If the market is on an uptrend, you are safer if you look for buy entries. If the market is a downtrend, it is safer for you to look for sell opportunities".

This initiative can be made possible with the combination of both moving averages and the RSI. See? The 10SMA gave accurate signals together with the RSI. You could eventually anticipate many spikes.

Even if the following parts of the charts were hidden to you, still you could have anticipated the spikes because these indicators do not repaint. An indicators Repaints when it changes its past forms or data as soon as its expectation goes unfulfilled.

A good example is that of fractals that sometimes disappear when a set resistance or support is broken. So you are safer with the RSI and moving averages.

4.2. The double entry confirmation

On the previous section we identified entries through trend lines. Now let us spot entries through support and resistance offered by the 200EMA together with the overbought and oversold zones of the RSI.

Fig 3.b



Through the figure 3.b you can see how, with the first and the second instance, the RSI released a signal as the price already reached the overbought level (i.e. above the level 70). This was confirmed sooner by the strong resistance from the 200EMA.

4.3. Plan B games

Kindly pay attention to what is going to be said:

Whenever you trade, you should follow our plan and be able to leave the trade when your plan b is brushed off. Here the plan b is that if per adventure the price does not spike at the

first entry signal, wait for the second signal to occur. Now the market is more likely to spike on the second signal.

But if does not, get ready to exit the trade even if you are in a loss. Remember that we are trying to minimize losses and maximize profits.

Strategies given to you in this book do yield a higher probability of success, however they are not the HOLY GRAIL that never fails. We are trying to save you from losses caused by greed and lack of discipline.

In other words, when we follow the fig 3.b, on the crash 1000 chart, we realize that the first indicator that gave the signal was the RSI. However a spike did not occur as soon as it did reach the overbought zone. The plan B here is to wait until it reaches another signal which is the resistance of the 200EMA. Thank God a spiked happened and our plan B succeeded. This also happened on the second instance that is seen on the fig 3.b, where after the first signal did not deliver as expected, we held the trade hoping it rejects either as soon as possible, or as soon as it reaches the resistance level set by the 200EMA. When our plan A was wavering, our plan B took over and succeeded: there was a rejection on the resistance area set by the 200EMA.

Now note that there are few cases where even our plan B fails. And you need to be humble enough to minimize your losses by exiting your trades.

This was supposed to be discussed in the “money management” chapter of the book, but it is better to address it now so you understand how to manage your money in accordance with the combination of strategies.

4.4. Summary

Although strategies given in previous chapters can work interdependently, they can also work efficiently in symbiosis. We discovered that there is a higher probability of success when our positions are in line with the leading trend of the market; especially when both the moving average and the RSI confirm the direction.

We also dealt with the plan B alternative which is an extra arrow in our quiver. We understood how to use it and what to do in case it does not work out as expected.

5. Money management

Money Management is one of the most important area in trading boom crash indices as well as in trading at large. It helps you Control risks in a fashion that will allow you to be consistent in your profits, grow your trading account balance and continue trading through the inevitable dicey moments.

Money management is often non-intuitive and generally does not require charts or figures. Of course, there are minor exceptions to the general rule; like the plan B game that was talked about in the previous chapter.

There is no cogent strategy that stand on pillars without a set of money management in it. With trading boom and crash indices, there are many people who have multiplied their account by 3, 5 and even 10 but have lost everything again simply because of greed and lack of

money management.

This is why although it might be simple, it takes a lot of discipline to put money management into action.

Money management is not for smart traders, but for disciplined traders. One can be smart with the ease understanding of the market but does not have the discipline to implement money management.

Since boom and crash indices do not respect stop losses stop orders (buy stops and sell stops), it is paramount to find how to minimize losses without putting stop losses.

5.1. Trading spikes is already a money management method

Trading spikes is already a money management method because when you look for spikes, there is no spike that catches you by surprise so you can be in a loss. The price that goes against you for a moment is calculated and you can know how much you are willing to loose for any given position. But when you trade against the spike, in case it happens, you got no idea how much you can lose neither do you have control over it.

5.2. Managing money through lot sizes.

It is important for you to know the approximate lot size that can be allowed with different capital sizes.

To put it bluntly, a lot is simply the size of your trade

1) The approximate maximum lot size of 100$ is 3.
2) The approximate maximum lot size of 1,000$ is 30
3) The approximate maximum lot size of 20,000$ is 600
4) The approximate maximum lot size of 100,000$ is 3000

The leverage for this type of lot size is 1:500

Some reading this book might have asked themselves: “why isn’t the author showing his results and his entry trades with his lot size?”

The answer is simple but profound: Everyone grabs this book because he wants to make money and expectation are different in accordance with every reader’s starting capital.

If results show a smaller lot size with a small digit figure, it will encourage the trader with a small capital convincing him that the strategy can work even on the smaller capital.

However for a trader with a bigger capital might tend to underestimate the book thinking

how all the book's strategies did not make the author a millionaire. He will be right to think that way.

The other scenario is that if trades and results are shown with bigger capital and juicy revenue, a holder of a fat capital will easily relate as the strategy is tried and approved for their fat hard earned capital. But the trader with a smaller capital might think he will need to at least accumulate more money and have a bigger capital in order to trade effectively the strategy. This is a misconception because the strategy is workable both on bigger accounts as well as on smaller accounts.

The second reason is for design and display purposes: there were sometimes so many lines on the chart that it was difficult to draw clean figures for a better understanding. At times there can be 5 entries and it was difficult to explain the other 4 previous entries because they are already exited. This was indeed the second biggest challenge in showing entries. Now let us get back to our horses.

This information is given to you so that knowing the maximum capacity of your capital in handling lot sizes, you should not use it to the hilt. In other words, use at least 30 % or less of your maximum lot size. For example, if you have an account of 10,000$ it is safer for you to use a maximum of 100 lots or less. You might be right on a trade, but sometimes the trade can take few minutes before the spike. Now, if you are using the maximum lot size because of greed in search of quick gains, you can blow your account before a spike can happen and before you profit from your accurate speculation.

Even though you are 100% sure on your entry do not put your maximum lot size as at times you might be so confident with an entry and per adventure it turns out to be the wrong move. If you are moderate in your lot size and consistent in trading, you can make a 100% return on a daily basis. You can even make more than that, if you use the strategy right and follow the right money management. Money management is a very important factor in trading and yet it is very neglected, especially by amateur traders who just started trading.

5.3. There is a wallet with binary.com

The Meta trader account and the wallet are two different accounts. The wallet is for mainly for storage (although in other instances it can serve as a trading account), while the Meta Trader 5 account is mainly for trading.

Whenever you make profit, transfer a part of it in the wallet. Remember that although one can be consistent in trading, it is very important for one to know that sometimes the unexpected can happen and savings can make a difference.

This is also a good money management method. You cannot really be told how much of your profit should be released. The choice is entirely up to you; after all it is your profit. Make sure there is a backup money just in case.

5.4. When plan B fails.

In the previous chapter, we talked about how we could implement a plan B in case the initial plan fails. We saw how the plan B oftentimes help our failed plan A. this works in many cases. But there are times that even plan B fails. this being so, you should be humble enough to recognize and accept the loss while it is still early then exit trades

. Higher returns never exclude losses. Higher returns only mean higher profits with minimized losses. The way to minimize losses is by exiting in case plan B fails. Trading without plans leads to successive failures.

Whenever you know how to fight greed, it will be easier for you to minimize your losses and manage your money effectively.

5.5. Summary

Money management is a very important topic in trading indices and yet it is very neglected by many. We learned why money management should not be overlooked. From the beginning we understood that trading spikes was already a money management initiative.

Then we discovered that one can manage his money effectively through a wise use of lot sizes in accordance with the capital at hand.

Binary.com has a wallet and you can use it to you advantage.

Lastly we learned what to do in case our plan B fails.

6. Conclusion

Now that you are empowered with knowledge, it is your role to put it into practice.

Consistency in trading is key when trying to perfect and sharpen the strategy at hand.

The more you trade, the more you develop a subconscious skill that will enable you to make trading decisions that are accurate. The consistency of trading makes you enter trades without fear nor trembling.

Remember, better trades and better spiking entries are those that are spotted in a sideways market or in the direction of the spike. For crash 1000 and crash 500, good trading setups are when the market goes sideways or when the market is a downtrend. On the other hand, the market is favorable for boom 1000 and boom 500 when the market is goes sideways or is an uptrend.

Trading against the trend might still work but out well, but never for too long because facing the waves is never too friendly. But diving in the direction of the wave has less stress and resistance.

The best way to get to understand the main trend of any market is by analyzing bigger timeframes like 1 hour chart or 4hour charts. When you are able to spot the leading trend through bigger timeframes, then look for entries in accordance with the corresponding timeframe.

Remember also that there are no successful trade without successful money management techniques. To grow your account does not mean you will never make losses; to grow your account simply mean that you will have minimized losses and maximized profit.

Do not be anxious for nothing when trading, stick to the rules and manage your trades and your money well as you have been taught in the book.

A trader should be psychologically fit by not falling in the trap of greed and the trap of fear. The best way to overcome greed and fear and greed is by sticking to your trading plan.

Master all strategies but above all look out for the divergence strategy because according to experience it has proven to give more accurate signals.

I wish you the greatest success as you delve enter into this amazing and exciting journey of extracting money out of the boom crash indices. I believe you eventually get the lion's share in this market.

Disclaimer

Trading synthetic indices on margin carries a high level of risk, and may not be suitable for everyone.

Past performance is not indicative of future results. The high degree of leverage can work for you as well as against you.

Before getting involved in boom crash indices trading you should carefully consider your personal venture objectives, level of experience, and risk appetite.

The possibility exists that you could sustain a loss of some or all of your

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initial deposit and therefore you should not place funds that you cannot afford to lose.

You should be aware of all the risks associated with Cryptocurrency trading, and seek advice from an independent financial advisor if you have any doubts.

The information contained in this book does not constitute financial advice or a solicitation to buy or sell any synthetic indices contract of any type.

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