

FOREX

BASICS & SECRETS

15 MINUTES

The quick & fun way to learn forex trading



Contains illustrations.
Doesn't contain water.

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FOREX IS NOT FOR EVERYONE!

Forex trading is a profession with relatively unlimited profit opportunities. However, you have to be aware that you will need not only knowledge and intuition, but also the ability to work under stress and the courage to take risks. Don't believe those who guarantee easy money with Forex, because Forex, like any other trade, requires hard work, discipline and sometimes luck as well.

Before beginning in the Forex world, ask yourself if you have the following traits that describe a good salesperson:

- **A quick wit**
- **The ability to work and keep calm under stress**
- **The courage to take risks**
- **Persistence and the ability to make quick decisions**

If you meet at least three of these criteria, it's worth trying, because all the rest can be learnt!

***YOU DON'T HAVE TO BE
GREAT TO START. BUT
YOU HAVE TO **START** TO
BE GREAT!***

INTRO ON METHODICS

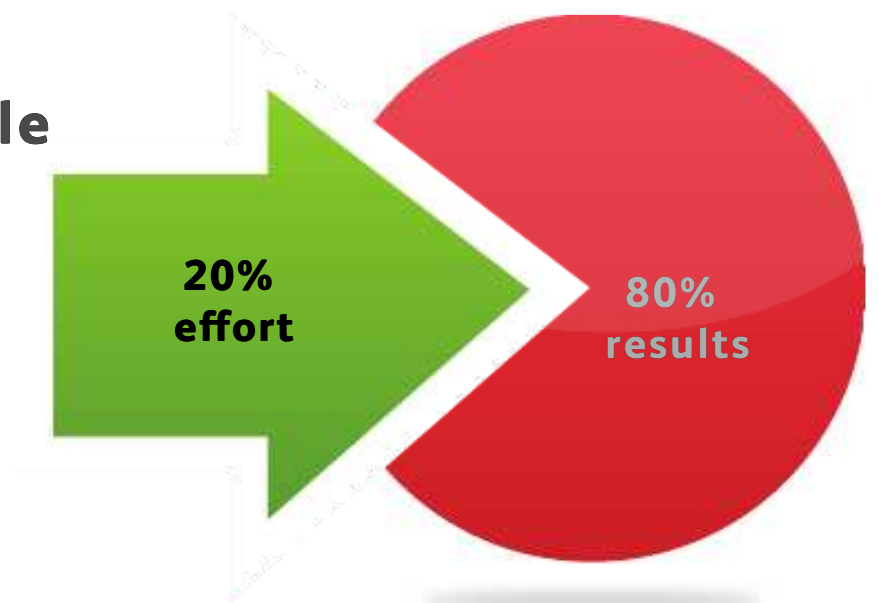


The famous economist Pareto concluded that 80% of pea harvest comes from 20% of pea plants.

- 20% of people control 80% of all money
- 20% of employees give 80% of all company profit
- It's enough with 20% of the vocabulary of a foreign language to be able to communicate

The Pareto success principle

What this means is that 80% of any result come from 20% of the actions we do. The rest of our effort is usually unnecessary. The key to success is finding out which knowledge and actions are the necessary 20%.



The essential 20% of Forex

This e-book contains the most important information and techniques that will allow you to begin trading in the Forex market quickly and efficiently, sparing 80% of the unnecessary information.

Advantages of forex trading



Make money even in times of crisis

While the stock market and commercial bank deposits are in deep depression during the crisis, Forex profits, because any change in currency can be used to make profit. A falling market is as profitable for Forex trading as a developing one.

Work while lying in a hammock

All you need to start making money is a computer or a smart phone and an Internet connection. Your work space and goals are up to you!



25\$

Start with \$25

Unlike other finance markets, Forex doesn't require big savings for you to take part. There are good and reliable platforms with minimal deposits of as little as \$25! [See the Top of the Best Platforms at the end of the e-book.](#)

Easy rules

Unlike stock markets with tens of thousands of different shares, Forex works with 8 basic currencies which are the centre of most trades. Moreover, there are significantly less factors that influence currency exchange rates than in the stock market.



Take your money whenever you want

A \$50 billion market isn't just a miraculously beautiful number – it is also what ensures that you can sell or buy any amount of currency you wish at any moment.

FOREX

foreign exchange

Forex is an international currency market with daily deals worth \$4 billion.

The most common currency pairs

The trade in Forex occurs between two currencies, because one currency is being bought and another – sold at the same time.

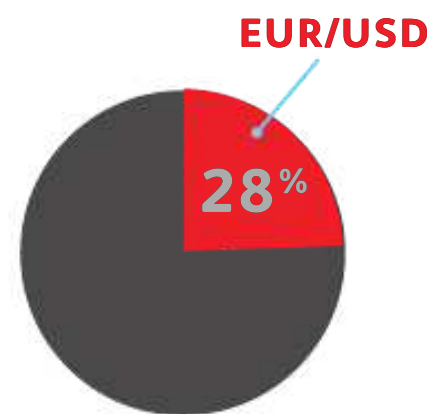
EUR/USD	USD/CHF
GBP/USD	EUR/JPY
USD/JPY	USD/CAD

EUR/USD

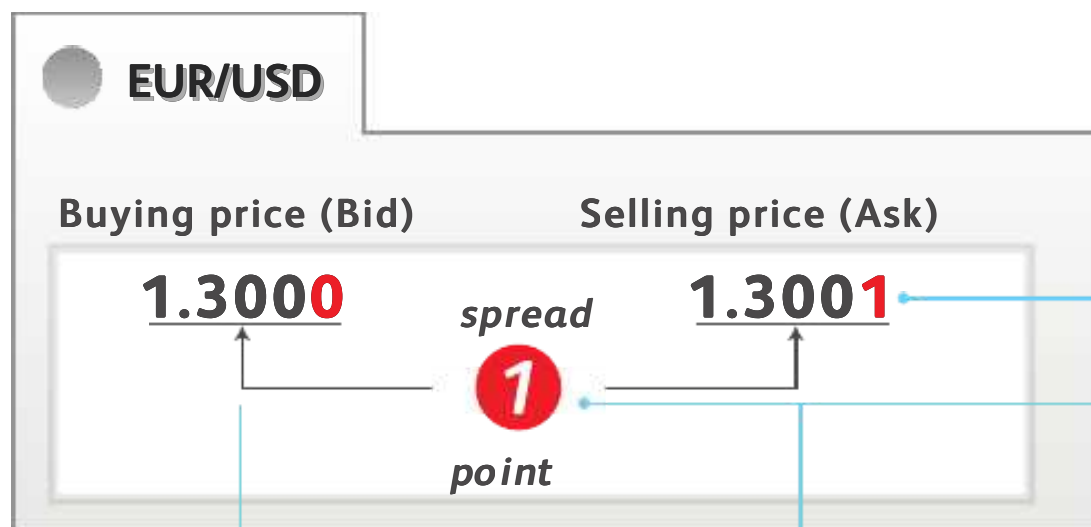
Base Currency Quote Currency



TOP PAIR



1/3 of all deals



The smaller the spread, the more liquid the currency!

Point (Pip)

The fourth unit after the decimal point, which is the smallest unit of an exchange rate.

Spread

The difference between the sell quote and the buy quote (in pips).

What influences exchange rates?

Central banks



- Finance circulation
- Interest rates
- Mandatory reserve funds

State economics



- GDP, inflation, debt
- Sales amounts
- Interest from investors

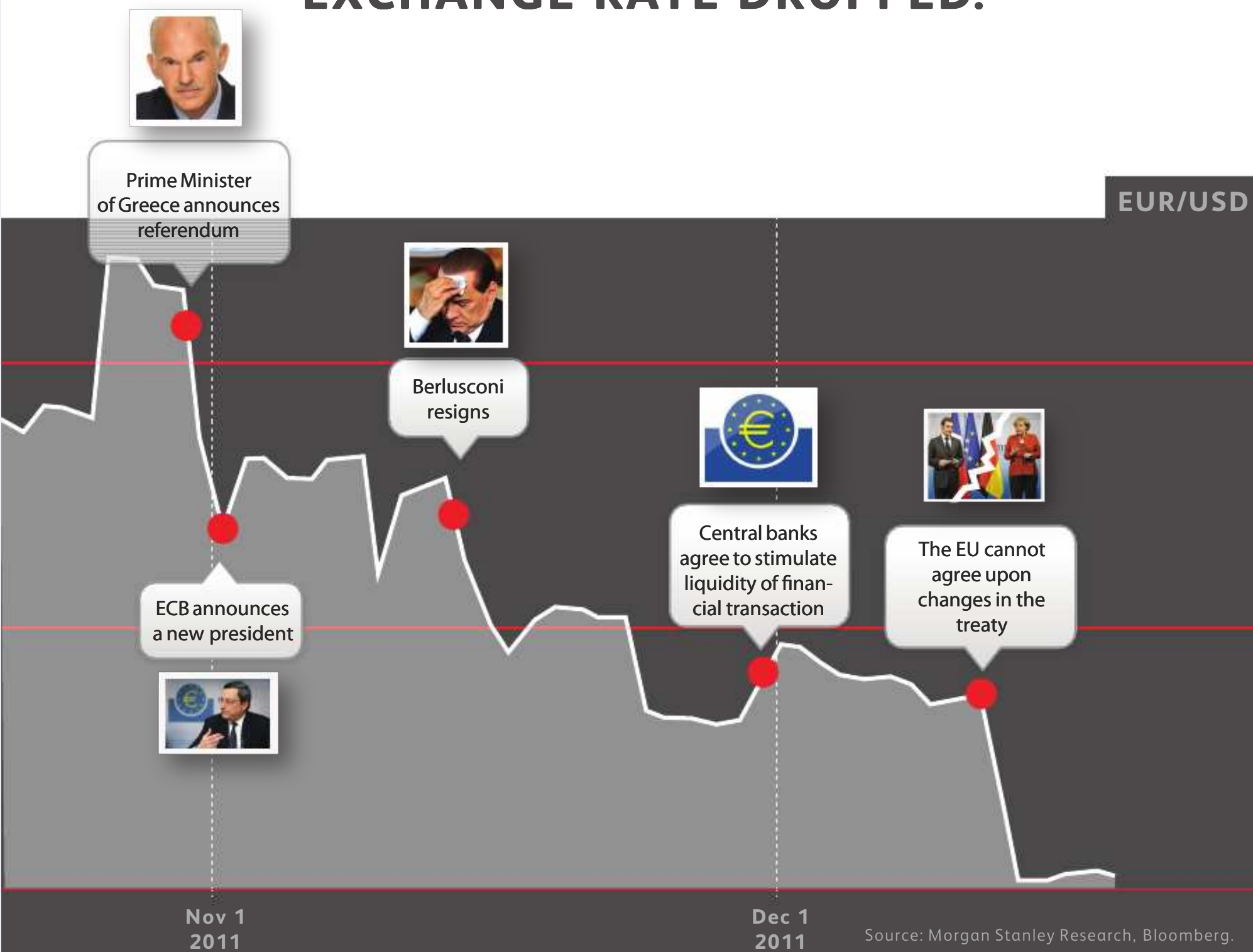
Politics



- Stability of governments
- Public statements
- Change of officials

Example

HOW THE EURO EXCHANGE RATE DROPPED.



The Golden Tool of Forex

Term **Leverage**

Leverage allows one to go through with deals involving amounts of money that exceed the amount originally invested. This is an opportunity to gain significant profit with even small changes in exchange rates.



Example

Leverage: 1:100

Invest \$1000.

Trade with \$100 000!

Besides, each point by which the exchange rate changes will be multiplied by 100, in your favour!

The leverage effect, naturally, also works the other way around – in case of loss it increases its amount. However, there is a solution to loss – the Stop-Loss Order.

While using Leverage, the profit potential is limitless, but the loss will never exceed the original investment. The best platforms let you set a Stop-Loss Order and automatically close the position once the exchange rate drops below the deposit.



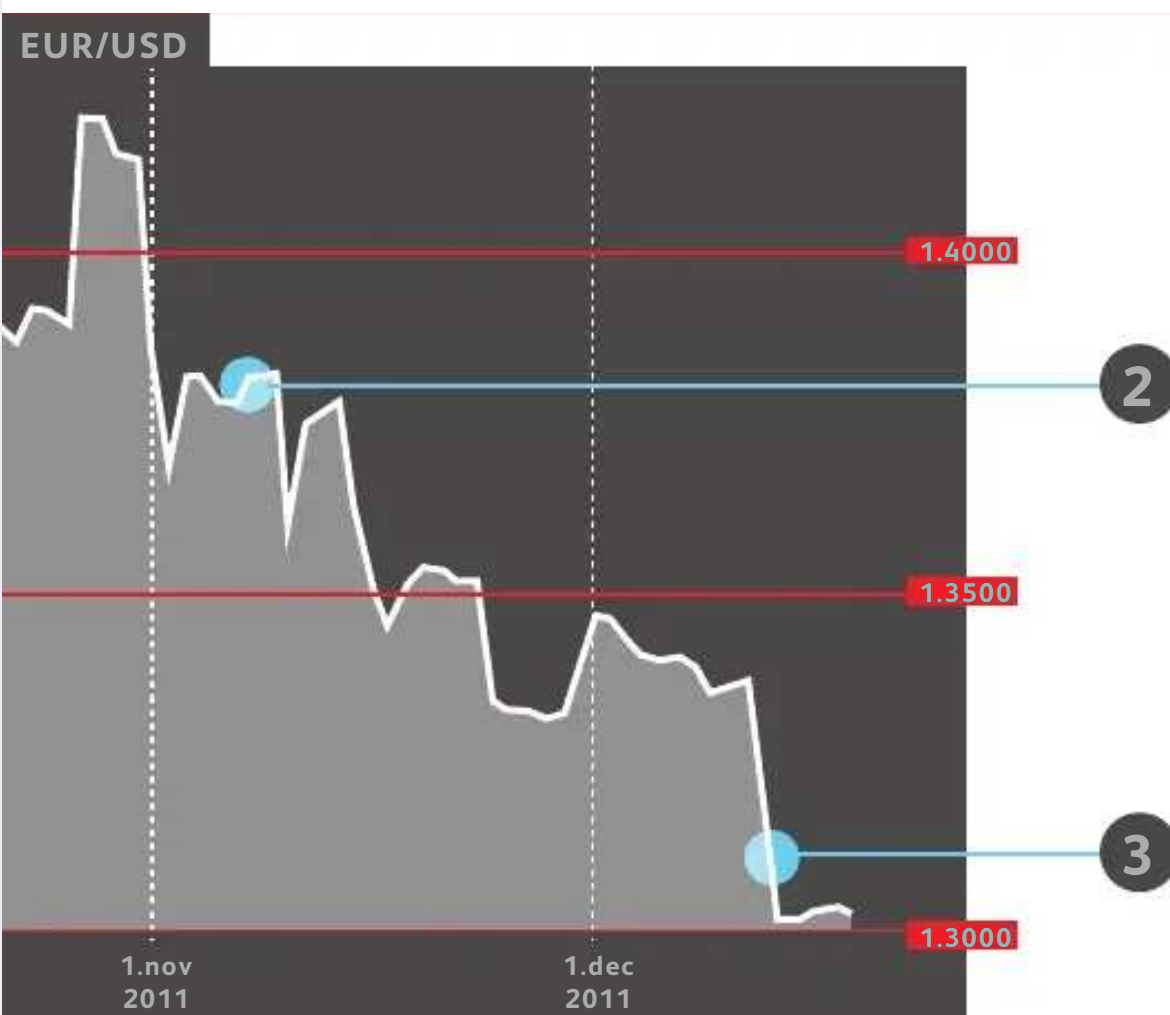
Make sure you have set the Stop-Loss Order before you start trading!



Transaction – example 1

1 Following news

Information about a repeated crisis situation in Europe appeared as early as september 2011. It was already possible then to predict that the euro exchange rate should drop soon.



2 Choosing the transaction

1 lot* (\$1380) selling position is being opened, with a leverage ratio of 1:10 and an exchange rate of 1.3800

3 Making the transaction

A month later, the open position is being closed with an exchange rate of 1.3108.

The rate difference is 692 points in my favour (1.3800-1.3108).



\$ Profit \$6920

692 points x 1(lot) x 10 (leverage)

Term *Lot

A lot is the standard transaction size in the Forex market, that equals 100 000 units of the base currency.

A mini lot = 10 000 units.

A micro lot = 1 000 units.

Transaction – example 2



1 Choosing a platform

Even if you're new to Forex, there are beginner friendly platforms like ETORO that offer you an interesting opportunity – to follow the best traders and copy their transactions.

2 Follow the leaders

Start following the best traders and watch their activities.



3 Copy the leaders

After you choose a top trader whose actions you wish to copy, decide upon an amount of money to invest into copying his transactions and press “copy”.

\$ Profit

Now you can sit back and watch a professional make transactions for you. This is also a good way to learn Forex actions and tips in a real-life trading environment.



The reviews of aforementioned and other best platforms can be found in the Platform TOP at the end of this e-book

10 tips for a successful start

1 Start gradually

Don't open many positions at the same time. It's better to choose fewer positions, but weigh each of them carefully.

2 Stop-Loss order

People often forget to limit their loss and therefore have to step out of the game very soon. With the Stop-Loss Order, you will be able to control the situation if the rates change unexpectedly.

3 Rule of 1/6

Specialists advise against risking more than 1/6 of your free capital when you aren't completely confident.

4 Stick to the plan

Each good trader has their own plan, and the best make an effort to hold on to it. Those who have the time, make daily transactions, others choose long-term strategies. Keep it steady!

5 Multiple time frames

Differentiate the time frames of analysis: weekly graphs are used to observe trends, daily and hourly graphs – to observe the best time to open and close positions.

6 Don't stop the profit

An essential mistake beginners make is closing the transaction too soon and thus not using the full profit potential. Trends last longer than they might seem at first!

7 Don't play against the trend

Transactions against a trend usually result in loss. Wait for a beneficial tendency and then make your move!

8 If in doubt, follow the leader

If you still aren't confident about your decisions, choose a platform that lets you follow leaders and copy their transactions.

9 Trends have momentum

Beginners often don't know that when trends start, they develop quickly because they are increased by traders following them. Use trends in your favour!

10 Close the unsuccessful

Don't hold unsuccessful positions open for a long time. Experience shows that it's best to close them early and move on to others.

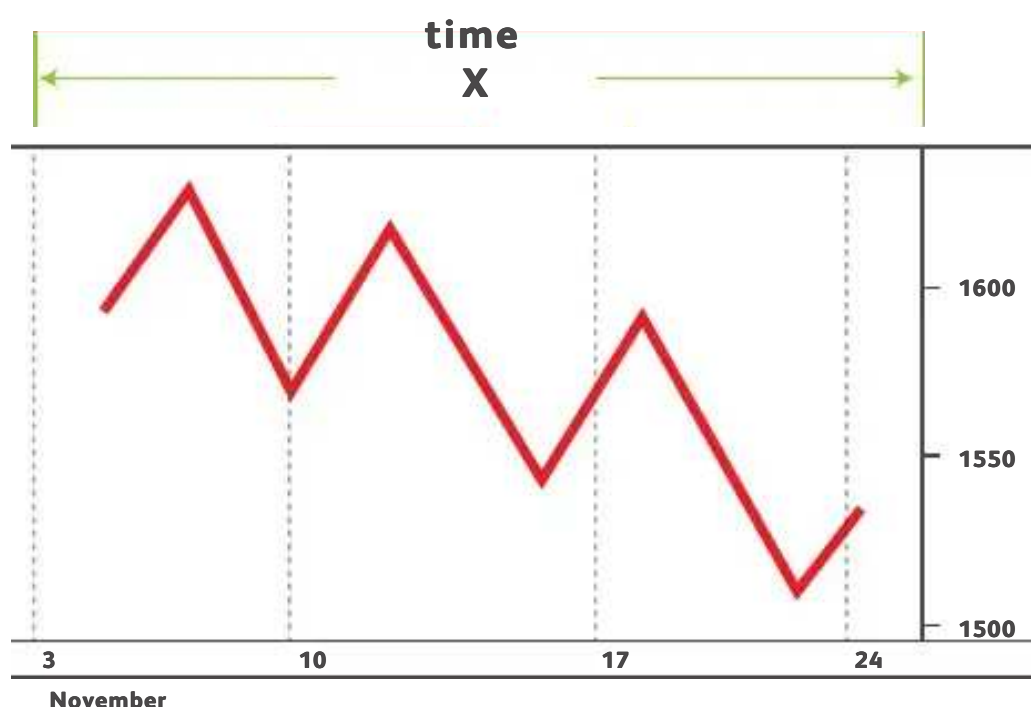
Reading graphs

The market can be analysed in several time frames: 10 minutes, hours, days, weeks. It may often seem that these indicators are contradictory. However, they aren't, you just need to combine their readings. Analyses of longer time periods show tendencies, ignoring accidental changes, whereas daily and hourly graphs help in choosing the moment to open and close positions.

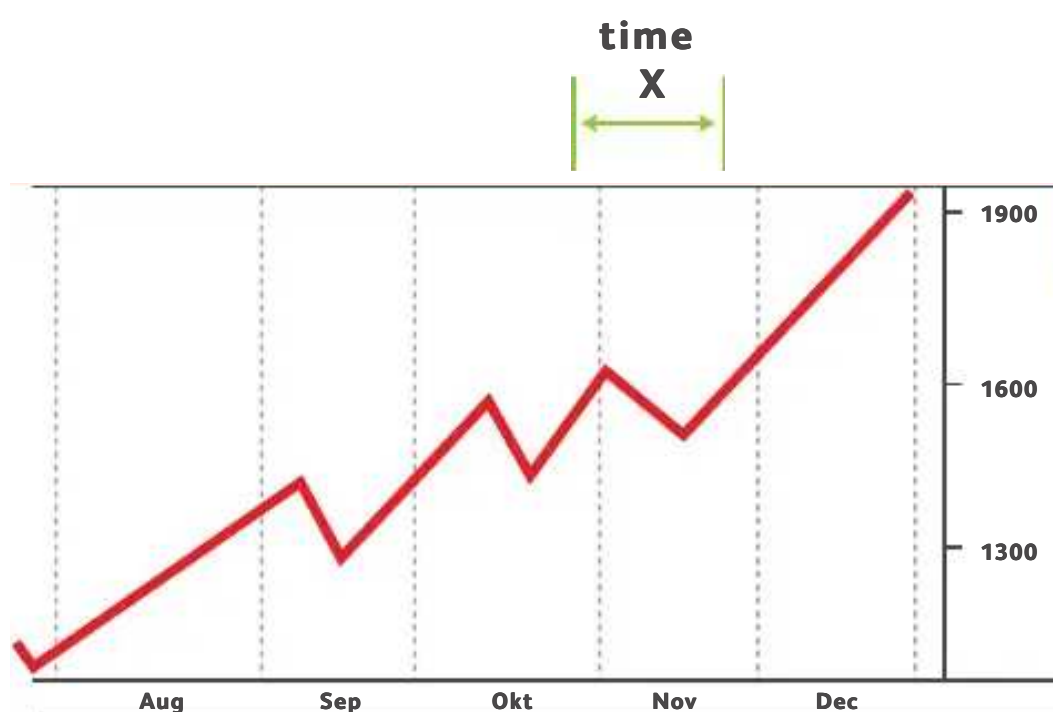
Example

MULTIPLE TIME FRAME ANALYSIS

Let us look at a daily graph. What do most traders do when they see such a curve? They assume that it's the beginning of a downward tendency and bid on the drop of the currency exchange rate. And they're wrong!



Now let's look at the same currency over a longer period of time. We see that the daily shift was accidental and the tendency is upward and not the other way around.



Conclusion

For a successful and precise market analysis, one has to use at least 2-3 time frames!

Best hours for trading

Although the Forex market is open 24 hours a day (except on weekends), there are hours which are better for making transactions. It's the London session, which is the most active period, and the time when the London session overlaps the New York session.



Trading sessions GMT (Greenwich Mean Time):



Trading sessions EST (Eastern Standard Time):



How to choose the right trading platform?

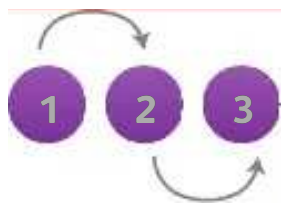
There are many companies that offer margin trading (Forex) services, and without the knowledge of the essential criteria, it's easy to get confused in the large offer and choose an unsuitable or, in the worst-case scenario, an unreliable service provider. What is the most important when choosing a platform provider, and how does one orientate themselves in so many offers? Below is a compilation of some advice from several professionals in the Forex market, which can be narrowed down to four basic criteria:

Reputation of the company



Evaluate the popularity of the platform provider – whether there are any complaints about the services and what those complaints are, what the customer service is and whether or not profit payments are ever delayed.

Convenience of the user interface



You have to evaluate how easy and convenient it is to use the platform, what analytical options and extra tools it uses. It is best to check it by using demo accounts that are offered by the best platforms.

Commission for paid transactions



The commission payments for transactions are described by the Spread, which is the difference between the bid and offer price of the currency. The bigger it is, the more you will have to pay the service provider. In commercial banks that offer Forex platforms, these commission payments are usually higher than independent platforms.

Money transactions



The best platforms provide the opportunity to use Internet-banks, credit cards or online payment operators – PayPal or WebMoney, which are the most convenient and easy methods of receiving funds.

Best platforms of 2012



	Platform	Min. Deposit	Leverage	Rating	
1	ETORO	\$50	1:400	★★★★★	visit site
2	Plus500	\$100	1:50	★★★★★	visit site
3	Ava FX	\$100	1:200	★★★★★	visit site
4	ForexYard	\$100	1:400	★★★★★	visit site
5	Easy Forex	\$25	1:200	★★★★★	visit site

Demo

All of these platforms offer free demo accounts so you can practice before trading with real money!

1. ETORO platform review



One of the most innovative and acknowledged platforms with the biggest number of clients – more than 1.5 million users around the globe. Reasonably considered to be the most user, especially beginner-friendly and easy to understand platform. The interface is really amazingly convenient and visually appealing; sparing you complicated mechanisms and difficult-to-understand information. eToro is known for its unique “social trading tools” that let you follow other traders’ actions, discuss and copy the transactions of your favourite traders.



- Super friendly for beginners
- Community for sharing & learning
- Social trading tools
- Possibility to follow & copy professionals



Facts

- Founded in: 2006
- Registered in: Cyprus
- Regulators: CYSEC, MiFID
- Minimal deposit: \$50
- Leverage: up to 1:400
- Spreads: EUR/USD 3 points
- Payments: Creditcards, Paypal, BankWire, MoneyBookers, Webmoney
- Commissions: No*
- Contacts: + 1-866-350-0881, support@etoro.com

* Overnight commissions might be applicable



Platform pictures



visit site

2. Plus 500 platform review



Plus500



A popular platform which has proven itself since 1999. The program is also available for mobile devices including iPad which will allow you to make transactions wherever you are (Highest rated broker in UK's app store). With Plus500 you can trade not only currencies but also oil, gold, silver and even such commodities as coffee or sugar!

Pros

- Ease of use
- Low spreads
- Premium for first deposit till 30%
- Available for many devices
- You can trade also with commodities

Facts

- Founded in: 1999
- Registered in: UK
- Regulators: FSA
- Minimal deposit: \$100
- Leverage: up to 1:50
- Spreads: EUR/USD 2 points
- Payments: Creditcards, Paypal, Bank Wire
- Commissions: No*
- Contacts: +44 203 002 7290, support@Plus500.com

* Overnight commissions might be applicable

Platform pictures



[visit site](#)

3. Ava FX platform review



Multiple award winning platform that is known for its reliability. The platform is well suited both for beginners and experienced traders as it is easily adaptable to your needs and preferences. A great feature is that Ava FX lets you customize and save your chosen layout and features. And the best part is the “Mirror Trading” which is similat to eToro’s “CopyTrader”, and allows you to use the knowledge of experienced traders by verifying your decisions and comparing them to Pro’s strategies. You can also use Semi Mirroring, which allows you to see buy and sell signals in real time.

Pros

- Mirror trader
- Customisable dashboard
- 24h support
- Ultra high security

Facts

- Founded in: 2006
- Registrated in: Ireland
- Regulators: Central Bank of Ireland
- Minimal deposit: \$100
- Leverage: up to 1:200
- Spreads: EUR/USD 2 points
- Payments: Creditcards, Paypal, Webmoney, MoneyBookers, Wire.
- Commissions: No*
- Contacts: +1-212-941-9609, customer@avafx.com

* Overnight commissions might be applicable

Platform pictures



[visit site](#)

4. My Trade Markets platform review



Forex Yard offers the fastest registration - you will be able to start trading in 10 minutes. This platform is known for the quick transaction processing and it offers fixed spreads. For the beginners it offers step-by-step instruction videos.

Pros

- Fastest set-up
- Choose between downloadable or web platform

Facts

- Founded in: 2004
- Registered in: Cyprus
- Regulators: CYSEC, MiFID
- Minimal deposit: \$100
- Leverage: up to 1:400
- Spreads: EUR/USD 3 points
- Payments: Creditcards, Bank Wire
- Commissions: No*
- Contacts: +357-250-250-25, support@forexyard.com

* Overnight commissions might be applicable

Platform pictures



[visit site](#)

2. Easy Forex platform review



A friendly but still serious and trustworthy platform which has raised a lot of professionals. This platform offers one of the easiest sign-up processes and multiple payment receival options. A pleasant feature is the super low minimal deposit - just \$25. With one trading account you can trade from desktop, smart phone, iPhone BlackBerry or PDA. The variety of market reviews and analyses offered by this platform is especially remarkable, which helps you make the right decisions.

Pros

- Extra easy & fast sign-up
- Low minimal deposit
- Free market analysis news
- You can trade also with commodities

Facts

- Founded in: 2003
- Registered in: Cyprus
- Regulators: CYSEC, MiFID
- Minimal deposit: \$25
- Leverage: up to 1:200
- Spreads: EUR/USD from 3 points
- Payments: Creditcards, Paypal, Bank Wire
- Commissions: No*
- Contacts: cs@easy-forex.com

* Overnight commissions might be applicable

Platform pictures



[visit site](http://www.easy-forex.com)
