

Trading Successfully, Money Management & Compounding Your Earnings



Compounding was described by Albert Einstein as “*the 8th wonder of the world*” and when you see the results of compounding your money you can understand his thoughts about the subject.

You can also use it to grow your trading account when you start to trade profitably.

To give you an idea of how quickly your trading could grow, I have an example below using my beginner’s trading system average earnings over the past eight years. You can see from my [results page](#) that over the period in question I earned an average of 350 pips per month, and you can achieve the same by simply copying my trading method to the letter.

Although I start with a hypothetical £500 in the trading account example below, I will actually show you a way where you can start your trading with just £100 and build up from there. Details are in all of my trading system manuals.

So, in month one you’ll have £500 in your trading account to start with, and you’ll then earn 350 pips during that month of trading my beginner’s trading system. Starting off at a low £0.50 per pip trades means that in that first month you will earn £175 (350 x £0.50) and by the end you’ll have £675 in your account (£500 + £175)

This is where compounding comes in because instead of withdrawing the £175 you’ve earned and trade with the original £500, you keep all the money in your trading account so that in the coming months you’ll be able to increase the size of your trades as I show in the table below.

Before we come to the actual trading account example, I must mention money-management. Obviously you cannot place trades using a large percentage of your trading account as a few losing trades will wipe you out. I recommend you use £1 per pip for every £1000 you have in your account, and this is the reason why.

My beginner’s trading system has a maximum stop-loss of just 20 pips so if you’re trading with an account of £1000 (*for ease of calculation*) your trades will be at the £1 per pip level. If you have a losing trade, the maximum you will lose is £20, so you’ll be left with £980 to trade with in your account. Even if you encounter 5 losing trades in a row (*which has NEVER happened to me*) you’ll still only have lost just 10% of your trading account.

| MONTH | TRADE ACC. | STAKE | PROFIT | PROFIT £'s | NEW ACCOUNT |
|-------|------------|-------|--------|------------|-------------|
| 1 | £500 | £0.50 | 350 | £175 | £675 |
| 2 | £675 | £0.50 | 350 | £175 | £850 |
| 3 | £850 | £0.50 | 350 | £175 | £1025* |
| 4 | £1025 | £1.00 | 350 | £350 | £1375 |
| 5 | £1375 | £1.00 | 350 | £350 | £1725 |
| 6 | £1725 | £1.50 | 350 | £525 | £2250 |
| 7 | £2250 | £2.00 | 350 | £700 | £2950 |
| 8 | £2950 | £2.50 | 350 | £875 | £3825 |

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|----|-------|-------|-----|-------|--------|
| 9 | £3825 | £3.50 | 350 | £1225 | £5050 |
| 10 | £5050 | £5.00 | 350 | £1750 | £6800* |

As you can see from the table above, by starting with just £500 and trading my beginner's trading system exactly as I do, you will **double** the size of your trading account in just three months* and by month ten you'll have increased it to nearly £7000*.

| MONTH | TRADE ACC. | STAKE | PROFIT | PROFIT £'s | NEW ACCOUNT |
|-------|------------|--------|--------|------------|-------------|
| 11 | £6800 | £6.50 | 350 | £2275 | £9075 |
| 12 | £9075 | £9.00 | 350 | £3150 | £12225 |
| | | | | | |
| 14 | £16425 | £16.00 | 350 | £5600 | £22025 |
| | | | | | |
| 18 | £54050 | £54.00 | 350 | £18900 | £72950 |
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So Einstein **was** right, you can really see the power of compounding, and also the power the having a consistently profitable trading system and trading it strictly by the rules. Now you know the maths, see what your account balance will be at 2 and 3 years.

To trade successfully, all you need to do is follow the system rules to the letter. And have a clear, firm goal of striving to be the best trader you can be. It really is that simple.

Any questions ? Just email me at nick@marketsmastered.com

Best wishes,

Nick | Markets Mastered Trading Education

