TRADERS AGENCY NOFT

YOUR PLAIN ENGLISH GUIDE TO FUTURES TRADING

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For many people, even for some experienced traders, trading futures seems like a foreign and intimidating topic. If you've focused on options or forex your whole career, futures can seem complicated, frightening, and uncertain. But there's no need to feel that way. In reality, while futures are different from other trading instruments, they're no more complicated. And in the coming years, they could be the greatest strategy for growing your accounts.

Let's talk about what futures are. This is really important, especially if you've never traded futures before. What is futures trading? As a futures trader, you're buying and selling contracts. In fact, another word for futures is forward contracts. It's a contract to be executed in the future.

Here's an example: it takes two parties to enter into a contract. Let's look at the example of a farmer and a manufacturer. Now this farmer is going to be referred to as a **producer**. And this farmer produces corn. That's his crop. Now, the farmer cannot sell the corn and receive money for the corn until the corn is mature and harvested. But as the corn is growing, the farmer's going to say, "Hey, what's the price of corn?" Because if the price of corn falls too much, then he's not going to make that much money when it's time to sell. So, the farmer will worry about price falling as the corn grows.



Let's just say for this example that the corn will not be ready for three months. It will be three months until the farmer, the producer, can actually sell this corn. And he's worried about the price potentially falling during that time.

But then you have the opposite side, which is the **manufacturer**. The manufacturer is the buyer. So, the producer (the farmer) is the seller, and the manufacturer is the buyer. This manufacturer needs the corn because she sells cornbread, and corn is a key ingredient to cornbread. But the manufacturer knows that the corn is not going to be ready for three months. So, she is going to worry about price going up, because if the price of corn goes up, it's going to become too expensive.

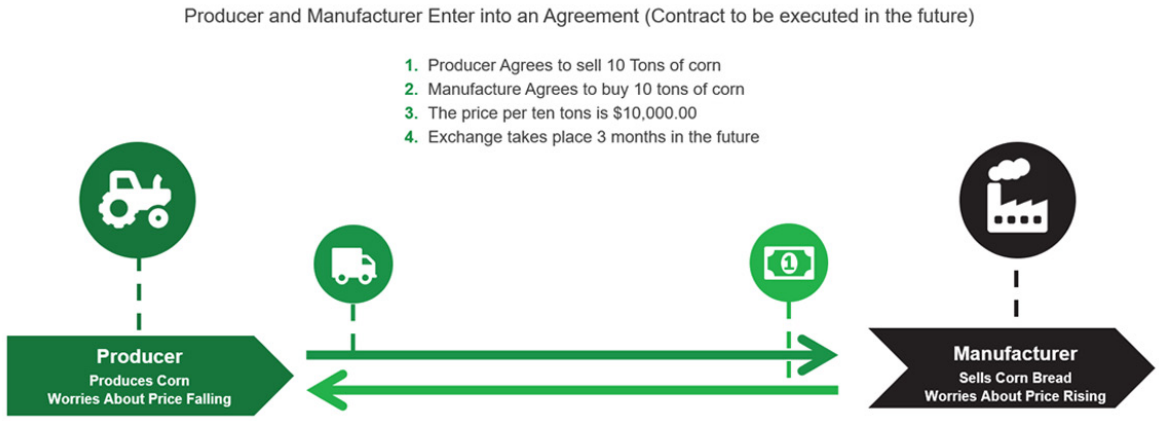


Now, what happens? The farmer has a need. The farmer says, "I would like to sell my corn before it's ready." Because the farmer doesn't want the price of corn to drop. The manufacturer says, "Well, I want to buy the corn now before it's ready, because I don't want the price to rally." So, these two entities, the producer and the manufacturer, enter into a contract.



Basically, the farmer says, “Hey, do you want to buy all my corn for $10,000?” And the manufacturer says, “I would love to buy all your corn for $10,000.” But the farmer says, “I can’t deliver the corn to you until three months from now, when it’s ready.” And the manufacturer says, “Okay, I’m not going to give you the $10,000 until I get the corn three months from now.” So, they say, “Okay, let’s enter into a contract.”

They enter into an agreement, which they both sign, and it says, “When the corn is ready, the farmer will deliver it, and then the manufacturer will give $10,000.” They agree on a price, regardless of what the price of corn is three months from the original agreement date. The value of corn could increase, the value of corn could decrease, but they’re both obligated to deliver. If everything goes well, the producer harvests the corn and delivers it to the manufacturer, and then the manufacturer sends the $10,000 to the producer and the deal is done.



They entered into a contract, and the contract has an execution date in the future. So let’s refer to it as a forward contract or a future contract.

Now, let’s do a little bit of a reversal. The farmer and the manufacturer entered into an agreement, but both the farmer and the manufacturer have the opportunity to sell their side of the contract to somebody else who is willing to buy along the way.

Let’s say two months into this agreement, the corn is now worth $30,000. So now the corn which the farmer is growing is worth $30,000, but the manufacturer gets the opportunity to buy the corn for $10,000. That is a $20,000 profit just on the goods. Now the producer, is forced to sell the corn for $10,000, because that’s the agreement.

What happens? Well, the manufacturer can turn around and say, “I’m going to sell this contract to somebody else, and I’m going to pocket the difference. I’m not going to buy the corn for $10,000, I’m just going to sell the contract for $30,000, or at the very least more than $10,000, and pocket the difference.”

And the manufacturer has the ability to do that. He has the right. But the farmer could say, “This is a really bad deal, the price of corn keeps going up, I need to sell my side of the contract to somebody else.” So, the farmer sells their contract or their obligation to somebody else. Hopefully the price of corn keeps rallying, and then the producer gets a better deal later on down the road.

Futures is another word for forward contracts. It’s when a producer and a manufacturer enter into an agreement to be executed in the future. Just like how a farmer says, “I will sell you all my corn” to a manufacturer, and the manufacturer says, “I’ll buy all your corn for $10,000.” They agree on a price today, and regardless of what the price may be in the future, that’s what they’re obligated to fulfill. Along that journey, if the value of that contract changes, the manufacturer and the producer have the right to sell their side of the contract to somebody else until the execution date, when somebody has to deliver.

The producer may not be the original farmer, but he has to deliver the corn. And the manufacturer doesn’t have to be the original manufacturer, but he has to buy all the corn. So how does someone make money?

What Does a Futures Trader Do?

As a futures trader, what you’re going to be doing is monitoring price movement over time. You can trade futures. You can trade contracts outside of the farming industry. Pretty much any symbol, and most industries, will give you the ability to trade futures. It’s very, very widespread. And we’re going to measure price movement using a tool known as Japanese candlesticks that measure price improvement over time.



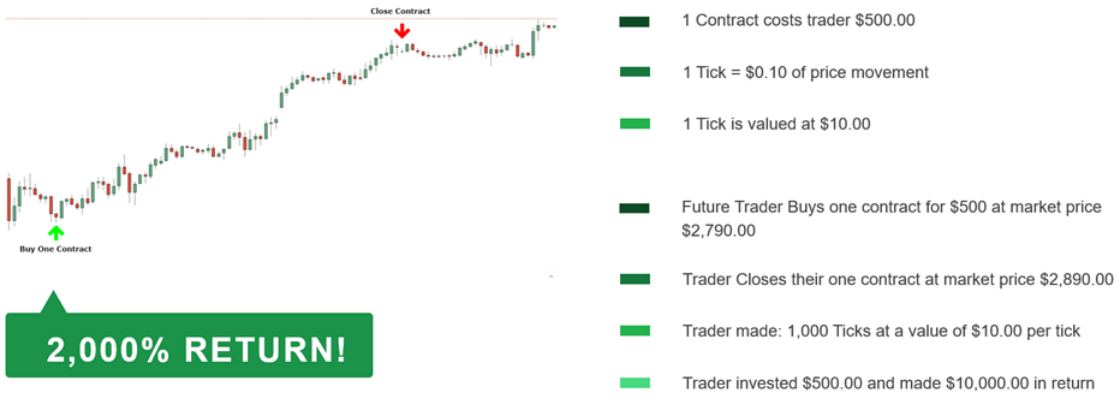
But where do you actually place the trade? You are not a manufacturer; you are not a producer. More than likely, you’re not going to go knock on someone’s door and say, “Hey, can I buy this contract out from you,” and then go find another buyer yourself.

Instead, you're using this as a vehicle to make money online. And you're going to need to have what's called a broker. A futures broker is going to handle all the compliance and make it simple for you to make money online. You just have to understand the basic rules of how the broker makes it simple.

Here are the rules, **you really want to pay attention to this**. As a futures trader, all we're really doing is betting on price. This is what a broker allows us to do. We're going to make a bet on whether price goes up or price goes down. For example, you're going to make a financial bet by buying the contract. If the market goes up, you're going to make some money. If the market goes down, you're going to lose some money. That's how this works.

But why does this appeal to Traders? Because futures trading is very affordable. The basic contract investment is often just $500 depending on your broker. And now, there are even some micro E-Mini Contracts available for just $50 depending on your broker. That gives experienced traders and beginner traders alike a lot of flexibility when they consider trading futures.

For Example



This is one of the big reasons why hedge fund traders will trade futures, or at least diversify in trading futures, because there's a lot of bang for their buck. Professional traders will like trading futures, especially the S&P, because it's one of the world's most watched symbols, both on the retail side, where people like you and I trade, and the professional side, where money managers and banks play.

Trading futures is relatively straightforward. There's a buy button and there's a sell button. If you press the sell button and the market goes down, you're going to make some money. If you press the sell button and the market goes up, you're going to lose some money. If you press the buy button and the market goes up, you make some money. If you press the buy button and the market goes down, you're going to lose some money. It's a very simple, straightforward market.

By the way, if you didn't check it out yet, I am opening up my **War Room** to show you how to trade futures in a simple, profitable way. We'll be live in the markets together! **Tap here to learn how you can join me.**

As a matter of fact, it's so straightforward that even the busiest people in the entire world, such as stay at home moms, can trade futures. If you're on the go, and you have a tremendous amount of adult responsibilities, you can make decisions fast. Trading futures provides financial freedom of choice. Trading futures is giving freedom to those people that want to make money online.

Now let's look at just one example of the potential success of futures trading. Now, we'll try not to get too technical, but I want you to take a look at the S&P 500, one of the top trading symbols in the world. Notice how for the past 10 years, since March 2009, the market has moved consistently upward? Well, analysts believe that a retracement, or a correction, is coming. In other words, it's been too good for too long, and we're expecting a sharp downward movement in the coming months. But the good thing about trading futures is that you can make money in either a bull or a bear market!

So how would this work? Now, inside of the futures market we do not measure price movement in pennies or dollars, so we don't say the market moved "this many pennies" or "this many dollars." What we say is the market had this many "ticks" of movement. And we already mentioned that it costs about $500 for one E-mini contract depending on your broker for intraday (same day) trading. So, if this market were to correct and the market were to retrace like all the evidence seems to be showing, if the market's basic pullback just goes to an area of future support, we're talking about a 5,115-tick downward movement.

Every tick is worth about $12.50, so this is about a $63,937.50 potential return. So that means taking a $500 investment and having the opportunity to make over $63,000 intraday trading. Intraday trading just means day trading: you're in today, you're out today, you try to get paid today.



So that's why trading futures is so popular: 1) when you know what you're doing, it's easy to understand. 2) there's a very low barrier to entry, and it's very affordable (just $500 per contract, depending on your broker). 3) There are potentially huge returns. But you might be asking, "how do I get started?"

That's why I developed my **War Room**. It's a perfect first step for a trader looking to get started making money in futures. In the **War Room** we will work together going over live market analysis, finding trades and teaching you everything you need to know to go from a beginner (or even an experienced but struggling) trader to a consistent winner.

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