

MONEY MANAGEMENT

I have touched with you a little on trade management. There is something that goes hand in hand with trade management and that is money management.

When you look at the trade results I posted you may think that you can't do a lot with that trading a mini account. Well, let's see.

We will use our last 5 live trade calls and add contracts to each winning trade and subtract an equal number of contracts from losing trades.

In the end, you will see how a realistic profit of 1700 pips can be gained over a one month period, while risking only \$16 dollars of your initial account balance, with an average winning trade of 23 pips.

This is the true power of LCM. The power to keep your risk/stops small while still providing a very high win rate.

1ct X +25 pips + 25 pips

2ct X+22 pips + 44 pips

3ct X+ 43 pips + 129 pips

4ct X+23 pips + 92 pips

5ct x+7 pips + 35 pips

TOTAL 325 PIPS

STOP

INITIAL CAPITAL RISKED

- | | | |
|----|---------|--------------------------------------|
| 1. | 16 PIPS | 16 PIPS |
| 2. | 20 PIPS | 0 YOUR NEXT STOP IS WITH HOUSE MONEY |
| 3. | 23 PIPS | 0 YOUR NEXT STOP IS WITH HOUSE MONEY |
| 4. | 36 PIPS | 0 YOUR NEXT STOP IS WITH HOUSE MONEY |
| 5. | 38 PIPS | 0 YOUR NEXT STOP IS WITH HOUSE MONEY |

NOW YOU HAVE EARNED 325 PIPS WHILE RISKING ONLY 16 PIPS OF YOUR INITIAL INVESTMENT...OR DOUBLED A \$300 MINI ACCOUNT.

THEN, ON YOUR NEXT CYCLE OF TRADES YOU CAN START WITH 2 CTS INSTEAD OF 1 AND ADD 2 ADDITIONAL CONTRACTS AFTER EACH WINNING TRADE AND IT WOULD LOOK LIKE THIS;

2ct X +25 pips + 50 pips

4ct X+22 pips + 88 pips

6ct X+ 43 pips + 258 pips

8ct X+23 pips + 184

10ct x+7 pips + 350 pips

TOTAL 930 PIPS + 325 PIPS ON FIRST CYCLE = 1255 PIPS

THIS IS NOT AS FAR FECTED AS IT SOUNDS BECAUSE LCM CAN ACCOMPLISH 10 WINS IN A ROW OVER A 2 WEEK PERIOD INTRADAY. SO NOW WE GO INTO A 3RD WEEK OR CYCLE OF 5 TRADES

NEXT CYCLE START WITH 3 AND ADD 3 TO EACH WINNING TRADE

3ct X +25 pips + 75 pips

6ct X+22 pips + 132 pips

9ct X+ 43 pips + 387 pips

12ct X+23 pips + 276

15ct x+7 pips + 105 pips

**TOTAL 930 PIPS
+ 1255 PIPS ON FIRST 2 CYCLES = 2185 PIPS**

**Now To the 4th or End Of the Month Cycle
Start With 3 and Add 3 to Each Winning Trade**

4ct X +25 pips + 100 pips

8ct X+22 pips + 176 pips

12ct X+ 43 pips + 516 pips

16ct X+23 pips + 368

19ct x+7 pips + 133 pips

TOTAL 1293 PIPS
 + 2185 PIPS ON FIRST 3CYCLES = 3478 PIPS

That's 3478 Pips in About 1 Month in 20 Trades. But We Know We Will Have At Least Some Losers So Let's Be Conservative and Cut Those Profits in Half, Then We End Up With

**1739 PIPS WHILE RISKING \$16 DOLLARS OF YOUR INITIAL CAPITAL!
YOU ACCOMPLISHED THIS WITH AN AVERAGE PROFIT OF ONLY 23.6
PIPS PER TRADE**

THE NEXT MONTH YOU CAN START OFF WITH 5 CONTRACTS AND START GETTING INTO SOME SERIOUS MONEY WHERE YOU CAN START PAYING YOURSELF EVERY WEEK.

Now Do You See Why I Don't Worry About Hitting Home Runs...About Trying To Squeeze Every Pip Out Of A Trade?

You See, The Power Of Lcm Is Not Just The Accuracy But The Ability To Keep Stops Small.

In Baseball The Home Run Hitter Strikes Out More. In Basketball The 3 Point Shooter Misses More. In Football The Team That Throws More Bombs Has Higher Incompletions. In Hockey The Shooter Whose Always Shooting From Above The Blue Line Misses More.

This Way You Don't Panic Because You're Not Risking The House Note...The Car Note, Your Spouse's Vacation Plans.

Even if you want to be ultra conservative and cut the figure in half again you are talking about...

869 pips over 1 month. That's cutting 75% off our projections. So be very, very realistic. How many times have you done even this well over a 1 month period

It works for me and it will work for you

Jerry