

CURRENCY TRADING FOR BEGINNERS



HOW TO TRADE FOREX CURRENCY PAIRS

Currency Trading for Beginners

Forex Trading Guide



“Essential Information on How to Trade Forex Currency Pairs”

Trading Guide for Beginners -Trading Education Center

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Introduction to the Forex Currency Market

“The Foreign Exchange market or Forex is a global decentralized market where the world’s national currencies are traded one against the other. Central banks, commercial banks, large corporations, institutional and retail investors, and even common tourists occasionally need to exchange one currency for another.”



Example: The Global Need for Currency Transactions

There is a global need for exchanging national currencies. Let’s take for example an importer who is located in the US and wishes to import 10 Mercedes trucks from Germany. To pay for his import, he must exchange US Dollars (USD) for the European Currency (EUR), therefore, he needs to make a transaction in the general Forex Market.

- US Importer: Buys EUR and sells USD

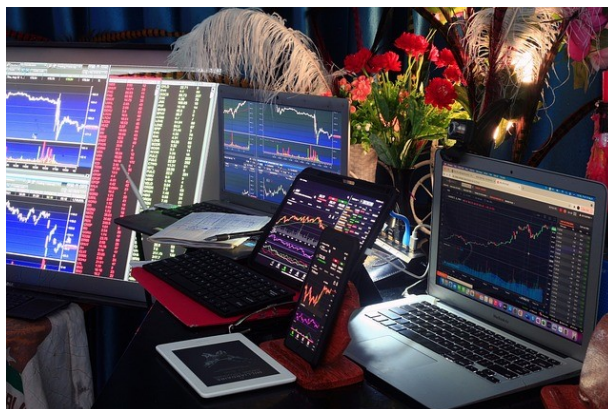
In the opposite example, a tourist from Germany wants to visit Las Vegas. To pay for his hotel reservation, this tourist must exchange Euros for US Dollars. This transaction will also take place in the general Forex market.

- European Tourist: Buys USD and sells EUR

Trading in the Largest Financial market in the World

The Foreign Exchange is the world's largest financial market with daily volumes exceeding 5 trillion USD. Many traders prefer to trade Forex currencies than equities or any other financial asset class. The reason is that Forex currencies follow strong trends that last for weeks or even months. Forex traders can ride these macro trends by using capital leverage and pay a tiny cost.

- For example, you need to pay just 1 pip (more about this later) to trade the Euro against the US Dollar (EURUSD)



Forex currencies are traded in pairs, meaning you buy one, and at the same time, you sell another. In any currency pair (in the above example EURUSD), the purchased currency is called the Base Currency (EUR), and the sold currency is called the Quote Currency (USD).

Main Categories of Forex Currency Pairs

In the currency market, there are three main categories of Forex pairs. The first category includes the 7 Forex Majors and offers by far the best trading conditions in the market.

The 3 Main Categories of Forex Currency Pairs:

- i) **7 Forex Majors** (The US Dollar against the Euro, British Pound, Japanese Yen, Canadian Dollar, New Zealand Dollar and Australian Dollar – Note, that some traders include also the Euro against the British Pound in this category)
- ii) **Forex Minors** (This category contains less popular Forex pairs that are more expensive to trade -For example, the Euro against the New Zealand Dollar)
- iii) **Forex Exotics** (This category contains unpopular Forex pairs that are very expensive to trade -For example, the British Pound against the Turkish Lira)



But where is the opportunity to make money after all?

Currencies are NOT traded in fixed prices -instead they are part of a free-floating trading system. Every order for buying/selling a Forex currency creates either demand or supply in the Foreign Exchange market. Even tiny fluctuations in this free-floating system can be transformed into large profits given the ability to use trading leverage (as it will be described later).

Where is the Forex Market Situated?

“The Foreign Exchange market is a decentralized market”

But where is the currency market located? Actually, nowhere in particular. Forex operates as a non-centralized network such as the World Wide Web. All transactions are executed within the Electronic Network of Banks (called the ECN network). There are of course several physical financial centers around the world. These financial centers are located in major capital cities such as New York, London, Tokyo, and Sydney.



Forex Market Trading Hours

The Foreign Exchange market is open 24/5 between Monday to Friday. The Forex daily activity is divided into 4 separate sessions:



Forex Market Overlaps

Forex overlaps occur when two of the above sessions are opened simultaneously. Here are the three Forex Session Overlaps:

- (i) New York and London Session Overlap

- (ii) Sydney and Tokyo Session Overlap
- (iii) London and Tokyo Session Overlap

During these overlaps, trading activity and market liquidity are getting very high. Many traders select to execute trades only during these overlaps. To highlight the importance of time when trading Forex, just think that there are automated systems trading exclusively the London and Tokyo overlap. That means that during the other sessions remain inactive. Moreover, there are automated systems trading only as the Asian session begins. These short-trading systems are commonly scalping the market.

What is Forex Scalping Then?

Scalping Forex means opening and closing trading positions lasting less than one minute and targeting returns as low as 0.005%. Traders who scalp the market are called scalpers. Scalping the currency market can prove an effective trading strategy, based on the assumption that you have access to state-of-the-art trading technology and apply the right system to do the job.

But why should anyone target tiny returns of 0.005%?

The reason that tiny returns make sense in the Foreign Exchange market is the ability to leverage your trade.

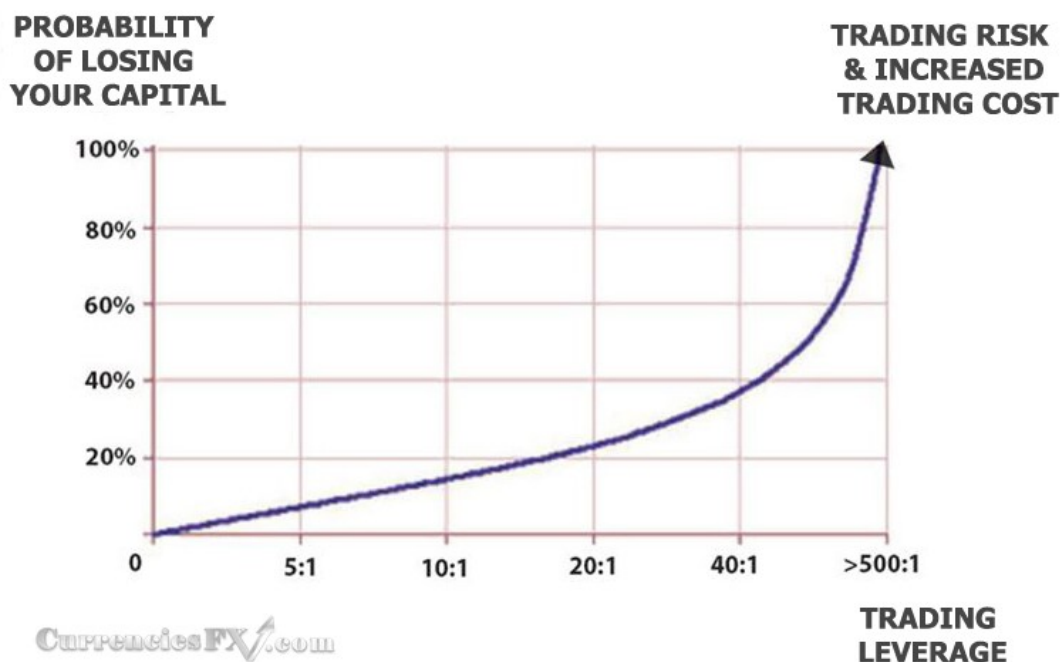
What is capital leverage?

Capital leverage or else trading leverage refers to the practice of using a smaller amount of initial funds to gain exposure to larger trade positions. In Europe, the maximum trading leverage allowed is 30:1 and that means trading a position of 30,000 euro using 1,000 euro. As an advice, do not use capital

leverage on your trade positions more than 5:1. The reason is that capital leverage increases your risk and your trading cost at the same time. Forex beginners are advised NOT to use any trading leverage at all.

If you tend to use trading leverage as high as 50:1, there is a very high probability that you will lose your entire capital in a matter of months. To understand how risky is to use high capital leverage, take a close look at the following chart.

Chart: When trading leverage increases arithmetically, trading risk and trading cost increase geometrically



In the above chart, you can see the relationship between high trading leverage and the possibility of losing your entire capital. The chart shows that as the capital leverage increases arithmetically the possibility of losing your entire capital increases geometrically. If you trade intraday, and you use 500:1 trading leverage, there is a 99.99% probability that you will lose all your

capital in a short-period. Don't be surprised, this argument is based on pure mathematics.

What is 1 pip?

Previously, it was mentioned that you can trade EURUSD by paying just 1 pip including commissions. In the Foreign exchange market, a pip refers to the standard unit of measuring changes in any exchange rate. One (1) pip represents a move of only 0.0001 (1/10,000) of the exchange rate.



Note that a pipette equals 1/10 of a pip and represents a fraction of 1/100,000 of the exchange rate.

- 1 pip = 1/10,000 of the exchange rate
- 1 pipette = 1/100,000 of the exchange rate

How can you actually trade Forex currencies?

As mentioned in the beginning, in the Forex market you trade currency pairs, and NOT individual currencies. A currency pair is the quotation of two different currencies, for example, the British Pound against the US Dollar {symbol: GBP/USD}.



Breaking down a currency pair

A currency pair or else an exchange rate consists of two different currencies:

- The first listed currency of the pair is called the base currency (in our example GBP), and
- The second currency of the pair is called the quote currency (in our example, USD)

You can trade a Forex currency by going 'Long' or 'Short', as it will briefly be explained below

Going 'Long' or 'Short' on a currency pair

Traders will go long on a currency pair, when they expect that the price of the base currency will perform better than the price of the quote currency. Alternatively, they will go short when they expect that the price of the base currency will fall against the quote currency.

- Going 'Long' means betting on the event that the exchange pair will do better in the future
- Going 'Short' means that you are betting against the currency pair and you will make money if it goes down



The size of every 'Long' and 'Short' currency transaction is calculated in lots.

What is a Forex Lot?

A Forex Lot is the standard unit size of a Forex transaction. There are 3 different lot sizes:

- Micro Lot Size (equals \$1,000) → Suitable for Forex Beginners
- Mini Lot Size (equals \$10,000) → Suitable for Semi-Advanced Traders
- Standard Lot Size (equals \$100,000) → Suitable for Advanced Traders

□ Find here many articles about Forex Currencies:

» <https://currenciesfx.com/index.php/forex-currencies>

What do you need to trade Forex Currencies?

Apart from the initial investment, which can be as low as a few hundred dollars, you need two things to start trading Forex:

(1) An Account with a Forex broker (real or demo)

A Forex broker is a financial firm that offers its clients the ability to trade Forex currencies. There are two types of trading accounts:

- Real accounts, that require a deposit of some funds. These accounts are used for speculative purposes
- Demo accounts, that require no deposits. These accounts are used for educational purposes

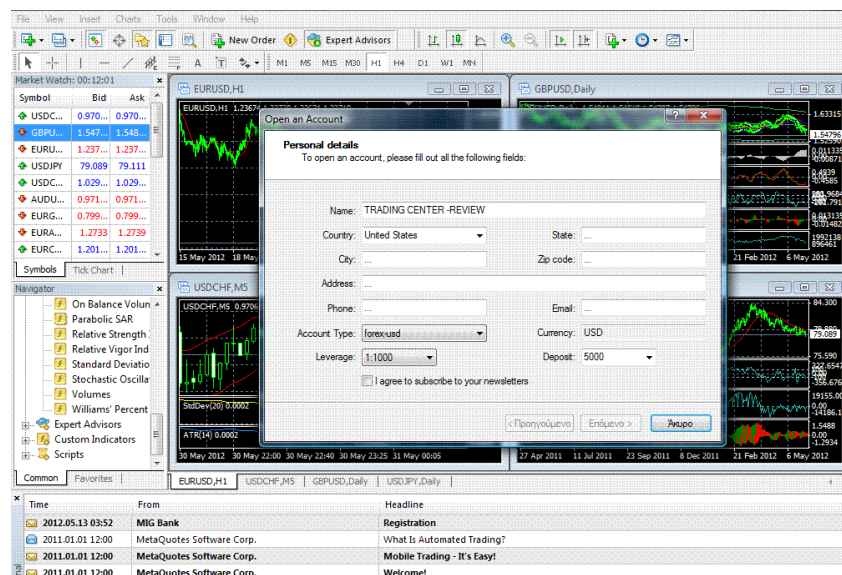


Note that you can open a real trading account by depositing only a few dollars, however, you will need a larger deposit to trade Forex more seriously. Later, it will be explained why it is better to open an ECN account when you plan to trade Forex.

(2) A trading platform (free in most cases)

A trading platform is a computer program that can be used for placing orders. More specifically, the user of the platform can open, close, and manage multiple market positions at the same time. Forex brokers offer the ability to choose among a variety of different trading platforms. In most cases, the use of these trading platforms is 100% free.

Image: The Forex industry's standard platform is the MetaTrader-4 from MetaQuotes



There are three main types of trading platforms:

- Easy-to-use web-trading platforms, offering limited features
- Mobile trading platforms, offering limited features
- Professional-grade trading platforms, offering additional features

Getting Started with a Demo Account

Before trading for real money, it is a good idea to start trading with a demo account. This should be seen as a necessary step. Trading with virtual money includes no risk, while it can help traders build confidence and gain free experience.

□ Free Demo Accounts:

» [RoboForex Demo Account](#)

» [IC Trading Demo Account](#)

» [TitanFx Demo Account](#)

If you wish to trade for real money, after trading with a demo account, you need to start with a micro lot account type. The micro-lot account is the best choice for beginners.



Why using a Micro-lot account type?

Trading with a micro lot account means that the size of your future trading orders will be 99% smaller than the size of the orders on a standard-lot account.

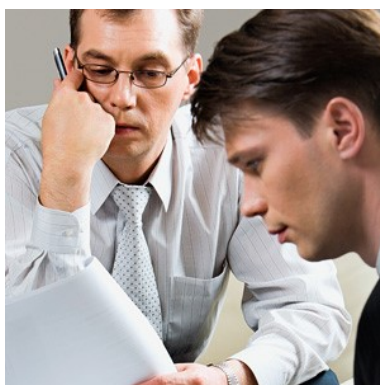
More specifically:

- Standard lot account size = 1 lot (standard size)
- Mini lot account = 0.1 lot (10% of the standard-lot size)
- Micro lot account = 0.01 lot (1% of the standard-lot size)

In simple words, micro-lot accounts ensure trading with the smallest available order sizes, and that is very important for beginners who need to minimize their risks before they gain experience with Forex trading.

Different Forex Trading Styles –Select your Own Style

After you understand how the Foreign Exchange market basically works, it is important to identify the trading style that will prove more compatible to your personality and available time to trade.



These are the six main categories of Forex trading styles:

1. **Curry Traders** (Long-Term Traders)

WHAT THEY DO?

They open positions lasting from 1 month to 9 months and aim to exploit inefficiencies in the level of interest rates between two currencies. They usually like to buy currencies offering high interest rates (5.0-10.0%), and at the same time, they sell currencies offering lower interest rates (0.5-2.0%). This rate difference can be transformed into huge profits for those who know how and when to trade it.

REQUIREMENTS:

When you open a position in the Forex market that remains open for more than 1 day you pay or get paid what is called as the Swap value. Swap charges

are calculated based on the level of interest rates between two currencies. These interest rate differences can sometimes work for you and some other times against you. Therefore, if you trade long-term, you need a Forex Broker offering the best terms as concerns the swap charges. Additionally, you need a broker offering a wide asset index. The more currency choices you have, the easier it will be for you to exploit interest rate inefficiencies. Note, that when you are trading long-term, you don't care about the spreads, the technology, delays etc. It is all about safety of money and swap charges.

It is essential that a long-term trader must be able to understand fundamental analysis and the correlation between inflation, interest rates and the current Forex currency rates.



2. Swing Traders

WHAT THEY DO?

They open and close positions lasting from 1 day to 15 days. They aim to exploit mid-term trends because 1 week is considered mid-term in Forex Trading. Swing traders are some of the most successful Forex traders. They avoid trading intraday as they don't like the so called 'market noise' of intraday trading.

REQUIREMENTS:

Swing trading is one of the best ways to trade Forex. In order to evolve as a Swing trader, you need a little bit about everything. You need narrow spreads, reasonable swap charges, relatively good technology, and also a broker offering a wide asset index. Swing traders are using both technical and fundamental analysis.



3. Intraday Traders (Short-Term Traders)

WHAT THEY DO?

They open and close positions on the same day. This type of Forex traders is solely focusing on technical analysis. Short-term traders use either their own system to trade, or pay a monthly subscription to an external signaling service.

REQUIREMENTS:

First of all, you need good technology with minimal order delays. Secondly, you need a Forex broker offering very tight spreads and small trading commissions. Successful intraday trading requires paying the lowest possible cost. Joining a trading rebate plan is a good idea, as a trading rebate can minimize your trading cost.

4. News Traders

WHAT THEY DO?

They are trading important news updates and events. Having access to top technology is considered a 'must' for News-Traders.

REQUIREMENTS:

The same requirements are needed as in the case of intraday traders (News-traders are intraday traders too).



5. Forex Scalpers

WHAT THEY DO?

As it was mentioned above, Forex scalpers open and close positions in tiny timeframes lasting less than one minute. They aim to 'scalp' the market and earn 2-10 pips.

REQUIREMENTS:

Scalpers need good technology and low transaction cost. Usually, scalpers are not trading Forex manually but instead, they trade via the use of an automated system (copier or Robot). Keep in mind that usually scalpers trade exclusively the 7 Forex major pairs. The reason is that these pairs enjoy high liquidity and therefore lower transaction costs. The most liquid pairs in the currency market are the following three:

- i) Euro against the US Dollar (EUR/USD)
- ii) British Pound against the US Dollar (GBPUSD)
- iii) US Dollar against the Japanese Yen (USD/JPY)



6. Copy Traders / Social Traders

WHAT THEY DO?

These types of traders are following (copying) the trading activity of other more experienced traders. This process may be also called Social Trading.

REQUIREMENTS:

Social trading is booming nowadays. In order to make money from this type of trading you need a social trading platform such as MirrorTrader. Furthermore, you need good technology, but most importantly, you need an excellent instinct to select the perfect signal provider. All social trading platforms offer

the chance to monitor past performance of all signal providers. You can also compare providers based on special criteria. It is recommended to focus on the following two metrics:

- Winning pips (the highest, the better)
- Drawdown rate (the lowest, the better)

After you have selected the trading style that is suitable to your risk profile and character, it is time to select a Forex broker.

Types of Forex Brokers

There are two general classes of brokers in the Foreign Exchange Market, the Dealing-Desk (DD) and the Non-Dealing Desk (NDD) brokers:



(a) No-Dealing Desk Brokers (NDD) -ECN or STP Forex Brokers

In this category, we find brokers that are transferring their client orders directly to the Forex Market, meaning transferring orders directly to the Electronic Network of Banks (ECN). The great advantage when trading with an ECN/STP broker is the low cost of transaction and the fast order execution. In Forex trading, transaction costs are mainly derived from paying trading spreads and commissions. However, the trading cost may also be the result of slippage on order execution. ECN/STP brokers offer by rule the lowest slippage in the market.

The ECN/STP Forex brokers are the only choice for professional and advanced traders and the only logical choice for using automated-trading systems. Here is an example of what you will pay when trading EURUSD with an ECN/STP Broker:

- EURUSD spread at 0.1-0.3 pip plus \$7.0 commission per round lot (\$100,000 volume)

Note: Not all ECN/STP brokers are offering good trading terms to their clients. There are good and bad brokers as in every other industry.

(b) Dealing Desk (DD) or Agents or Market Makers

These firms operate as a Dealing-Desk, meaning that they are making their own market within the Forex market. In simple words, Market Makers sum all the buying and selling orders of their clients and execute trades instantly on both sides. Actually, they accept all orders from opposite sides and earn money by staying in the middle, without risk. Sometimes Market Makers are trading against their clients just to fill all their orders.

Professional Forex traders don't like the fact of trading against their brokers, and that is why they are constantly avoiding Dealing Desks. Dealing Desks or else Market Makers are not even considered Forex Brokers.

Dealing Desks usually offer a wide asset index containing Forex pairs, stocks, indices, commodities, and energy trading. In general, this type of brokerage is considered a good choice only for beginners. This perception exists as Dealing-Desks charge wide spreads between ask/bid prices. For example, they usually offer EURUSD at a 1.5 pip minimum spread. Moreover, trading with a Dealing-Desk means suffering from high slippage and re-quotes.

■ Tip: If you want to trade with a Market Maker, choose a firm offering a high withdrawable bonus. Trade your bonus as many times as required, and then withdraw your funds and bonus. It is the best chance you have to win.

How to Choose a Forex Broker?

Choosing the right Forex broker is one of the most important steps for trading successfully. You must be very careful when selecting a Forex broker as many unregulated financial firms may prove scams.

These are some important issues to keep in mind when selecting a Forex broker:

- Does the broker offer the full asset index you wish to trade?
- Does the broker offer the funding method you wish to use (for example Skrill or Neteller)?
- Is the broker regulated by a trustworthy government body?
- Is there a compensation scheme in case of brokerage insolvency?
- Is the broker competitive compared to other brokers?



□ [Compare Forex Brokers and their special features](#)

» <https://currenciesfx.com/index.php/forex-broker/fx-borkers>

Forming the Profile of the Perfect Forex Broker -For the Average Trader

Here are some characteristics of the Ideal Forex Broker:

- (i) Offering maximum safety of trading funds (regulation, client bank account segregation, and a compensation scheme in case of insolvency)
- (ii) Offering low transaction cost (low spreads and commissions, no re-quotes)
- (iii) Offering a wide asset index containing more than 50 currency pairs (majors, minors, and exotic pairs as mentioned before)
- (iv) Offering fast order execution with minimal delays and no price manipulation
- (v) Offering a good variety of trading platforms by allowing automated trading and scalping
- (vi) Providing a variety of different deposit/withdrawal methods by not charging commission on withdrawals or inactive accounts
- (vii) Providing fast and reliable customer service (email, live chat, and phone support)

Rating Brokers Formula by TradingCenter.org -The Revolutionary Way of Rating Financials

Based on research, most of the user ratings in the Internet are fake. This is happening as Forex brokers pay outsiders to rate them favorably. In this uncomfortable environment the “Rating Formula Series” was designed to provide a completely objective framework for rating financial services.



The “Rating Formula Series” includes all the major factors forming the ideal broker. Here are the four (4) generic rating categories, forming a maximum rating value of 100%.

FORMULA v.4.0 TOTAL RATING (The structure of Rating Formula v4.0)	WEIGHT (%)
<u>Factor-1: Safety of Funds</u>	26.0% Rating +
<u>Factor-2: Trading Cost</u>	28.0% Rating +
<u>Factor-3: Available Trading Options</u>	26.0% Rating +
<u>Factor-4: Technology</u>	20.0% Rating =
	100%





→ [Learn more about the Rating Formulas](#)

These are the latest versions of the Rating Formula series:

- ▶ [Rating Formula v5.0 –Forex Brokers](#) at TradingCenter.org
- ▶ [Rating Formula v4.0 –Forex Brokers](#) at TradingCenter.org

In the following table, there is a comparison of popular Forex brokers.

ECN FOREX BROKER	KEY FEATURES	ACCOUNTS	BROKER'S INFO
 <p>» RoboForex Accounts</p> <p>REGULATION: FSC 000138/7 (Belize)</p> <p>BANK SEGREGATION: European Banks</p> <p>ISLAMIC ACCOUNTS: YES</p> <p>RoboForex was founded in 2009 and it is domiciled in Belize</p> <p>Asset Index</p> <ul style="list-style-type: none"> • 35+ Forex Pairs • Precious metals and other Commodities • Stocks & indices 	<p>KEY POINTS:</p> <ul style="list-style-type: none"> ■ Fast Execution ■ 35+ Forex pairs ■ Very tight spreads for low deposit requirements ■ Low trade slippage ■ Social Trading ■ Free VPS Hosting for automated traders ■ Compensation scheme in case of insolvency 	<p>MINIMUM ACCOUNT:</p> <ul style="list-style-type: none"> • \$10 minimum for Standard Account <p>MAM Account: Only Social Trading</p> <p>DEPOSIT FUNDS:</p> <ul style="list-style-type: none"> • Cards • Bank Wire • Skrill • Neteller • PerfectMoney <p>TRADING PLATFORMS:</p> <ul style="list-style-type: none"> • MetaTrader-4 • MetaTrader-5 • RStocksTrader • WebTrader 	<p>RoboForex is a good choice for intraday traders offering also a compensation scheme in case of insolvency.</p> <ul style="list-style-type: none"> • Tight spreads and fast execution • MT4/MT5 • Free VPS <p>► Visit RoboForex</p> <p>Review Broker:</p> <p>► Review RoboForex</p>
 <p>» FXDD Accounts</p> <p>REGULATION: MFSA (Malta) and FSC (Mauritius)</p> <p>BANK SEGREGATION: YES</p> <p>ISLAMIC ACCOUNTS: YES</p> <p>FXDD was founded in 2002 and it is based in Malta and Mauritius.</p> <p>Asset Index</p> <ul style="list-style-type: none"> • 65+ Forex Pairs • 13 indices 20+ shares • 7 Metals and 4 energies 	<p>KEY POINTS:</p> <ul style="list-style-type: none"> ■ MT4/MT5 and FXDD WebTrader ■ ECN Trading & Tight ■ Free Research via TradingCentral ■ FIX/API Trading ■ MAM Accounts 	<p>MINIMUM ACCOUNT:</p> <ul style="list-style-type: none"> • \$100 minimum <p>MAM Account: YES</p> <p>DEPOSIT FUNDS:</p> <ul style="list-style-type: none"> • Credit Cards • Bank Wire • UnionPay • Neteller <p>TRADING PLATFORMS:</p> <ul style="list-style-type: none"> • MetaTrader-4 • MetaTrader-5 • WebTrader 	<p>FXDD is a popular Forex broker offering ECN Trading and tight spreads.</p> <p>► FXDD Accounts</p> <p>Review Broker:</p> <p>► Review FXDD</p>

 <p>» Titanfx Accounts</p> <p>REGULATION: FSC of the Republic of Vanuatu (Reg. No. 40313)</p> <p>BANK SEGREGATION: YES</p> <p>ISLAMIC ACCOUNTS: YES</p> <p>TitanFx was founded in 2014 and it is domiciled in Vanuatu.</p> <p>Asset Index</p> <ul style="list-style-type: none"> • 60+ Forex Pairs • Stock indices and shares from the US and Japan • Metals, Energies, and Soft Commodities • Crypto 	<p>KEY POINTS:</p> <ul style="list-style-type: none"> ■ MT4/MT5 and WebTrader ■ NY4 and LD5 IBX Equinix ■ Free VPS ■ Trading Contests and Free Market Research ■ Advanced EA Trading and EQUINIX NY4 ECN BRIDGE ■ Demo Trading Account competitions 	<p>MINIMUM ACCOUNT:</p> <ul style="list-style-type: none"> • \$200 minimum <p>Fund Methods:</p> <ul style="list-style-type: none"> • Credit Cards • Bank Wire • Skrill • UnionPay • Neteller <p>TRADING PLATFORMS:</p> <ul style="list-style-type: none"> • MetaTrader-4 • MetaTrader-5 • WebTrader 	<p>TitanFx is a multi-featured ECN Forex broker specialized in Asia.</p> <p>► TitanFx Accounts</p> <p>Review Broker:</p> <p>► TitanFx Review</p>
 <p>» iC Trading</p> <p>REGULATION: FSC (Financial Services Commission of Mauritius) -License Number: GB21026834</p> <p>BANK SEGREGATION: YES</p> <p>ISLAMIC ACCOUNTS: YES</p> <p>iC Trading was founded in 2022 and it is domiciled in Mauritius.</p> <p>Asset Index</p> <ul style="list-style-type: none"> • 61 Forex pairs • 25 Indices & 2,100 shares • 4 metals & 2 Energies • 9 Bonds • 21 Crypto Pairs 	<p>KEY POINTS:</p> <ul style="list-style-type: none"> ■ cTrader along with MT4/MT5 ■ NY4 and LD5 IBX Equinix Data Centres in New York and London ■ Free VPS for all traders holding more than \$5,000 ■ FIX/API Trading ■ Fast Order Execution 	<p>MINIMUM ACCOUNT:</p> <ul style="list-style-type: none"> • \$200 minimum for MetaTrader • \$200 minimum for cTrader <p>DEPOSIT FUNDS:</p> <ul style="list-style-type: none"> • Credit Cards • Bank Wire • Skrill • PayPal • Neteller <p>TRADING PLATFORMS:</p> <ul style="list-style-type: none"> • MetaTrader-4 • MetaTrader-5 • cTrader • WebTrader 	<p>iC Trading is a good choice for automated trading and scalping.</p> <p>► iC Trading</p> <p>Review Broker:</p> <p>► Review iC Trading</p>

Types of Trading Orders

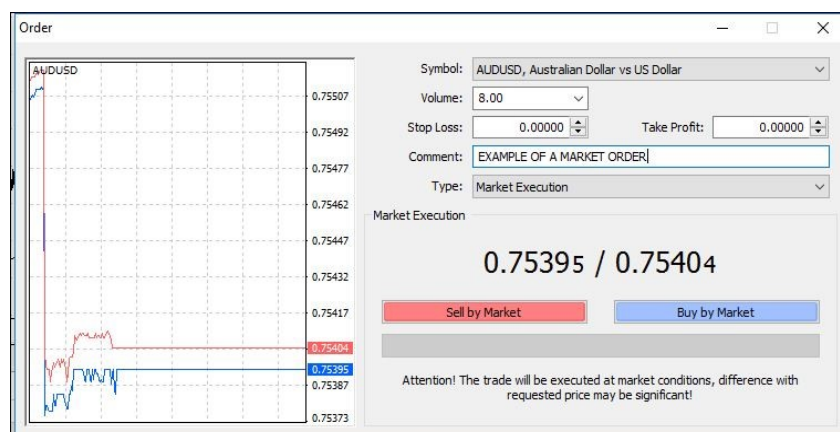
There are two general categories of trading orders: the market orders, and the pending orders.



(I) Market Orders

The market orders are orders to buy immediately, or to sell immediately, at the best available market price. That means your position will be opened straight away. The only thing you have to do is choose a lot size, and then press the 'buy' or 'sell' button. Before executing your market order, you can enter a Stop-Loss price, and a Target price.

Image: Example of a Market Order in MT4 (Just select the Lot size and then click Buy or Sell)



Guaranteed Stop-Loss Orders (GSLO Orders)

As market volatility and market gapping are unpredictable, there is always a possibility that your stop-loss order will not be filled. This is happening usually after the release of unexpected news. Therefore, some brokers offer guaranteed stop-losses for a small premium. That premium provides you 100% certainty that your stop loss will be executed at the exact price you want. This feature is particularly important when trading with Dealing-Desks.



(ii) Pending Orders

These are the main types of Pending Orders:

- **Limit Order**

Buying or selling a financial asset at a per-determined (limited) price.

- **Limit Entry & Stop-Entry**

Buy or sell a financial asset below or above the market at a pre-specified level.

These are the six (6) different entry orders:

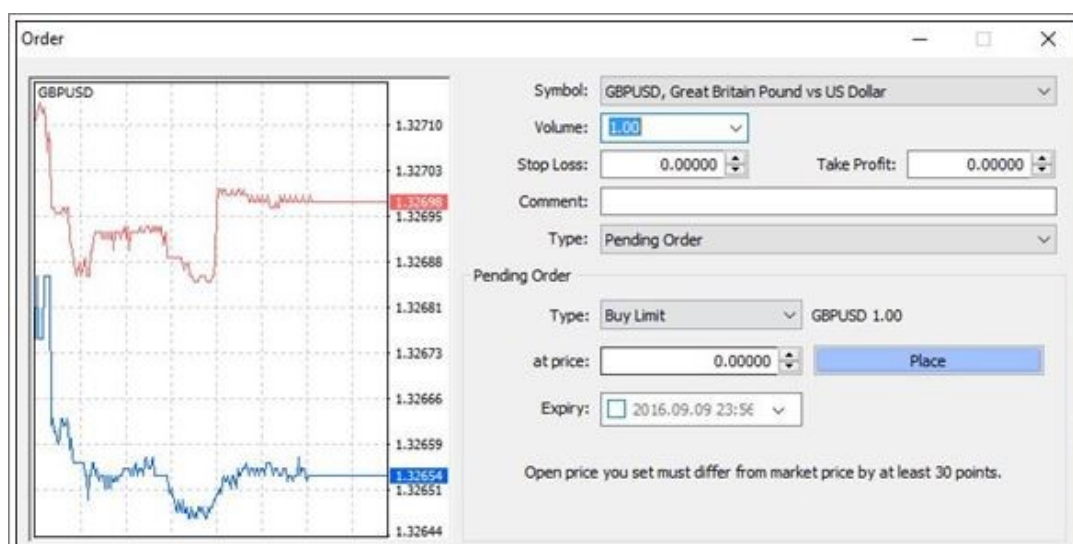
(i) Buy Limit

Buy at a price that is equal to or lower than the price specified in the trading order.

(ii) Buy Stop

Buy at a price that is equal to or higher than the price specified in the trading order (useful to place it above a resistance level).

Image: Example of A Pending Order (MT4)



(iii) Sell Limit

Sell at a price equal to or higher than the specified price in the order.

(iv) Sell Stop

Sell at a price that is equal to or lower than the price specified in the trading order (useful to place it below a major support level).

(v) Buy Stop Limit

This order type is the combination of the two first types being a stop order for placing Buy Limit. As soon as the price reaches the stop-level price indicated in the order (the Price field), a Buy Limit order will be placed at the level,

specified in the Stop Limit price field. The stop-level is set above the current Ask price, and the Stop Limit price is set below the stop-level.

(vi) Sell Stop Limit

This order type is a stop order for placing a Sell Limit. As soon as the price reaches the stop-level indicated in the order (Price field), a Sell Limit order will be placed at the level, specified in the Stop Limit price field. The stop-level is set below the current Bid price, and the Stop Limit price is set above the stop-level.



(iii) Special Pending Orders

Large Forex brokers may offer additional pending orders, such as:

- **OCO Order**

OCO means One-Cancels-Other. Based on this order type, if a trade is executed then another trade is automatically canceled.

- **GTC Order**

GTC means Good-Till-Cancelled. A GTC order remains in the market active until it is either filled or canceled.

The Cost When Trading Forex

These are all the fees and commissions that you should know about before start trading Forex.



(i) Trading Spreads

→ CHECK THE SPREADS: at the broker's website

All financial assets are offered with two prices (ask and bid). The spread is the difference between ask and bid. The minimum spread you will usually pay when trading major pairs is between 0.0 and 1.3 pip.

- Prefer ECN/STP brokers, they offer considerably tighter trading spreads than market makers
- A clever way to reduce your trading cost is by joining a Rebate Plan

Be Aware of Re-Quotes

A re-quote means that when you open a trade position, the price you pay is worse than the one you have entered. That means extra cost. Re-quotes usually occur in fast-moving markets, such as markets after important news announcements.

You can protect your account from re-quotes by placing a pending order (limit order) and not an instant execution order. When you place a limit order, you state that you are willing to open a trade position at a specific price or better.



(ii) Trading Commissions Charged

→ CHECK THE TRADING COMMISSIONS: at the broker's website

Forex brokers may charge very tight or even zero spreads by charging also trade commissions. These commissions are calculated on a round-lot basis.

(iii) SWAPs / Overnight Financing

→ CHECK THE SWAP CHARGES: at the broker's website

When you open a long or a short position it becomes the subject of interest rate charges, as any other cash transaction. This is because money is involved in order to finance the purchase. The SWAP rates can be debited or credited. The difference on positive/negative swap charges depends on the asset you are trading, and the direction you are trading.

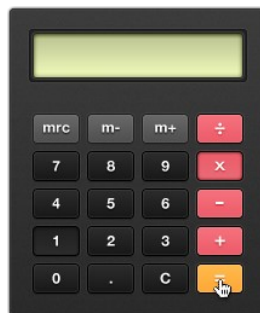
Explanation of SWAP Rates

As currencies are traded in pairs, each time a transaction occurs, one currency is purchased and one currency is sold.

There are Forex currencies offering high-interest rates (NZD, AUD, etc.) and other currencies offering low-interest rates (USD, EUR, etc.). When you trade any Forex pair, the difference in the interest rates of the two currencies may be positive or negative:

- (I) if the difference is positive, then a swap amount is credited to your account (daily, at midnight)
- (II) if the difference is negative, then a swap amount is excluded from your account (daily, at midnight)

Note, that if you trade commodities or equities, the SWAP rates will be always negative.

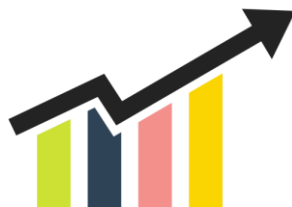


The SWAP applies at the end of each trading day, exactly at midnight (according to your broker's server time). The SWAP is tripled on Wednesdays, in order to cover Saturday and Sunday. That means the SWAP rates are applied 365 days per year.

Examples

- If you trade long AUDUSD or NZDUSD, the SWAP is positive and thus a small amount will be credited daily in your trading account.

- If you trade long on USDZAR or short on AUDUSD, the SWAP is negative and thus a small amount will be deducted daily from your trading account.



(iv) Funding (Withdrawal) Fees

CHECK THEM OUT: using the broker's live chat service, or via email

Funding fees and commissions are usually charged only on withdrawals, but most brokers don't charge funding fees at all.

- The funding fees, when they are charged, involve fees of \$10-20

(v) Maintenance/Inactive Fees

CHECK THEM OUT: via the broker's live chat service, or via email

Some Forex brokers may charge fees for inactive accounts. These fees are called Maintenance/ Inactive Fees.

- Most Forex brokers don't charge maintenance fees

Deposit Bonus and No-Deposit Bonus

The Difference between a Credit Bonus and a Withdrawable Bonus

In order to attract new clients, Forex Brokers offer several promotions such as Forex Bonuses. A common welcome bonus is 30% on the initial deposit, but it can be higher and up to 100%.

What means a 100% welcome bonus on deposit?

It means that if you are a new client and you deposit 1,000USD then the broker will add you another 1,000USD in your account as an extra trading capital. But be careful, there is a catch.

There are two types of Forex welcome bonus:

- i) **Withdrawable Bonus** (usually 10-30% on first deposit -Good for traders)
- ii) **Credit Bonus** (usually 50-100% on new deposit -Avoid it)

You may withdraw a withdrawable bonus by trading it several times according to the Terms & Conditions of the promotion. On the other hand, you cannot withdraw a credit bonus, you can only withdraw the profits generated.

No-Deposit Bonus Account

Additionally, Forex Brokers offer small No-Deposit Forex bonuses. This means that you get a bonus amount between 20-100 USD just by confirming your

email or phone and without depositing any funds at all. That is an excellent risk-free way to start with Forex trading.

Where is the Catch?

Be aware that you may withdraw a No-Deposit Forex bonus but you must first trade it at least 20-25 times. Anyway, that is a great way to start trading without any risk.

Taking Advantage of a Non-Deposit Bonus

No deposit bonuses provide an opportunity to test the real conditions of a Forex broker, without any risk. Furthermore, you can withdraw the bonus after meeting volume requirements.



RoboForex Non-Deposit Bonus

RoboForex is a professional-grade Forex broker offering several promotions to traders, such as a welcome bonus and a free VPS service for automated-traders. One of their promotions is the \$30 Non-Deposit Bonus. Actually, the promotion requires a USD 10 deposit from the client. However, all the profits generated through the bonus can be withdrawn without any restrictions.

More about the \$30 Free Bonus » <https://www.robforex.com/?a=gjkd>

Forex Trading & Educational Resources

The following links lead to several educational websites where you can research further the Foreign Exchange market:



Trading Guides

- Forex Currency Pairs

Link: <https://TradingCenter.org/index.php/learn/pairs>

- Lessons from Top Investors

Link: <https://Forex-Investors.com/>

- Basic Forex Trading Guide

Link: <https://FxPros.net/index.php/tips/forex-trading-guide>

- Trading Strategies

Link: <https://TradingCenter.org/index.php/train/trade-strategy>

- Carry Trading Resources

Link: <https://CarryTrader.com/>



Technical Analysis Resources

- Introduction to Fibonacci Mathematics

Link: <https://TradingFibonacci.com/>

- RSI Precision v3 (MACD and RSI Combined)

Link: <https://TradingCenter.org/index.php/train/rsi>

- Trading Signals & Other Resources

Link: <https://ExpertSignal.com/>



Automated Trading Resources

- The Expert Advisors Trading Guide

Link: <https://ForexAutomatic.com/index.php/automated-trading/trading-systems/expert-advisors-trading-guide>

- Building Custom Expert Advisors

Link: <https://ForexAutomatic.com/index.php/automated-trading/expert-advisors/expert-advisors-builder>

- Forex Robots

Link: <https://ForexRobots.net/>



Advanced Macroeconomic & Other Trading Resources

- Getting Started with Macroeconomics

Link: <https://CurrenciesFx.com/index.php/macroeconomics>

- Intermarket Analysis

Link: <https://CurrenciesFx.com/index.php/trading-research/intermarket-analysis>

- News Affecting Forex Trading

Link: <https://ForexRobots.net/index.php/automated-forex/news-traders>

- Following the Smart Money

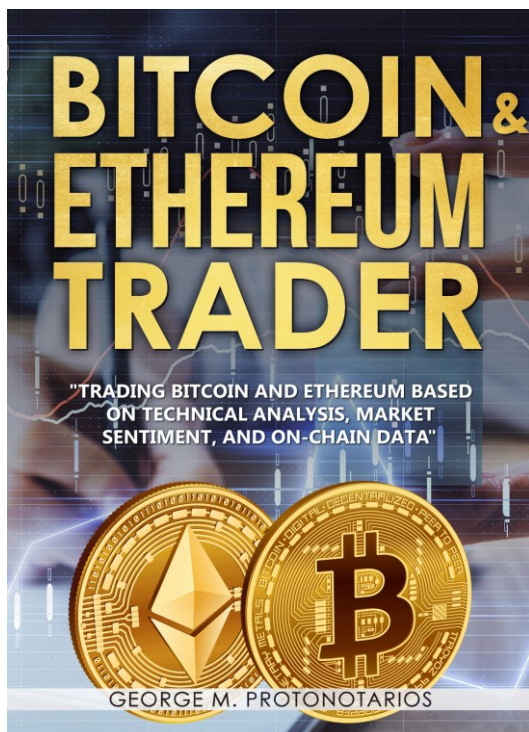
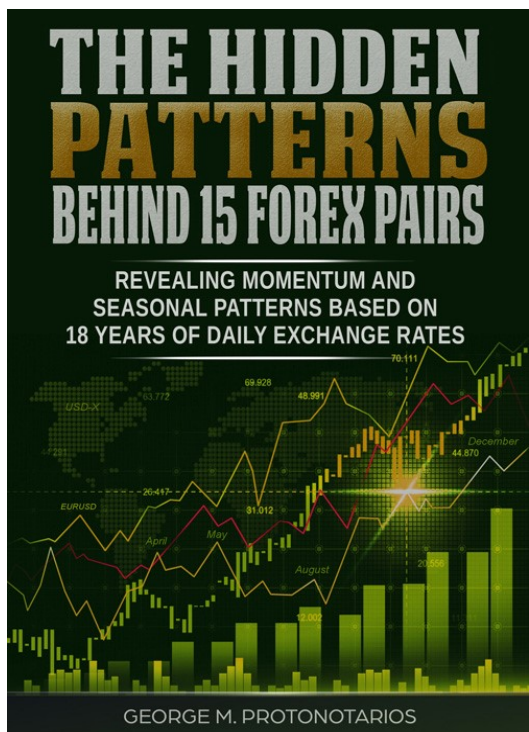
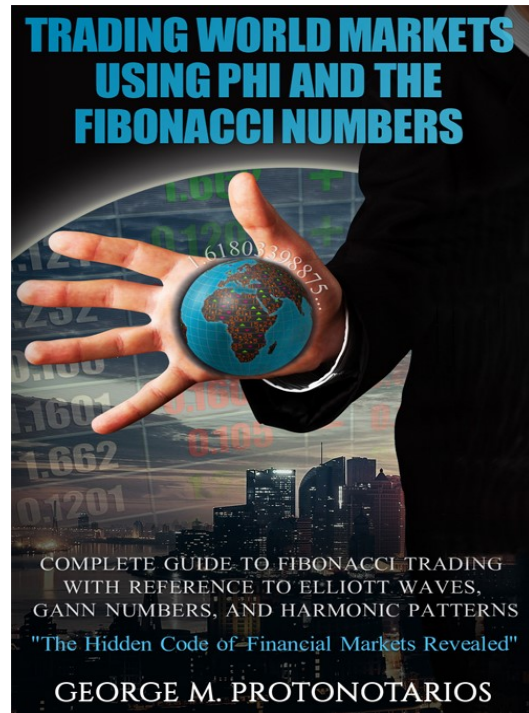
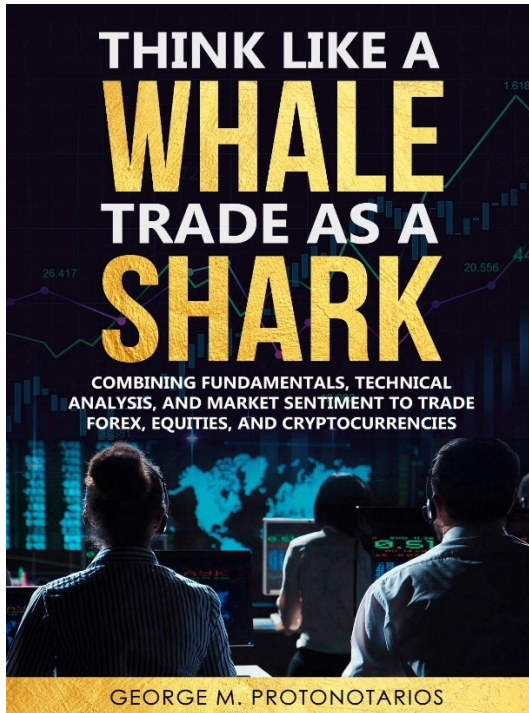
Link: <https://CurrenciesFx.com/index.php/trading-research/smart-money>

- Investigating Money

Link: <https://carrytrader.com/markets/portfolio-management/55-cash-t-bills-gold-bitcoin>

Trading Books on Amazon

(click to visit)



Currency Trading for Beginners

"Essential Information on How to Trade Forex Currency Pairs"

Trading Education Center

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