

# Winning Trader's Association

## The Winning Trader's Association Message Board

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☒ **Correlation Trade EA (Robot)**
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Hi everyone,

I have finished the first beta version of the Correlation trader software. I have put the EA and FAQ on my personal website and you may download them from there. Read the FAQ. It is a "tortoise" program in that you will see interest (SWAP) posted daily and a trade periodically (days or weeks). However, this trading system produced an **almost 60% net account growth** in one month for me in April and I checked it once a day for a few moments.

Download it and let it run in a demo account for a month and see what happens for you.

<http://homepage.mac.com/billbarnsley/FileSharing50.html>

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Some details about correlation trading are posted in the Interest Hedge Comparison thread that is elsewhere in this website. I will repost one of the messages here for ease of access.

Take care,  
Bill

Posted by Bill 5:02 PM

[billbarnsley@mac.com](mailto:billbarnsley@mac.com), [\[Message Id=1041788\]](#)

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# 1 **R \$5,000 to \$141,380 in thirty six months**

Hey everyone,

The correlation trade is unique and deceptively profitable. Its goal is not a trade profit, but ongoing interest income by holding the position for extended time. This can be compared to ownership of rental property - the value is not as important as the net rental income.

I did some more calculations with the following assumption:

- Current daily net interest on long GBPJPY/CHFJPY with InterbankFX is \$19.25 on one full lot.
- Each day an additional .01 microlot is added after the SWAP is paid.
- Account begins with \$5,000 (InterbankFX minimum for standard account)
- Leverage is 100:1.
- Net interest paid will remain constant.

The result was startling. I've not seen any managed Forex fund ever match this performance. Here are the numbers:

		Daily		
Day	Lots	Interest	Balance	Return
1	1.00	19.25	5,019	100.4%
10	1.09	20.98	5,201	104.0%
20	1.19	22.91	5,422	108.4%
30	1.29	24.83	5,661	113.2%
3 month	1.89	36.38	7,503	150.1%

6 month	2.79	53.71	11,566	231.3%
9 month	3.69	71.03	17,188	343.8%
12 month	4.64	89.32	24,814	496.3%
2 year	8.29	159.58	70,274	1,405.5%
3 year	11.94	\$229.85	\$141,380	2,827.6%

This shows a \$5,000 account growing to over \$141,000 in three years with only a couple minutes a day in maintenance. Not bad, especially as most traders lose all of their money.

Further, this does not include the extra profits that would come from taking profits each time the pair showed an unrealized net correlation profit of \$300 (or whatever the user chooses). That added profit could be substantial, but is totally dependant on the market.

The Correlator EA watches the market constantly to capture those profits instantly.

Trade carefully, 🏠

Bill

Posted by Bill at 5:02 PM

[billbarnsley@mac.com](mailto:billbarnsley@mac.com), [\[Message Id=1042858\]](#)

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## 2 **R** EA Clarification

Hi,

Just to clarify - this trade is so simple, it can be handled manually by anyone. The interest just keeps coming in.

The purpose of the EA is to constantly watch the positions and capture the gains every time the trade shows a position profit, and automatically re-enter the trade. This function is something that is more difficult to accomplish manually, and can be used to substantially increase the profitability of this trade. More profits are good! 🏠

Trade carefully,

Bill

Posted by Bill on Jun-26

[billbarnsley@mac.com](mailto:billbarnsley@mac.com), [\[Message Id=1041918\]](#)

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## 3 **R** Introduction from the FAQ

Here is the introduction from the FAQ...

### Trading Successfully

It is common knowledge, supported by industries studies, that less than 5% of individuals earn profits trading the Forex market. Most individuals lose almost all of their account balance, plus the hundreds or thousands of dollars spent on seminars, systems, training, books, etc. that sit unused in a box in the garage.

If you think this can't happen to you, ask yourself how you will avoid this fate. Are you somehow better than almost everyone? Do you have a plan? Have you tested it over time?

The best decision most individuals can make is to not trade. This will save countless hours and thousands of hard-earned dollars. Anyone who still wants to trade needs a plan. Correlation trading fits that goal.

### **Simple Trading Plans that Work**

The simplest trading system, and one used by large funds and banks world-wide, is the carry trade in which we borrow one currency to control another thereby earning interest. This trade can return 50% or more per year depending on the interest paid, the margin required and any reinvestment of returns. A common pair for this trade is the GBPUSD. When almost everyone loses money in Forex, wouldn't it be nice to earn money???

The drawback to this trade is that the individual must maintain accounts at two brokerages, rebalance the accounts regularly, and periodically make trades in the interest-free brokerage to keep them happy with your account.

A similar trade is the correlation trade. Certain currencies have high positive or negative correlations. This means that a negative move in one currency is usually offset by a positive move in the second currency. If the two currencies have a high positive correlation, a long/short trade would be required. If the two currencies have a high negative correlation, a long/long or short/short trade would be required. If the interest (SWAP) differential is favorable, this will result in daily interest payments to you. At this time, this works well with two long positions in the GBP/USD and the USD/CHF, or a long GBP/JPY and a short CHF/JPY.

The drawback is that this is not the perfect correlation one would have if trading the same pair in two accounts. As a consequence, an account with correlation trades will experience periods of drawdown. However, because of the correlation, drawdown should be relatively small.

One benefit is also due to this imperfect correlation. At times, there will be a net unrealized profit between the two pairs. One could close both sides of the trade, book the profit, and immediately re-enter the trade. Although the purpose of this trade is to bank interest, profiting from the positive side of imperfect correlation just means more money for you.

Other benefits are that this trade can be accomplished in one account minimizing the total funds required to maintain accounts and margin. (Note, this trade can be set-up across two accounts to maximize interest, but that would require a much higher cash commitment and periodic rebalancing the accounts) This trade also does not require any charts/analysis/market watching/nail biting.

Further, over time the interest earned will exceed any potential drawdown and keep the account net positive.

The following two sites provide a further discussion of correlation trades, and an analysis of current currency correlation values.

<http://www.investopedia.com/printable.asp?a=/articles/forex/05/051905.asp>  
/> <http://www.mataf.net/en/analysis-correlation.htm>  
/>


Posted by Bill on Jun-25  
[billbarnsley@mac.com](mailto:billbarnsley@mac.com), [\[Message Id=1041790\]](#)

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