

## MARKET COMMENTARY

The European markets closed much higher in November despite geopolitical tension after the terrorist attacks in Paris. European market sentiment was also boosted by positive corporate results which helped lift market sentiment. Germany yet again, led the pack by closing the month at 4.9%. Asian stocks closed sharply in the red, led by a heavy afternoon sell off in the Chinese market as brokerages tumbled after authorities launched probes for alleged violations of trading rules<sup>1</sup>. The rand fell sharply for the month following the release of poor Trade Deficit numbers. This, coupled with the uncertainty regarding Chinese commodity demand led to the JSE closing at -3.86%.

[1] CNBC News: 27 Nov 2015



YEAR TO DATE: 30 NOVEMBER 2015

SA	• 6.96	CASH	• 5.97%
PROPERTY	• 15.04%	BONDS	• 2.94%
INDIA	• -4.92%	RUSSIA	• 26.19%
CHINA	• -6.82%	BRAZIL	• -6.99%
INDONESIA	• -14.93%	GERMANY	• 16.08%
LONDON	• 2.28%	USA	• -0.90%



## HOW TO TURN R 1000 TO A MILLION IN A FEW MONTHS BY TRADING FOREX

Now that I have your attention, this is just one of the many “tag-lines” Forex Trading companies use to lure would be clients in to this get alleged get rich quick scheme. After the story of Sandile Shezi who allegedly became south Africa’s youngest millionaire through forex trading flooded main stream media, many Forex companies offering to teach you how to trade for a hefty fee have emerged in every corner of South Africa. This newsletter aims to give you insight as to how Forex Trading works and how hard it is to really make money, let alone become rich just by being a novice trader on the Forex market.

### WHAT IS FOREX TRADING



- It is a global decentralized market for the trading of currencies.
- This includes all aspects of buying, selling and exchanging currencies at current or determined prices.
- In terms of volume of trading, it is by far the largest market in the world, accounting for \$ 4 Trillion Dollars of trades per day.

### WHAT YOU NEED TO KNOW ABOUT FOREX



- Forex Trading is no short cut to excessive wealth.
- No one can teach you the complexities of the Forex Market in a very short space of time.
- Forex or Trading in general, is not for everybody, similar to investing, it is a science that takes years to perfect and to do well.



### THE STORY OF SANDILE SHEZI

He started humbly in his hometown of Durban, selling muffins at his high school, but he always had big business dreams in the back of mind. His rise to fame is his impressive story of become SA’s youngest millionaire at the tender age of 23 through Forex.

In an effort to “impart” his knowledge to other South Africans, he now offers free Forex seminars for beginners and an “advanced course for R 4000. However, his company has come into disrepute over recent allegations of fictitious figures and accounts during his seminar presentations. What also doesn’t help his cause is that his partner was convicted for manslaughter as well as his preferred broker ACM Gold having its license temporarily withdrawn.

### WHERE CAN ONE OPEN A FOREX ACCOUNT

- There are many Forex Institutions that have been established to provide potential traders with a gateway to the Forex Market.
- Various online platforms offered by brokers are available for the would be Forex Trader.
- Investment houses and Reputable Institutions such as Standard Bank offer a Forex Account on their "Standard FX" platform.

### WHO REALLY MAKES MONEY FROM FOREX

- Large Institutions who have vast amounts of resources & expertise to profitably trade on the Forex Market
- Brokers who provide novice traders with the Platform to Trade
- Very Few Individual traders can claim success in the Forex Market and those that do have dedicated countless amounts of hours learning and developing strategies to be profitable in the Forex Market.

### **VERDICT: IS FOREX TRADING FOR YOU?**

From the Information above, it is clear that Forex trading is not at all what it is cut out to be. There are very few cases of Individuals making vast amounts of money trading Forex. The likes of Bill Lipschutz who has been heralded as one of the Best Forex Traders of our time, was able to convert \$ 12 000 to \$250 000 and subsequently lost it all trading Forex. This goes to show that if that is a type of risk you are not willing to take then Forex Trading is not for you.

### **DO NOT FALL FOR THE MARKETING PLOYS OF WOULD BE BROKERS:**

Many Brokers and Platforms will sell you the idea of significant returns in a very short space of time using the course material sold by them (at exorbitant fees). There is a reason why most aspiring traders quit within the first few days of opening their account. These institutions sell a hope where there is little chance of success and fail to inform the novice trader that Forex, just like any other traded commodity is a long term game. You need to understand that during your learning curve, there will be many downs before there are any ups. The ideal trader should be an extremely aggressive investor by nature and understand the potential of losing all your gains is quite high.

This is the last Newsletter for 2015, it has been to say the least, a pleasure assisting you reach your financial goals for the year. We at PWM want to wish you and your family a Merry Christmas and a prosperous New Year.



*Viren B. Garach*