Business Plan: Forex Analyst Contest
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Personal background

I graduated with a Bachelors in Biochemistry from a top 10 university(UCLA) when I was 17. I have been studying markets since I was 9. I have been professionally trading financial markets since 2008(when I was 18). I was in the 99.995th+ percentile(top out of 20,000+ traders) on Dukascopy Trader Contest for the 9 years of its existence. I was banned 5 years through the contest by request of other traders for doing too good. My trading is based on market maker theory. That market makers trap retail money into bad positions intentionally and then manipulate markets through supply/demand imbalances.

https://www.youtube.com/watch?v=_AskZfNQdKo&feature=emb_logo

				5	X		PnL
					12.609584	Z	8.3664340
					1.2336561	mean	370.14036
	18.252491				0.4234487	std	421.95750
rahulkghosh	27	244.46	144.46	1.07223	6.5731684		3900.42
FXDON	16	271.02	171.02	1.08551	3.7165609		2736.32
Bigfxtrader	61	136.5	36.5	1.01825	3.0138355		2226.5
snowshow	70	130.13	30.13	1.015065	2.8481950		2109.1
ahmach1	41	141.93	41.93	1.020965	2.3412350		1719.13
mano930	15	209.84	109.84	1.05492	2.2299385		1647.6
Skif	46	134.22	34.22	1.01711	2.1823505		1574.12
tow	30	150.81	50.81	1.025405	2.1225744		1524.3
Aeappk53	11	218.58	118.58	1.05929	1.8843587		1304.38
prisechin	2	826.35	726.35	1.363175	1.8582460		1452.7
NoWay	8	247.52	147.52	1.07376	1.7670863		1180.16
Gieffe2003	11	203.64	103.64	1.05182	1.7432339		1140.04
passionforex	10	213.52	113.52	1.05676	1.7368553		1135.2
Airmike	60	118.49	18.49	1.009245	1.7369862		1109.4
ajmalakbar	8	239	139	1.0695	1.7117735		1112
vania1234	45	123.46	23.46	1.01173	1.6900838		1055.7
cocciolla	49	120.41	20.41	1.010205	1.6446222		1000.09
sohail	23	143.65	43.65	1.021825	1.6430850		1003.95
DEMO2Qtrgr	25	139.53	39.53	1.019765	1.6311825		988.25
oscbox	20	148.42	48.42	1.02421	1.6135418		968.4
rasheed85	11	187.12	87.12	1.04356	1.5984227		958.32
cozard007	10	191.15	91.15	1.045575	1.5615356		911.5
spaima1976	9	201.08	101.08	1.05054	1.5585234		909.72
Bimlesh	52	117.03	17.03	1.008515	1.5541138		885.56
Kungfuforex	24	136	36	1.018	1.5344285		864
GARNALOS	13	166.7	66.7	1.03335	1.5318518		867.1
Profin	19	144.45	44.45	1.022225	1.5183904		844.55
Erialda	45	118.64	18.64	1.00932	1.5180971		838.8
SibinSebastia	4	316.1	216.1	1.10805	1.5074309		864.4
mohands_mo	60	113.36	13.36	1.00668	1.4910301		801.6
svetashopk	15	153.25	53.25	1.026625	1.4831242		798.75
xyzne	10	180.32	80.32	1.04016	1.4825231		803.2
Ghani	6	228.89	128.89	1.064445	1.4545858		773.34
vietfx	7	209.73	109.73	1.054865	1.4533766		768.11
fxsurprise8	45	116.27	16.27	1.008135	1.4399293		732.15
FxMidaso	58	112.43	12.43	1.006215	1.4324044		720.94
tradercillo	3	346.47	246.47	1.123235	1.4171371		739.41
Miss_Forex	15	146.96	46.96	1.02348	1.4164146		704.4
punditz	17	141.02	41.02	1.02051	1.4121911		697.34
nsreddy	2	462.89	362.89	1.181445	1.3958122		725.78
Koryphaeen	13	151.42	51.42	1.02571	1.3909760		668.46
mohsen223	36	118.24	18.24	1.00912	1.3865683		656.64
dung01	25	126.12	26.12	1.01306	1.3831815		653

Business plan

The main focus of our business will be to have a forex poll contest website to generate a market sentiment to trade against. We will have a website that gives out a daily poll near London open for the top 7 most liquid forex pairs. The participants are simply asked what is their opinion over the next 24 trading hours for each of top 7 forex pairs. They will be given the chance to vote either up or down. The participants will have to give the vote within +/-1 hour of FTSE open(8:00 GMT). Say for instance a participant makes a vote of up on Friday 7:57 GMT(3 minutes before FTSE open). We look at what the price is on Monday 7:57 GMT. If it is higher, then 1 points is given. If it is lower, then 1 points will be taken. If it is the same, no points will be given or taken. The participants will be competing for points on a monthly basis. The people with highest points get cash prizes on a monthly basis.

We should target to advertise the website in Africa. This is because I notice on Dukascopy and Myfxbook trading contests that Africans perform the worst. Furthermore, it is much cheaper to advertise in Africa and wages are much lower. We should have each person confirmed based on SMS to a mobile to prevent robot or multiple account holders. The monthly prize pool should be at least $20,000. At minimum we will need 10,000 people taking the polls everyday. We should have a one trading day period per trading position and aim to start positioning 1 hour after FTSE opens(when the poll closes).

We will offer the following majors:
EURUSD
USDJPY
GBPUSD
USDCHF
AUDUSD
USDCAD
NZDUSD

Going against bad traders

Normally people want to follow good traders to make money. However, from studying brokerage and trading contest distribution there is a much larger sample size of losers. Furthermore, losers lose in a larger magnitude than winners win. Losers are more consistent in losing than winners are at winning. It is a vastly superior strategy to go against losers than to follow winners from a statistical perspective. On myfxbook trading contests the bottom 1% of traders lose 41 pips on average for each EURUSD position. The average for the whole contest is 2 pips loss per EURUSD trade. Below is the PnL distribution of a myfxbook trading contest. One thing to note, that traders at the 90% percentile make on average .05% a day. In contrast traders at the 10% percentile lose on average 9.36% a day.

1521 contestants							
Ranking	Monthly Return	Monthly X	Daily Return	Ranking	Monthly Return	Monthly X	Daily Return
1 best	1009%	11.09	12.78%	1 worst	-99.99%	0.0001	-36.90%
20 best	168%	2.68	5.05%	20 worst	-97%	0.03	-16.08%
40 best	74%	1.74	2.81%	40 worst	-95%	0.05	-13.91%
60 best	46%	1.46	1.91%	60 worst	-94%	0.06	-13.12%
80 best	27%	1.27	1.20%	80 worst	-93%	0.07	-12.45%
100 best	13%	1.13	0.61%	100 worst	-90%	0.1	-10.87%
120 best	4%	1.04	0.20%	120 worst	-88%	0.12	-10.06%
140 best	1%	1.01	0.05%	140 worst	-86%	0.14	-9.36%

How to make use of the data

From studying the people participating in the polls we determine the bottom 1% losing poll takers over the previous 4 weeks. Then from the 1% lowest success rate poll takers we make a sentiment of their votes. We trade against the sentiment on the real market. I believe we can easily have a 75% daily success rate in trading majors with this sentiment. The liquidity for trading the top 7 majors is about $4 trillion a day. Assuming we spread out execution to 1% turnover that gives us $40 billion round turn or $20 billion single turn per day. We can dramatically increase executable size by having weekly or monthly polls in the future. That would allow us to spread out positions over a longer time and scale to much larger sizes. I believe as we ramp up prizes the users will get even worse and we will have a larger sample size allowing for better filtering of traders.

Below is the projections for 70%, 75% and 80% success rate on majors assuming a 1 day holding period. We have large slippage because we spread out positioning over several hours during London/NY crossover.

Pips daily	50.00		Pips daily	50.00		Pips daily	50.00
Slippage	5.0		Slippage	5.0		Slippage	5.0
Win pips	45.00		Win pips	45.00		Win pips	45.00
Loss pips	-55.00		Loss pips	-55.00		Loss pips	-55.00
Success %	0.7		Success %	0.75		Success %	0.8
Loss %	0.3		Loss %	0.25		Loss %	0.2
Days/year	250		Days/year	250		Days/year	250
.5 days/year	125		.5 days/year	125		.5 days/year	125
Win Days	87.50		Win Days	93.75		Win Days	100.00
Loss Days	37.50		Loss Days	31.25		Loss Days	25.00
Leverage	1.00		Leverage	1.00		Leverage	1.00
Leveraged win (X2)	1.0090		Leveraged win (X2)	1.0090		Leveraged win (X2)	1.0090
Leveraged loss (X2)	0.9890		Leveraged loss (X2)	0.9890		Leveraged loss (X2)	0.9890
ROI (X)	1.4466		ROI (X)	1.6394		ROI (X)	1.8579
% pm	3.12%		% pm	4.21%		% pm	5.30%
% Slippage pm	3.12%		% Slippage pm	4.21%		% Slippage pm	5.30%
% returns decayed	0.00%		% returns decayed	0.00%		% returns decayed	0.00%
Pips daily	50.00		Pips daily	50.00		Pips daily	50.00
Slippage	5.0		Slippage	5.0		Slippage	5.0
Win pips	45.00		Win pips	45.00		Win pips	45.00
Loss pips	-55.00		Loss pips	-55.00		Loss pips	-55.00
Success %	0.7		Success %	0.75		Success %	0.8
Loss %	0.3		Loss %	0.25		Loss %	0.2
Days/year	250		Days/year	250		Days/year	250
.5 days/year	125		.5 days/year	125		.5 days/year	125
Win Days	87.50		Win Days	93.75		Win Days	100.00
Loss Days	37.50		Loss Days	31.25		Loss Days	25.00
Leverage	10.00		Leverage	10.00		Leverage	10.00
Leveraged win (X2)	1.0900		Leveraged win (X2)	1.0900		Leveraged win (X2)	1.0900
Leveraged loss (X2)	0.8900		Leveraged loss (X2)	0.8900		Leveraged loss (X2)	0.8900
ROI (X)	23.8201		ROI (X)	84.5613		ROI (X)	300.1926
% pm	30.24%		% pm	44.74%		% pm	60.86%
% Slippage pm	36.02%		% Slippage pm	50.97%		% Slippage pm	67.57%
% returns decayed	16.05%		% returns decayed	12.22%		% returns decayed	9.92%

Assuming 75% daily success rate on calling majors, the returns will be about 25 pips per trade on notional amounts up to $20 billion single turn. Position holding period will be 1 trading day. This allows for $50 million profit per day or $12B a year. Returns from this will be about 50% per month on 10:1 leverage on up to $2B.

Assuming 75% weekly success rate on calling majors, the returns will be about 50 pips per trade on notional amounts up to $20 billion single turn. Position holding period will be 5 trading days. This allows for $100 million profit per day or $25B a year. Returns from this will be about 20% per month on 10:1 leverage up to $10B

Assuming 75% monthly success rate on calling majors, the returns will be about 100 pips per trade on notional amounts up to $20 billion single turn. Position holding period will be 20 trading days. This allows for $200 million profit per day or $50B a year. Returns from this will be about 10% per month on 10:1 leverage up to $40B.

Projected growth of portfolio initially

Month	Equity	Quarterly Gains
January 2024	700,000.00	
April 2024	2,100,000.00	200%
July 2024	6,300,000.00	200%
October 2024	18,900,000.00	200%
January 2025	56,700,000.00	200%
April 2025	170,100,000.00	200%
July 2025	510,300,000.00	200%
October 2025	1,530,900,000.00	200%
January 2026	3,674,160,000.00	140%
April 2026	8,817,984,000.00	140%
July 2026	11,022,480,000.00	25%
October 2026	13,778,100,000.00	25%
January 2027	17,222,625,000.00	25%
April 2027	21,528,281,250.00	25%
July 2027	26,910,351,562.50	25%
October 2027	33,637,939,453.13	25%
January 2028	42,047,424,316.41	25%
April 2028	54,047,424,316.41	$12,000,000,000.00
July 2028	66,887,424,316.41	$12,840,000,000.00
October 2028	80,626,224,316.41	$13,738,800,000.00
January 2029	95,326,740,316.41	$14,700,516,000.00
April 2029	111,056,292,436.41	$15,729,552,120.00

Expenses

Initial Expenses
$10,000 Advertising
$10,000 Programming and Development
$20,000 total

$700,000 capital investment at FX Broker

Monthly Expenses
Web Hosting $100
Monthly Prizes $20,000
Support $2,000
$22,100 total

Execution of trades

We will use a multi-bank ECN with a prime broker for deepest liquidity. We will spread out positioning over two hours, 7200 seconds. That comes out to 6M execution a second spread out over 7 major pairs when we are executing 40B total round turn execution size. Execution will start one hour after FTSE opening and end 3 hours after FTSE opening. We will hold trades overnight and over weekend. At all times we are fully positioned at 10:1 leverage.