

Dummy Betting by James at Emperor International Exchange(North Point)

Bet on EUR/USD at 1.2262/67 on Jan 19, 2018

One Lot (EUR 50,000)

Start Margin = HK\$21,250 (5% of EUR50,000)

Assume rate increased from 8.500 to 8.600 (1.17647%)

Leverage = 20 in their **Example 2 of Brochure**

Profit = HK\$5,000 (1.17647% of 21,250x20)

The increase in rate of 1.17647%

- Equivalent to 1.2262/67 increase to 1.2406/10
- Gain equal to HK\$5,000 (Each PIP worth 34.72)
- If bet at a 1:200 Forex Casino, the gain will be:
 - HK\$50,000 ($21250 \times 200 \times 1.17647\%$)
- On a wrong swing of 1.17647%, James still has
 - HK\$16,250 ($21250 - 5000$)
- If Loss at the 200:1 Forex Casino, James will be wipe out and owe
 - -HK\$28,750 ($21250 - 50000$) Each PIP worth 347.22. Loss of 21,250 is 61PIP.
 - The Casino is not likely to chase after James as it already won HK\$21,250
 - In real life, the Casino would have closed the position before 1.2201/05

Comparison

- If guess right, 1:200 casino yields 10 time profit.
- If guess wrong, 1:200 casino may margin close James account after a loss of 61 PIP. Emperor Exchange allows James to lose HK\$2,118.
 - At 1:200 Casino – James lost the total bet of HK\$21,250 on 61PIP against him.
- If James has a total of HK\$200K to bet, at Emperor Exchange, he can afford a total loss of 5,760PIPs.
 - At 1:200 Casino, James can only afford a total loss of 576 PIPs.
- Conclusion, if James guesses right most of the time (>50%), worth betting at 1:200 Casino. (5 winning bets out of 10 – HK\$250,000)

The Historic graph of EUR/USD



Notes:

1. Historic height at 1.59
2. Low since 2003 at 1.05
3. Present value

Reach 1.2400 or above?

If USD continues to devalue,
If Arabs accepts RMB,
If China wants RMB to be
settlement and reserve...
High probability???

Many expect rate to be 1.25
(Increase by 1.84%)

Reached 1.25 on Feb 2.