

Dear subscribers,

As we do every weekend, we are going to analyze the market and review the success of our techniques over the past week.

To start our analysis, we will review our response to an email from one of our subscribers yesterday with regard to a Forex trade in which the Gbp/Usd operation had a range of 89 pips to both the target and the stop.

The basics of this technique also repeat themselves for the MiniSP Futures and are representative of our general ideology of how to make money continuously in the market.

We imagine that many of you yesterday, having noticed the operation at -40, would have closed it only to later to be disappointed, as was the subscriber who wrote us. This is an example of why it is important to trust not only our techniques but also the many hours of work that have been dedicated to developing each one of them with the aim of finding the best way to make profits. We need to trust these many hours of investigation above all now that the markets are volatile and especially for Forex trades as the targets and stops will be much higher as we have seen in the last two sessions.

As you may know, our techniques are based on market patterns we have tried and tested over years. They are the models we use to operate and they have been proven to stand the test of time. Of course, our techniques are right more than 50% of the time, in fact our minimum acceptable success rate for a given technique is 70%. The risk/reward rate for a trade is 1:1. If we risk one dollar, we expect to make one. If we risk that same dollar 10 times, we expect a successful outcome 7 times, for a total of 7 dollars made, and we expect an unsuccessful outcome for the remaining 3 trades, for a loss of 3 dollars. To summarize, the global expected outcome is simple and positive; we make 4 dollars for every 10 trades executed. The more we operate or the higher the target/stop, the higher our profits.

This method allows for DrawDowns which are easy to bear. We have 6.000 pips annual returns but with DD of -300 points at most. We assure you this is difficult to achieve without our techniques. The "norm" would be to have a DD of -25% of profit. Applying this norm to our volume of profits, this would indicate annual DD of up to -1.500 points, while with our techniques the DD would be -300 Pips at most... 5 times less!). An advantage of this low DD is that, if necessary, we can stop using a technique with only moderate losses in order to study it, optimize it or simply to retire it after having reaped its benefits for some period of time.

Unfortunately, we can not make trades with a 20 stop and an 80 target, as these types of opportunities are scarce in the markets. To wait for these types of trades would have a high cost for us as the opportunity cost of having our money on the sidelines would ruin our results. You are right if you believe it is difficult to be disciplined, but this can be achieved through experience, through study and work, and by never making arbitrary decisions with active operations. We have at our disposal strategies with well-defined parameters that have been

optimized to guarantee the statistics we previously cited regarding maximum DD pips. One should simply follow these parameters, execute them and observe that the outcomes are those we've predicted. **And I should adopt the mentality that this is what works, what is optimal and what will beat the market. I should never close 10 points before or after what has been planned, nor should I not execute a trade because the target is greater or smaller than yesterday.**

What can we say to convince you?

First of all, we suspect you are too leveraged. You are not comfortable. Therefore, risk only 4% of your capital in each operation or whatever you can without being concerned about a loss. If you cannot tolerate a -300 point DD then you can't operate with this amount of leverage. Remember, you will have 3 losing operations in order to have 7 successful ones. And in this cycle, on some occasions, you will have a string of losses. If you can't take these 3 losses you will simply not be able to make the next 7 gains.

We know what we're doing. We don't use public indicators, generally. We don't bear large losses only to obtain small profits and we don't win unless you do. But, remember, to win one has to be able to lose sometimes. Playing the market has its costs. What's most important is to have the tools available to minimize those losses and maximize profits.

We will start by review this week for Forex but first I want to remind you of the timing of our current trading schedule. We will inform you as we introduce new trades.

I. Our Current Trading Schedule

- A. Stocks: We are not currently trading stocks as market conditions are not favorable. We will advise you when we begin these trades once more.
- B. MiniSP Futures:
 - 1. Morning MiniSP Futures- 3:00am EST
 - 2. Open MiniSP Futures- 9:30am EST
 - 3. Evening MiniSP Futures- 3:00pm EST
- C. Forex
 - 1. European Morning Technique GBP/USD- 3:00am EST
 - 2. European Morning Technique EUR/JPY- 3:00am EST
 - 3. USA Morning Technique - 9am EST

For Forex this week, we executed the following operations:

GBP/USD	SHORT	02-01	1.5929	1.5876	53	European Morning Technique GBP/USD
EUR/JPY	LONG	02-01	125.75	126.05	30	USA Morning Technique EUR/JPY
GBP/USD	SHORT	02-02	1.5924	1.5974	-50	European Morning Technique GBP/USD
EUR/JPY	SHORT	02-02	125.88	126.40	-52	USA Morning Technique EUR/JPY
GBP/USD	SHORT	02-03	1.6021	1.5991	30	European Morning Technique GBP/USD
EUR/JPY	SHORT	02-03	126.41	125.80	61	USA Morning Technique EUR/JPY
GBP/USD	SHORT	02-04	1.5865	1.5831	34	European Morning Technique GBP/USD
EUR/JPY	SHORT	02-04	125.12	124.56	56	USA Morning Technique EUR/JPY
GBP/USD	SHORT	02-05	1.5664	1.5578	86	European Morning Technique GBP/USD
EUR/JPY	x	02-05	121.94	x	x	USA Morning Technique EUR/JPY

We execute 7 positive operations and only 2 negative ones and we also left a Eur/Jpy operation active from Friday afternoon.

This week, we made a profit of 248 pips through 9 operations. These are very good numbers for this first week of February and, above all, they help us forget a bit about the DD we suffered in January.

With regard to the Eur/Jpy active operation from this past Friday, on that day we came within 20 pips of the target at 120.52 as you can see in the chart below. At this time, the operation continues active because, just as we do with the Gbp/Usd Morning Technique, our system is in charge and we must follow it. Therefore, we hope that on Monday we hit the target because that would represent 142 pips of profit and it would be a great way to start the week.

TYPE	TICKER	ENTRY	TARGET	REVERSE
SHORT	EUR/JPY	121,94	120,52	123,36



Now we will review the Sp techniques. This week, we executed only 4 operations for a total profit of 1.5 points, the equivalent of \$75 per contract. We had 2 negative operations on Monday and Tuesday morning and, this week, we could practically not operate our Open Technique because, being the first week of the month, there were many announcements made regarding macroeconomic data.

Here are the operations for the week. Let's review them.

DAY	TECHNIQUE	OUTCOME	COMMENT
Monday	Morning	0	We would have made a 2 point profit at most
	Apertura	0	There were macroeconomic data announcements but we would have made a 5 point profit.
	Evening	0	The entry price was not reached.
Tuesday	Morning	-4	Hit stop by 0.25
	Opening	0	There were macroeconomic data announcements but we would have made a 5 point profit.
	Evening	0	Entry price was not reached.
Wednesday	Morning	-4	Opened short by 0.25 to later hit stop.
	Opening	0	There were macroeconomic data announcements. Had we entered, we would have hit stop.
	Evening	0	Entry price was not reached.
Thursday	Morning	0	We should have entered but, because the market was stagnant the day before we did not publish a signal.
	Opening	+5	Very good signal. In fact, it could have given us a close of 21 points.
	Evening	+4.5	
Friday	Morning	0	10 minutes before the opening, the data indicated we should not trade but, just after the opening, the market crashed. It's a shame we didn't enter as we would have made up to a 9 point profit.
	Opening	0	We didn't trade due to volatility generated by unemployment data.

			This played into our favor as we would have lost -4 points.
	Evening	0	Downward tendency, the technique does not give a bullish signal although it's a shame we didn't trade as, in the last hour, the market went up 14 points.

To summarize, as we said we made 1.5 points but let's see what would have happened had we executed all of our techniques every day.

For the Morning, having executed all of them we would have had 2 gains, 2 losses and one with a gain of 2 points. In the end, we would have gained 2 points.

For the Opening, having executed all of the operations with the announcements of macroeconomic data, we would have had 2 gains, 2 losses (-2 points) and, together with our gain from Thursday we would have a gain of 7 points.

For the Evening, had we executed the trade on Thursday we would have registered +4.5 points.

Having executed all trades, we would have a gain of 13.5 points.

In truth, it was a shame to have missed two good trades for the Morning as they would have represented 8 points and we would have had a week of almost 10 points profit. Having operated with macroeconomic data, we see for the week there were 2 gains and 2 losses but we insist that it is not a good idea to trade on those days as our statistics indicate only a 30% success rate.

But, we can't complain because this start of the year is going very, very well. We have only 2 operations with a loss out of the 27 we have executed and we have a profit of 82.25, the equivalent of \$4,112.5 per contract. In effect, we are multiplying by 100 the maximum guarantees required to operate in the MiniSp outside of market hours.

As you can see, in 1 month and 1 week we have multiplied our money with 27 operations, little by little, simply following our techniques. We are very satisfied with this progress.

First Quarter 2009 SP	27	25	2	82.25	\$ 4,112.5
Morning MiniSP Futures	9	7	2	9.25	\$642.50
Open MiniSP Futures	8	8	0	40	\$2,000
Evening MiniSP Futures	10	10	0	33	\$1,650

Have a great weekend.