

Why I Failed In Automated Forex System Trading

The first time I started trading automated forex systems was a losing forex trading experience. I was so bad at it, that I was inclined to believe that automated forex trading was all hype and would never be profitable. Over time, I have changed my attitude and automated forex system trading is now part of my forex trading portfolio.

I found that there were a few things I never considered while I was trading automated forex systems. Some were inherent in the forex systems I chose and others were personal trading issues.

1. Ignoring Commission and Slippage in Choosing an Automated System

I am sure you have seen an automated forex system that has wonderful results. The moment you try and trade it in your account, though you will find winning trades, the profits are not worth the risk.

This is mainly due to the fact that most automated forex system vendors omit trading results that have commissions and slippage. This is further aggravated by the fact that different forex brokers have different spreads. Do not be surprised to find an automated system that works with one forex broker but does not work as well with another.

2. Lacking Discipline to Follow the Signals

This is a misnomer. You buy an automated forex system that is supposed to place the trades for you, but you second the trades and instead place your own.

Second guessing the trading signals I got from my automated system only brought me losses. This happens so much with forex traders that most forex system vendors have established a rule where one has to show the trades they made before one can get a refund.

3. Relying On Hypothetical Forex Results

There is always a disclaimer in all good forex websites that says that past results are not an indication of future returns. Some are so honest that they do have a disclaimer that the results shown in their automated systems are hypothetical.

So why don't forex traders read these disclaimers before they buy an automated forex system? Forex traders are best advised that not everyone with a forex website is honest. Some of the results I have seen have been curve fitted to show great forex trading results.

I make it a point to figure out if the trading results shown for any automated forex trading system are hypothetical, curve fitted or just plain fake results created in a PDF file.

4. Using the Wrong Automated Forex System

An automated forex system should suit your needs. I am very emotional, so when I bought an automated system that was trading every 10 minutes, the roller coaster ride of entering a trade every 10 minutes just gave me ulcers. I had to find another automated system that had fewer trades and traded longer time frames.

If an automated forex system does not suit your style, then you might be disappointed in the long run.

Before you go complaining about an automated forex system that is not working for you, ensure that you have done your homework. It is my view that most automated forex robots should work but the forex trader needs to ensure that he knows the system he is trading as well as ensure that it works for his purposes.

About the Author

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