

A COMPREHENSIVE BEGINNER'S GUIDE TO LEARN THE  
REALMS OF FOREX TRADING FROM A-Z

# FOREX TRADING



O L I V E R M O R R I S O N

# **Forex Trading**

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*A comprehensive beginner's guide to learn the realms of forex trading from A-Z*

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# **Table of Contents**

**[Introduction](#)**

**[Chapter 1: History](#)**

**[Size of the Market](#)**

**[Chapter 2: Forex Basics](#)**

**[Currencies](#)**

**[Movement](#)**

**[Chapter 3: Forex Brokers](#)**

**[Chapter 4: Trading vs. Investing](#)**

**[Chapter 5: Trading Elements](#)**

**[Chapter 6: Managing Expectations](#)**

**[Chapter 7: Forex Analysis](#)**

**[Introduction to Analysis](#)**

**[Fundamental Analysis](#)**

**[Chapter 8: Basic Trading Strategies](#)**

**[Long-term Trading](#)**

**[Short-term or Swing Trading](#)**

**[Chapter 9: Trading Platforms](#)**

**[Chapter 10: Common Trading Mistakes](#)**

**[Chapter 11: Advantages of Forex trading](#)**

**[Chapter 12: Psychology of Forex trading](#)**

**[Chapter 13: How to succeed in Forex trading](#)**

**[Conclusion](#)**

**[References](#)**

## Introduction

‘Money’ is the driving force, and I don’t think anybody will oppose this factor. But then, why did I bring this factor into the book of Forex trading? Most naïve traders who enter the market with zero knowledge assume that they can make millions overnight. But, Forex trading is not about overnight success. If you want to earn extra money, Forex is a great choice. Yet you must work for it. Even though it is a part-time gig, if you don’t do your part, you will not be able to earn, or worse, you’ll lose what you already have.

Nevertheless, Forex trading is not only a part-time gig. Instead, you can treat it as a full-time career as well. If you look at Investor George Soros, you’ll find inspiration. Basically, to become a trader or an investor, you must be a dedicated individual. When I started trading, I was in the same place you are right now--excited and impatient. But, I don’t want you to fall into the same category; hence, I’ll provide all the required details that a beginner must know.

Before you dig into the content, try to understand what Forex trading is! Well, Foreign exchange, or Forex, in short, is merely the conversion of currency from one form to another. Exchange of different currencies happens all the time. In fact, it happens millions of times each second. Currency exchange is a large part of why the entire global economy works given that each country uses a different type of currency. Various companies from around the world source out different products and components that are bought from other countries and manufacturers.

So, to purchase these items, a company has to convert their currency into the supplier’s currency to complete the transaction. A single manufacturer will probably need to buy a lot of materials to produce a single product. These materials may come from local suppliers who ship these items in bulk from other countries. That same product can then be sold to other countries. With

just that single product, hundreds of foreign exchange transactions are needed. Apply this notion to the millions of other products worldwide, and you will begin to see just how large the scope of currency exchange is in the global market.

I know, the above definition of the currency exchange market wouldn't have been easy to grasp. But, when you get into the market and start trading, things will fall into the right place. However, unlike other beginners, don't take the Forex market as a simple thing because it is not! If you want to trade Forex, you must be ready to study it from A-Z. Most naïve traders begin their journey through the influence of advertisements and recommendations. Of course, Forex is one of the popular markets in the financial industry, so how it is not a hot topic? But, just because millions of people are making money, you shouldn't dive into the market without wearing your safety kit. Hence, I'll cover a lot of topics that will help you get started with reading. Nevertheless, you are going to find out the following:

History

Size of the Market

Forex Basics

Currencies

Movement

Making Money

Forex Brokers

Trading vs. Investing

Trading Elements

Managing Expectations

Forex Analysis

Introduction to Analysis

Fundamental Analysis

Basic Trading Strategies

Long-term trading

Short-term trading

Trading Platforms

Risk Management

Common Trading Mistakes

Advantages of Forex trading

How to succeed in Forex trading

Psychology of Forex trading

You can get started once you read all these chapters and clear your doubts. And that's the only best option to begin your journey as a beginner. I repeat, don't dive into the market without your safety kit, i.e., Forex education!

# Chapter 1: History

Let's start with history. Modern currency exchange, or at least as it is currently known, started around 1944 when the global economy was just recovering from several tragic wars. This included the Great Depression and two world wars. To revitalize the economy that was destroyed prior to those tragedies, countries around the world had to come up with a new financial system that would be stable and promote growth.

To achieve this goal, global leaders from all 44 allied nations drafted the Bretton Woods Accord. Members of the defeated Axis Powers, including Japan and Germany, later adapted the terms of this agreement and implemented it in their own economy. After the wars, the United States established itself as the strongest economic power. This meant that its currency was the most stable amongst all the other currencies during that time. It was then decided that the United States Dollar would become the backbone of the new financial system. The US dollar's price was then pegged to the price of gold, which started out at US\$35 per ounce. Other currencies from the rest of the countries were then pegged to the US dollar.

The development of the world's financial system and the adaption of the Bretton Woods Accord also gave rise to two important global financial institutions, namely the World Bank and the International Monetary Fund (IMF). The World Bank was given the power to make loans to countries with struggling economies. This would promote development and rehabilitation efforts within those countries, especially those that were devastated by the wars. The IMF, on the other hand, could make loans to the different central banks, which it did to stabilize exchange rates.

While the Bretton Woods Accord has initially worked for most of its members, it gradually proved itself to be unsustainable. Exchange rate pegs were increasingly difficult to maintain due to various economic rebalancing factors. The IMF attempted to avert the crisis by drafting the Special Drawing Rights (SDRs), a currency that could transcend national and governmental boundaries denominated in gold. Member countries were allocated this currency, which they could use to stabilize their respective local currencies.

This effort proved to be insufficient to stave off a predicted massive overvaluation of the US dollar to the price of gold. The situation worsened when the United States raised the price of gold, effectively devaluing the US dollar. The United States, under President Nixon, also imposed import controls to prevent further capital loss.

In 1973, the Bretton Woods system was scrapped and replaced with the Bretton Woods II system. The new financial system now allowed foreign currencies to fluctuate relative to other currencies depending on different market forces. Within a span of a few years, major currencies were now floating and not necessarily pegged to the US dollar. This was the start of Fiat Currencies. While most of the world has now adapted this system, there were still some stragglers. Until 1992, the British pound was still being pegged to the Deutsche mark. Oil-rich countries continue to peg their currencies to the US dollar. Developing countries, including China, still peg their currencies to the US dollar and Euro. The current trading system is still far from perfect, and there have been a lot of countries that have defaulted on their debt obligations.

However, if you are an absolute beginner or an experienced trader, you must understand the history of Forex trading. These events must be learned and understood because these events might repeat and it may affect the Forex market. History is a constant factor. Even though Forex market is uncertain, you can still enjoy endless opportunities.



## Size of the Market

Even if you know the history, it will not be beneficial if you don't know the size of the market. The majority may not realize it; the amount of money being transacted on the Forex market is actually quite staggering. The average daily turnover for today's Forex markets continually exceeds US\$4-5 trillion. The majority of the trading happens with the US dollar and Euro pair; which represents more than 10 percent of the total transactions. The Forex market also dwarfs the number of transactions made in the New York Stock Exchange and NASDAQ, which only churns out a measly US\$150 billion in daily equities trades combined. The Forex market has all but doubled in size in the last five to six years. Despite its massive size, the Forex market has remained to be obscure to most people. Its retail penetration has remained minimal, with most brokers remaining small operations within the global scale.

A lot of brokers have now become household names due to an increasing interest in the Forex market, with the retail growth in Forex expected to continually grow over the next few years, with more and more investors and amateurs now joining in. Forex is now slowly moving into the mainstream. It is turning out as one of the best income generating sources.

The Forex market size itself makes it an ideal choice for trading. The liquidity of the market provides a simple path for traders, so they trade currencies easily. Due to this, tight spreads are created resulting in favorable quotes. The Forex market is a desired market in the industry due to its large scope and low costs. If you consider the trader's viewpoint, they have numerous benefits from the large Forex market.

As traders, you must understand the size of the market if you want to let your trading strategy work on a better scale. So, how do the key constituents of the Forex market comprise? Banks are the most powerful participants in the Forex market. The most substantial amount of exchanges are done between banks, and it eventually facilitates the clients. However, finally, investment managers, central banks, corporations, hedge funds, and retail traders

complete the market.

Also, remember, the Forex market attracts traders due to the level of liquidity; yes, it is extremely liquid. This is one of the important factors that let the traders enter and exit trades within market opening hours. Due to liquidity, the price fluctuations in the Forex market is lower, so it makes things easier for the traders. However, liquidity will vary between trading sessions and currency pairs. The major currency pairs, USD/JPY and EUR/USD yearly, values up to 41% of all trades. The USD has significant control, i.e., 85% of trading volume. As beginners, you must make an effort to understand the charting methods, fundamental analysis, and technical analysis. Once you do, you'd be able to master the market well. Before you begin trading this large market, you must make sure to consider the analysis that suits your trading style. However, I'll make it easier by mentioning the most important pillars of trading that a naïve trader must understand.

*Money Management.* When you are in a large market like the Forex market, you have to understand the money management concept. Most naïve traders exit from trading even before they test the market because of a lack of understanding about the money management concept. You must possess a clear view of the risks and rewards ratio. If you know this ratio, you can use it when entering into trades, exiting trades, and also when measuring the trade size.

*Technical Analysis.* The price charts are considered the best tools by most traders, and they rely entirely on it when making decisions. If you learn the ways to read charts you'd be able to understand the points that charts are trying to point out, price points and trends. Through this, you can decide when to exit and enter the Forex trades.

*Fundamental Analysis.* Supply and demands of currencies are considered when trading the Forex market, and it is fundamental analysis. Factors that impact supply and demands are inflation, employment, interest rates, economic growth, and other risks.

Anyway, you must have an understanding of the market size. Most beginners enter the market without any knowledge about the market size. But, it is not at all recommended! If you want to become professional traders, you must

start from scratch. Of course, it might take some time to learn the market, but learning is important if you want to trade Forex successfully!

## **Chapter 2: Forex Basics**

In this chapter, let us learn the basic definitions and elements involved in Forex. We will explore the different currencies and their relationships with one another. After reading this chapter, you will hopefully be able to grasp the basic principles of trading Forex, while also understanding its movements and the forces behind them.

However, even if you are not trading days, you'd be able to take advantage of the Forex market. You can participate in trading from wherever you are! All these factors make the Forex market the best amongst the rest. Even though the Forex market is enormous, the concepts related to the market are more straightforward and easy to understand. As beginners, you must understand the principles and concepts of Forex trading before you begin your trading journey.

The Forex market isn't as confusing as the stock market because you can choose from the eight major economies and decide what to trade and when to trade. You decide your move, so there is nothing to worry about! The eight countries that you'll handle are the United States, Japan, Eurozone, Canada, Switzerland, New Zealand, Australia, and the United Kingdom. These countries have the cosmopolitan financial industries when compared to other countries. If you study these countries, you'd be able to enjoy enormous benefits of Forex trading. Anyway, now, let's explore the basics of Forex trading!

## Currencies



### US Dollar (USD)

To this day, the United States dollar remains the world's most important currency. This is particularly true in Forex. The strength of the US dollar has proven itself to be formidable, despite having gone through a lot of financial roadblocks instigated by local and global turmoil. The strength of the currency can be attributed to the country's continued economic strength. The United States has the largest economy, and the country does possess an abundant and liquid capital. Aside from its economy, the strength of the country's currency can also be attributed to its role in the global stage and might of its political and military presence.

The movements of all other currencies still pivot around the market's perception of the US dollar, making it the fulcrum of the Forex market. The US dollar is the most liquid amongst the other currencies, making it the only

option to become the world's reserve currency. Around 65 percent of the world's reserves are in US dollars. Due to this fact, central banks around the world now choose to hold a massive amount of this particular currency within their ledgers.

Investors and businesses also regard the US dollar as the go-to safe currency. This has been proven during different global financial situations. During the global credit crisis in 2009, which caused the Lehman Brothers and Bear Stearns to go bankrupt, the US dollar actually appreciated in value. Investors who were fearful for the worst moved their assets to US government securities, which resulted in the currency's value increase. While most may not agree that treasury bonds are the safest location, what is important to note is that the US dollar is perceived as the safest investment in the world. As of the moment, the US dollar remains at the top in the Forex markets.

#### Euro (EUR)

While being relatively new on the global financial scene, the euro is currently the second most important currency in the Forex market. The currency was introduced in 1999 and officially entered circulation in 2002. The euro was meant to centralize the currencies of the different European countries, which mostly had their own currencies. Due to the proximity of the nations belonging to the European Union, a solution had to be made to eliminate unnecessary currency conversions. Over the years, it has completely replaced other sovereign currencies, including most recently the French franc and the Deutsche mark.

The euro is currently valued higher than a US dollar, and it has been able to keep it that way since it was introduced. The euro has also much appreciated in value by more than 70 percent since 2002. Investors and traders who bet big on its rise certainly made a lot of profit during that time. Over the years, a lot of confidence has also been put on the currency, making it a good alternative. Similar to other currencies, the euro has had its own share of ups and downs, particularly during the global credit crisis in 2008. The euro peaked at US\$1.60 during that year. The global credit crisis wreaked havoc on the European banking system. The situation got worse, and the European Central Bank had to intervene. Several members of the European Union were on the verge of bankruptcy. Portugal, Ireland, Greece, and Spain all received

financial support from the IMF and the European Union to avoid defaulting on their debt.

### Japanese Yen (JPY)

The Japanese yen has been one of the most successful stories in modern foreign exchange. Japan's recovery after World War II saw it emerge as a formidable economic force on the world stage. Since the yen's introduction to the work market, it has grown by a staggering 400 percent against the US dollar. The rise started with the initial economic boom in Japan and is continuing up to this day. Japan is currently one of the world's second-largest economies, and it was holding that position until China overtook it.

The growth of the Japanese yen has unfortunately halted by the early 1990s. However, it has managed to stay at the same relative value. Price inflation in the country has not been a problem in the country, partly thanks to its sophisticated financial system. Japan currently has one of the largest debts in work, on a per-capita basis, but it continues to enjoy healthy demand for its currency. The country continues to attract large investments from all over the world. The performance of the Japanese yen and the country itself is quite impressive given that it does not have a lot of natural resources. The country mostly gets its commodities and energy needs from other nations.

In the last decade, the value of the yen had slightly declined. This was mainly caused by extremely low-interest rates in Japan, which some investors had taken full advantage of by taken out loans and making investments abroad. The decline was halted when investors decided to let go of their short bets on the currency.

### British Pound (GBP)

The British pound, or the pound sterling, is currently the fourth-most-traded currency. Prior to the rise of the US Dollar, it was the strongest currency in the world. The strength of the British pound can be attributed to the fact that London remains to be the preeminent currency trading center in the world. Post-World War II, the British pound had gone through quite the fluctuations. Most of the dips can be attributed to the country's continually rising inflation and unemployment levels. The country's housing market is also nowhere near as robust as other countries. The United Kingdom's debt is also quite

substantial, and its decision to print more money only made it worse. Like other currencies, the British pound dropped significantly during the 2008 financial crisis.

### Swiss Franc (CHF)

Switzerland is amongst the wealthiest countries in the world, and its economy is robust and has proven itself to be very stable. Due to this fact, the Swiss franc has become the go-to currency for those looking for an excellent place to store their finances. The economy's stability is mostly thanks to the country's trade surplus and its profitable exports. This includes the export of highly-valuable jewelry such as expensive Swiss watches, tobacco products, chemicals, and manufacturing equipment. Switzerland also mostly evaded the effects of the global credit crisis thanks to the Swiss National Bank's decision to refrain from printing money.

Similar to the US dollar, the Swiss franc is a safe-haven currency. Some would even argue that it performs better than the US dollar in this regard. In fact, during times of global financial uncertainty, the value of the Swiss franc typically increases more than the other "safe" currencies. As for its movement in the Forex market, the Swiss franc closely mirrors the movement of the euro. This is mostly due to the close relationship with the Swiss and the Eurozone economies. However, the currency's value does deviate in times of political strife, thanks mainly to the country's neutrality in global political issues.

### Australian Dollar (AUD)

While it might not sound correct, the Australian dollar is actually one of the strongest commodity currencies in the market. Its movement is closely tied to the movement of global commodity prices. This is mainly since the country is one of the world's largest producers of iron ore, coal, and other precious metals. The country's economy has so far taken advantage of China's growing demand for energy and basic commodities. Thanks to this, the country's economy was really damaged by the recent global financial crisis. Due to its close trade relationship with Asian countries, especially China, the Australian dollar's movement does somewhat mirror that of the Chinese yuan. In fact, some investors even treat the currency as a good proxy for the

Chinese yuan.

### Canadian Dollar (CAD)

The Canadian dollar is another commodity currency that is closely related to global commodity prices. The country is a large producer of energy commodities such as petroleum, timber, and coal. It also exports a number of agricultural products to different parts of the world. The Canadian dollar took advantage of the commodities boom in the mid-2000s and gained in 2010 where its value equaled that of the US dollar. This was the very first time that the Canadian dollar reached parity with the US dollar in over 30 years. Canada's economy is greatly dependent on that of the United States. Canada produces oil, electricity, and natural gas for the United States, which purchases around 75 percent of what the country produces. When the United States experiences a downtrend in its economy, the Canadian dollar swiftly follows.

### Other Currencies

There are currently around 180 legal currencies that are circulating throughout the world. Amongst those currencies, only a handful are actively traded on the Forex market. Most Forex brokers trade between 40 to 70 currency pairs, with some trading more than others. Aside from the currencies mentioned above, there are a few currencies that have become recently significant. This includes the New Zealand dollar, which is closely influenced by the movement of the Australian dollar. The New Zealand dollar is also greatly reliant on the prices of global commodities. The country is a large producer of agricultural products and dairy-based items. The Chinese Yuan has also recently gained prominence, thanks to the rapid growth of the country's economy. It is arguably a currency that investors should look out for given its sudden emergence into the world stage. China has the second largest economy in the world, and it is one of the biggest international traders out there. The Chinese Yuan is pinned to the US dollar.

Apart from the major currencies mentioned above and the recent ones that have gained prominence, all of the other currencies are considered to be exotic currencies. These currencies are also sometimes referred to as emerging market currencies; mostly due to their association with their

respective country's emerging economies. These economies tend to have large fluctuations in the market, mostly due to high inflation and significant political and economic changes. In some cases, some of these currencies can rise to unprecedented levels when times are good. However, these are also the currencies that drop the most during times of crisis. Some of the more popular exotic currencies that are traded in the Forex market include the Korean won (KRW), Turkish lira (TRY), the Russian ruble (RUB), the Indian rupee (INR), the Brazilian real (BRL) and the South African Rand (ZAR). Along with seven other exotic currencies, these emerging currencies account for a combined 9 percent overall trade volume in the Forex market.

### Currency Pairs

Among the 160 different currencies circulating in different parts of the world, there are only handfuls that are actively exchanged in the Forex market. Most of them are only exchanged in the territories where they are used. The current Forex market actively trades in only around 17 currencies based on their liquidity and the number of exchanges made between those currencies. These so-called major currencies account for over 90 percent of all the money exchanged in the foreign currency exchange market.

Similar to company stocks in the stock market, currencies are assigned three-letter abbreviations, set by the International Standards Organization. This greatly simplifies the quoting and trading of these currencies in the world market. When trading these currencies, the quote for these trades is always shown in pairs. Each currency fluctuates relative to other currencies, which is why they are traded in pairs. Out of the active major currencies, there are hundreds of potential currency combinations. However, there are about 100 pairs that are commonly traded, with around 50 pairs actively being used by international Forex brokers.

In Forex trading, exotic currencies are generally paired with major currencies. It is doubtful that a non-major currency will be paired with another non-major currency. As an example, it would be challenging to find an exchange that trades the Uruguay Peso and the Iraqi dinar. However, finding an exchange that trades those currencies with the US dollar is relatively easy. Some companies and individuals do exotic trade pairs with another, but their volume merely is just too small for international brokers.

## Currency Quotations

The International Organization for Standardization submitted ISO 4217 in 1978. The standard assigned three-letter codes to represent individual currencies to be used in any application for trading, banking, and commerce. It was also agreed upon that the three-letter alphabetic codes for International Standard ISO 4217 would be used in international trading. The list of codes is also frequently updated, as new currencies emerge and older ones are discontinued.

When it comes to Forex trading, currencies always come in pairs. As an example, a trade made with the US dollar versus the euro would look like this (USD/EUR). The US dollar versus the Canadian dollar would look like this (USD/CAD). It goes without saying that a currency can never be traded without itself.

The first currency indicated in the quotation is called the base currency, while the second one is referred to as the counter currency. A numerical value is assigned to the currency pair that may be up to 4 decimal places. The last decimal place is referred to as a “pip.” The value assigned to currency pairs is the amount of the counter currency required to buy one unit of the base currency. As an example, if the USD/CAD is quoted at 1.32, it means that it would currently require 1.32 Canadian dollars to buy one single US dollar. On trading platforms, these values would fluctuate in real-time as the value of each currency varies depending on the market.

In live trading, currency pairs are often quoted with two separate values called the bid-ask spreads. The first value indicates the amount of the counter currency you will get in exchange for one unit of the base currency, the bidding price. The second value indicates the amount of the counter currency needed to get one unit of the base currency; the asking price. Spread amounts may vary with different brokers, and there are also different types of spreads that are used in Forex trading.

As for the nature of the Forex market, traders can make money when a pair's value rises and falls. This is mainly because trading in Forex involved the buying of one currency, while also selling another currency at the same time. There are also no restrictions on short selling.

## ***Movement***

I have covered all the important currencies that you must know if you want to trade Forex. Thus, let's learn the movement in Forex. Forex trade movements are mostly dependent on people's expectations of the future values of different currencies. Expectations are also reliant on many factors. Also, different market participants have different goals in investing money into the Forex market. Some companies trade currencies to protect their business' capital. Some fundamental traders focus on economic and political factors that affect the economies of the different countries involved. Meanwhile, technical traders look at patterns, trends, and other indicators.

Various traders place different weights on different information, such as local laws, economic situations, interest rates, disasters, and human-made events. The participants in the foreign exchange market include central banks, large conglomerates, financial institutions, and individual Forex traders. However, the influencers of these participant's expectations include natural events, geopolitical changes, economic news, local laws, and interest rates.

### **Making Money**

Making money in the Forex Market is pretty straightforward. It's all a matter of buying and selling currencies at the right time. The underlying principle of a trade is very similar to other financial markets, so those with prior experience in trading on the stock market should be able to grasp the concept quickly. The name of the game entails the exchange of one currency for another with the expectation that the value of one currency will differ in comparison to its currency pair. To make money, the value of the currency that was bought should increase in value compared to the currency that was sold. The principle can be applied whether the value of the base currency goes up or goes down.

Betting that the value of the base currency will go up is called "going long." This basically means that you are buying the base currency and selling the quote currency. When the value of the base currency increases, traders will then sell it back in the market at a higher price. The difference in the values is what you take home with you as your earnings for that trade. Alternatively, if you want to bet on the base currency going down, you want to sell or "go

short.” This basically means that you are selling the base currency and buying the quote currency. You make money by then buying back the base currency using the quote currency at a lower price than when you sold it. Brokers often make these trades relatively easily by allowing you to simply click on a “Buy” or “Sell” button depending on what you expect the market to do. In simple words, you’ll be trading currencies instead of foods and other products when you are in the Forex market.

## Chapter 3: Forex Brokers

Forex brokers are basically middlemen that initiate trades on your behalf. Currency trading brokers, or retail Forex brokers, act as an intermediary that buys and sells assets for a certain amount of commission. Brokers, in general, can be found in various financial markets, including commodities, derivatives, insurance, equities, and real estate. In the past, brokers would initiate trades over the phone. Clients would call in the stocks they want to buy or sell, and the broker would initiate those transactions on their client's behalf for a percentage-based commission.

But, after the technological advancement, everything including Forex trading has been changed. It has been changed in a good way, and it has become easier to trade Forex. However, in modern times, phones have been replaced by the internet. Now, clients can have access to their accounts and make trades using electronic platforms on their computers or on their smartphones. The trades still have to go through a broker who owns the systems that initiate the trades placed by their customers. So, the role of a Forex broker is still active.

Individual brokers were not really that common in the past as most players in the foreign exchange markets were large corporations, importers, exporters, and financial institutions. With the origin of retail Forex and the rise of retail Forex brokers, almost anyone can now make an account and instantly trade online. This is made possible through retail aggregators such as retail Forex brokers, who consolidate trades made by individuals, which they then trade in the interdealer market run mostly by financial institutions. This made it possible for smaller and individual investors to get into the game despite the small amounts they were trading compared to large-scale financial institutions and businesses. Retail brokers get their prices in real-time through major banks and through the Electronic Broking Service (EBS) system.

Before the advent of retail foreign exchange brokers, trades that were less than US\$1 million dollars were discouraged and relatively not allowed in the market. One way this was restricted was through a high bid-ask price that discouraged such trades. The way modern retail Forex brokers make money

is through a fee collected from the bid-ask spread. The difference in the spread is the broker's way of compensation for helping you trade. Most brokers also offer their clients a way to make more money from small investments. This is done through margin accounts, which basically entails the broker lending you money to make larger bets on the Forex market. This effectively multiplies a trader's capital by as much as 5,000 percent in some cases.

Anyway, if you want to trade successfully, it is crucial to find the right broker. In an international market like the Forex market, it is pretty hard to find the ideal broker. And there are many reasons why it is hard to find the right broker. One of the major reasons is competitiveness. Yes, nowadays, it is easy to become a Forex broker, and the rate of scam brokers is high. As beginners, you have to be careful when you are making a decision. You might have certain demands related to the tools, platforms, and currency pairs, so if you don't meet the right broker things can get tough. If you have some understanding of your trading style, you can determine the broker successfully. However, if you have entered the Forex market with zero experience, you wouldn't know it. Hence, I'll share some tips to find the right Forex broker.

I know, at times learning the Forex market can be daunting. You can't ignore the important parts of Forex trading. When we talk about important parts, finding the right Forex broker holds a higher place. So, how can you avoid it? If you have selected the right broker, the trading journey will become much easier. We don't say trading is easy, but brokers help you throughout your Forex journey. You let the broker handle your account, with the trust you set on the broker. Perhaps, your great strategies and techniques will become vain if you don't find a reliable broker. If you don't want to fall into any scams, you must select the right broker. For that, consider the following tips.



## Focus on your needs

If you know your needs, selecting a broker becomes simpler. Decide what you are going to do. Are you planning for a full-time trading journey or part-time? Are you interested in bigger or smaller moves? There are many brokers out there, but it can take some time to find the right broker. However, before you select the broker, you must consider the capital amount, account type, and withdrawal and fund deposit methods. As there are many brokers, some brokers' offerings might not align with your requirements. Hence, it is important to consider whether the broker offers what you require.

## Consider the broker's offer

Now, this relates to the latter section of the previous point. If you are day trading, you can waste time, meaning no 'dealing desk' involved. When dealing desk is involved, it takes a lot of time and will lead to "re-quotes" requirement. When this happens and when the broker questions whether to proceed or not, the opportunity would have been lost. However, to decide on

the right broker, you must check whether regulations are perfect. The broker should be regulated in a well-established system. Also, consider these important factors.

**Deposit.** There are Forex accounts funded with small amounts, maybe as low as \$50. But, once you get the leverage, you gain more buying power which is higher than the deposit amount. This is one of the reasons that naïve traders get attracted to the Forex market. Most brokers provide the standard, micro, and mini accounts with different deposit requirements.

**Withdrawal and funding policies.** Every broker sets withdrawal and funding policies. Some brokers might allow credit card, PayPal, wire transfer, and ACH payment for funding. However, the broker might charge a fee for some services, so inquire about it before you select him or her.

That being said, you must ensure to select the ones regulated by Canada, U.K., U.S., Japanese, Australian, and New Zealand authorities. Find a broker who's available whenever you are in need. You can check whether the broker is responsive by opening a demo account. While opening the demo account, you can send an email with questions that you intend to ask the broker. If the broker provides answers and reverts fast, you can decide the level of responsiveness. If you are not satisfied with their service, don't select that broker.

**Find out about regulatory compliance**

It is a must for the Forex brokers in the U.S. to be a part of the National Futures Association (NFA) and the U. S. Commodity Futures Trading Commission (CFTC). Once registered, the Forex broker becomes a Retail Foreign Exchange Dealer and a Futures Commission Merchant.

The self-regulated NFA organization is a worldwide industry in the United States. And, it is strict about rules and services so that integrity is protected. This makes the members, traders, and investors adhere to regulatory responsibilities.

The independent government CFTC agency regulates the options and commodity futures in the United States. This agency focuses on protecting the market participants from facing fraud and abusive practices in the financial markets. And they work hard to provide financially reliable markets

for the market participants.

However, you must not assume that brokers who own fancy websites belong to NFA or are regulated by CFTC. Instead, you can check whether the membership number of NFA and CFTC regulation is mentioned in the “about us” page of the website. Even countries outside the U.S. will have their regulatory body. So, make sure to consider regulatory compliance.

Look for credible reviews

Written reviews are crucial when selecting the right broker. You might have to read the reviews and check some discussion forums. However, you can't rely on some random review sites and discussion forums because fake reviews are common. And you'll find both positive and negative fake reviews to make it look reliable. Hence, you have to be really careful when you are looking for reviews. Many naïve traders lose money just because of their carelessness in finding credible reviews. Be mindful of objectivity and get connected with professional traders to get ideas and references.

Don't accept bonuses

When you create a live account, you'll be offered bonuses, but don't accept them. For example, you may receive a \$50 bonus for an account worth \$500, but it is not going to benefit you because it may link with the withdrawals. Eventually, some of your money will be with the broker. However, when you are creating the account, make sure to send an email mentioning that you don't accept bonuses along with your application. This may help you stay in the safe zone.

Think about the trading platform

Another important factor that is linked with Forex brokers is a Forex trading platform. It is the portal to connect with the market. When you are selecting the trading platform, it is important to consider visually pleasing, easy to use, and a comfortable platform. You must be able to enter and exit trades easily. Also, the trading platform must include a wide range of fundamental and technical tools. If you don't find a broker that offers a well-designed platform, you will not be able to see the trading options clearly. Most naïve traders end up falling for the poorly designed platform, so it is important to do proper research before you settle for a broker.

When you are selecting a Forex broker, you must not be mindless or careless. Instead, you have to be vigilant to select the right broker. Of course, it might take some time, but it is worth it. Only if you have a good broker can you trade successfully!

## Chapter 4: Trading vs. Investing



The basic end-goal of both investing and trading are pretty much the same; making money. The only difference between the two is in the way that money is made. Traders, such as those in the Forex market, buy and sell assets for short-term profits. These types of traders often jump in and out of assets within a short period, such as days, hours, and even minutes. The end-goal is to make immediate short-term profits from slight movements in the money market. Traders often rely more heavily on technical factors in trying to determine minute changes in the market. The traders focus mainly on trying to determine the direction of a specific asset and how they can potentially make a profit out of it.

Investors, on the other hand, tend to look at the longer-term movement of assets such as specific currencies. Investors are aiming at getting long-term gains and will often hold on to an asset for months or even years. Minor ups and downs in the market don't usually matter, as long as the bulk of the trend

goes in the direction that is expected. The most significant difference between the two methods is in the timing and the way they try to analyze the market.

Investors tend to focus more on an asset's potential or lack thereof. In the stock market, an investor would look at a company's portfolio, its future projects, and products, which is then used to determine the possible directions of its stock prices. In the Forex market, investors will try to focus on a government's current political and financial situation and then act according to depending on whether the currency for that country is expected to fluctuate in the next few months or years.

Traders focus more on an asset's minute value differences, which may include factors such as small pricing errors and valuations in the market as well as political and psychological factors that may temporarily shift the market price in one direction or another. In the stock market, the launch of a new product or a company scandal may temporarily affect a stock's valuation. These dips and rises usually correct themselves in most cases, but the minute changes are where big money is made.

There are currently a lot of different traders in the stock market and Forex market. Those that tend to trade in mere minutes or hours are often called "scalp traders." These traders become comfortable with the market very quickly, with most often making multiple trades in different assets at the same time. Day traders are those that focus on the price changes during a trading day. Swing traders, on the other hand, are those that like to hold their positions for several days or weeks. However, it is better to understand the ups and downs in Forex trading and investing. Hence, let me help you with it.

### Ups and downs in Forex trading

Just like other activities, Forex trading also has both ups and downs. As beginners, it is beneficial to know these factors because, only then, you'll be able to make wise decisions. Anyway, if you are interested in entering the Forex market, you have to weigh the pros and cons before making a final decision. Yes, you can access the market 24-hours, and it is highly liquid. Yet, there are con factors too. I don't want to hide the reality and paint a fake picture, so I'll discuss the con factors as well. Once you understand those, you'll be able to take necessary actions to avoid the adverse outcome.

## Pros

People consider Forex trading as a lucrative option; of course, it is. So, what makes them think that Forex is lucrative? Let's see:

*Approachability.* Amongst all the other markets, the Forex market is the most approachable market. You can easily create an account within two to three days and with a small deposit. If you have selected the right broker, things will become more comfortable than you assume. And, you can trade online with the help of the broker. Also, online trading platforms offer the opportunity to access price charts, pricing, tools, news, and strategies. Since the market is open 24 hours, the rate of approachability is at its best. Even if you have a day job, you can consider trading as a part-time gig.

*Different trading styles.* As I already said, a market that runs all day is more beneficial than you think. It will be convenient and suitable for any trading style. If a short-term trader is taking positions for a few hours, he or she can still do it. In the meantime, some traders trade off-hours so even they are benefitted. Forex helps the trader to accommodate his or her trading style in the best possible way.

*Leverage.* The leverage resources in the Forex market is higher than any other markets. In fact, leverage can create a huge difference in gains. However, traders will be able to enjoy a margin that provides leverage of 100:1, or sometimes even more than this, for the capital invested.

*Liquidity.* You already know that the Forex market is a large market by volume. Hence, the liquidity for trading is extremely high, mostly in major currencies. The Forex market has the highest number of participants compared to other markets. Almost all the orders get completed even if there are huge price deviations. Due to this, price anomalies and manipulation get eliminated and result in tighter spreads. So that improves pricing to an efficient level. However, you don't have to bother about high volatility in the opening and closing hours of the market.

*Quick returns.* Due to its higher liquidity and fast-moving nature, the Forex market offers quick returns. So, traders get the potential to gain higher returns.

*Short selling.* Even though short selling in other markets might be risky, short

selling in the Forex market is not! As the traders buy and sell currencies in pairs, both buying and selling occur at the same time. By speculating the value of the currency, the traders will trade without any borrowings. Hence, short selling is pretty simple in the Forex market.

*Volatility.* This is considered the friend of traders, but it depends on the traders to make it a friend or an enemy. There'll be high price swings in major currencies, but if the traders are wise enough, high volatility will help them make huge profits through different opportunities.

*Simplicity.* There are many technical indicators to handle short-term trades and fundamental analysis tools to handle long-term trades, but traders are offered with easy entry. You can trade Forex even if you are not well-versed with the knowledge.

*Impossible to manipulate.* Most markets such as stock, commodity, and bond have the chances to get influenced by insider information. But the Forex market is decentralized, which means it is impossible to manipulate. However, insider information is controlled by central banks and government officials, and they are subjected to government oversight. Thus, the Forex market is highly transparent and impossible to manipulate.

*No central regulatory.* The Forex market does not have a central regulatory. Of course, there are chances when the central banks interfere, but it seldom happens. These interferences occur during extreme conditions. When a market is deregulated, you don't have to face sudden surprises. Hence, imagine the benefits that you'll receive when you take part in such a market. Plus, deregulation makes the market cost-effective. You'll be directly contacting the broker to execute the trade for you. You can take short positions in the Forex market, but you can't enjoy this benefit in any other markets.

*Low cost and fee.* When considering mutual funds, bonds, or equities, you often have to face hidden fees and commission, and you might end up facing higher prices than you expected. But, on the other hand, Forex trading costs are bid-ask spread. And these prices are published in real time by the brokers. So, this is another benefit of the Forex market.

*Tax rules.* As Forex traders you have the opportunity to enjoy simple tax

rules. But, when you consider the traders and investors of other markets, they must have special tax reports, and it's daunting.

## Cons

Most naïve traders are subjected to face these cons, but if you are aware of these factors, you might try to stay away from them.

*Volatility.* All the markets involve volatility, and the Forex market is no exception. When a trader targets short-term profits and if the market faces sudden volatility, it may lead to unprofitable results. When there is no control over geopolitical developments and macro-economics, things can get more robust when the volatility is high. For example, if anything goes wrong in stock, the shareholders can access regulators or the management to make changes. But, Forex traders do not have that benefit.

*Disadvantageous for small traders.* The Forex market trades more than US\$5 trillion per day so you can imagine the size of the market. In this enormous market, major market players, hedge funds, financial institutions, and banks gain significant benefits. They trade a higher volume of trades, and they have access to high-end technology, so these factors eventually benefit them. Of course, this is the same story in almost all the markets, but in the Forex market, it is obvious. If you want to benefit in the Forex market, you have to stay abreast of the changes. But, this is not beneficial for naïve traders. It might take some time to reach this level.

*Not having a centralized system.* Of course, I mentioned this as an advantage. You must note that this can be an advantage as well as a disadvantage. If you don't want to face this disadvantage, you must have the "due diligence" to find the right broker. Since Forex is an over-the-counter market, you must have complete support from the broker. Moreover, when a market is not centralized, the issues related to reputation can be high. Hence, as traders, you have to be careful when you are trading.

*Lack of transparency.* Even though Forex market is considered transparent, it is mainly dominated by Forex brokers. The market lacks its transparency because of broker-driven nature. A broker decides the information that he or she is going to give away, so the trader will not have the complete control of his or her trade. If you don't want to face this issue, you must find a regulated

broker. Yes, the market is not a centralized one, yet the brokers handle the activities.

*Complex pricing procedures.* Multiple factors affect the Forex rates. It is tough to conclude with various factors. However, most trading occurs based on technical indicators. If these technical indicators were misinterpreted, you'd have to face huge losses.

*High leverage.* As much as leverage can be considered a benefit, it can also be treated as a loss. Leverage has the power to create huge losses as well. As a beginner, you must not forget to gather knowledge on leverage because it is important if you don't want to lose.

There I ended the long list of ups and downs in the Forex market. Of course, I don't disagree that the Forex market is flexible, accessible, and lucrative, but there are downsides as well. As a beginner, you must ensure that you consider the downsides as well. However, the Forex market has better opportunities compared to other markets, so it is something that you must consider before giving up trading the Forex market. Yet, if you want to make money from Forex, you must have patience, dedication, self-learning ability, and a proper trading plan!

Ups and downs in investing

Investing is a bit different from trading, and I have mentioned the difference already. However, you must understand the pros and cons of investing to get a better knowledge about it.

Pros

*Time-saving.* When you are dealing with the stock market, you don't have to be active all the time. If you are interested in investing, but if you don't have enough time to allocate to the market, you can consider this. You don't have to invest, part of your weekly schedule.

*Long-term decisions.* Some people are not interested in short-term milestones, for such people investing is a great choice. If you think it is hard to determine the moves when dealing with short-term trading, you can always select investing.

*Capital gains tax.* When you hold a position for a long time, you'll be able to

enjoy capital gains tax, and the tax rate is typically lower when compared to the short-term positions (this is not tax advice, hence make sure to seek advice from a qualified tax professional).

## Cons

Just like trading, investing also includes many disadvantages. So, you must think twice and consider both the pros and cons before making any decisions.

*Slow success rate.* When compared to trading, investing has a slow rate of making money.

*No good returns.* The annual return is lower because investing uses the same capital infrequently. When compared to a professional trader, the returns from investing is extremely lower. For example, the annual income of an investor is relatively lower than a trader.

*The lower rate of flexibility.* When compared to the Forex market, the stock market has a lower rate of flexibility. If you are trading in the Forex market, you can do it 24-hours, but it is not the case with the stock market. Hence, this is one of the cons related to investing.

Nevertheless, I have explained both trading and investing for your ease. You must not make any decision without considering factors that need to be considered. Before entering the Forex market, you must learn it to become a successful trader!

## Chapter 5: Trading Elements

Before you start your first trade, there are a couple of terms and concepts that you must first understand. Understanding different concepts such as lots, margin, and leverage will come in handy when you are trying to determine possible losses and gains. It is important that you first know all of the factors that are involved in a single trade so that you can accurately assess the amount of money and risk you can take.



### Margin and Leverage

For someone who wants to become a professional trader, it's a must first to grasp the concept of margin and leverage. Also, it's important to find a comfortable value in terms of your account's margin policy and leverage amount. Leverage basically means that you can control a significantly large amount of money to trade using very little of your own by borrowing money from the retail broker. The loan will give you a larger position than what you

would otherwise be able to afford. Leverage is often expressed as a ratio. For example, a ratio of 100:1. In this example, if you deposit US\$1,000 into your account, you would be able to place investments in the Forex market of up to US\$100,000. This can, of course, be both an advantage and a disadvantage for you.

Most traders who don't know how to handle their leverage will mostly blow their account in just a couple of trades. Let's just say you managed to increase your account balance from US\$100,000 to US\$101,000 in the span of a few trades using a 100:1 leverage from a certain broker. When you cash out, you have basically made a 100 percent profit from your initial investment of just US\$1,000. If you had to make the same investment from your own pocket, the return would have been only 1 percent of your initial investment. With leverage, you have exponentially increased your profits. Now, reverse the scenario and let's pretend that you lost US\$1,000 after a couple of trades. In this case, you will lose 100 percent of your investment and the broker will immediately take back the rest of the money they lent you. Leverage is sometimes referred to by veteran traders as a double-edged sword. You can either make big profits from it or instantly blow your entire bankroll if you don't know what you are doing.

In the United States, leverage is only limited to 50:1 for most major currency trades. This was initiated during the revision of the National Futures Association (NFA) rules. However, some brokers outside the United States can offer leverages of up to 100:1 or even greater. While these might be tempting to some traders who want to get rich quick, those who are still starting out may want to try out accounts with lower ratios. The most common leverage amounts offered by retail brokers are 20:1, 50:1, 100:1, and the highest possible 400:1.

When a broker gives you leverage, they will want some form of collateral from you in case you make some bad bets. In the prior example, your initial deposit of US\$1,000 is used as your market for you to loan US\$100,000 from the broker. A margin is an amount needed to open a larger position with your broker. Your margin deposit is actually pooled together with the other trader's deposits on the platform to be used to place trades on the interbank network. Margins are expressed as percentages, based on the full amount of

your trading position. In the example above, your US\$1,000 deposit is the required 1 percent margin to get a US\$100,000 position. Margins can also be used to calculate your maximum leverage that can be used on your account. If a broker required a 2 percent margin, then you will have a maximum of a 50:1 leverage.

Different brokers will actually have different systems put in place to protect their investments with you. These are often declared under a broker's margin policy. There are a couple of terms that you need to know, which will be mentioned under these policies. Margin required is the amount your broker will need to give you your leveraged position. An account margin is basically just your current bankroll minus any open trades and interests. Your used margin is the amount of money that has been locked up by the broker to keep your current trades open. A usable margin is an amount of money in your account you can still use to make new trades. All of the mentioned amounts aren't technically yours, at least not the leveraged totals. You can only get access to your money when you close all your current trades and positions or until you get a margin call.

It is imperative that you go over your broker's margin policy before you make your deposit. The important thing to look out for includes knowing how your broker calculates interest; this must be done beforehand. This includes the amount of interest they charge for intraday positions and overnight positions. Different brokers tend to charge different interest rates for long positions. Brokers usually manage these through a system called rollover. If you end up with a positive interest rate, which happens when a trade is up during a long call, you will receive a rollover credit that is instantly reflected in your account. On the other hand, if you end up with a short interest rate on a losing trade, you will get a rollover debt.

You also need to know how and when they will initiate a margin call and if the broker will warn you before closing your positions if you run out of funds. Some brokers do this automatically, while some will give you the opportunity to add funds to your account.

### Pips and Lots

In Forex trading, you will hear a lot of people talk about "pips." The

terminology is thrown around to indicate profits and losses. It is also used to indicate market movements and changes. Knowing what a pip is and how it is calculated will be required knowledge for anybody interested in trading on the Forex market. To be said simply, a pip is a unit of measurement used to indicate the change in value between currencies. The term also stands for “point of percentage,” and is considered to be the smallest measure of change between currency pairs. Each currency pair will have different measurement value, calculated in decimal places. Some currencies will have values within two decimal places, while the US dollar paired with other currencies, for example, will be quoted with four decimal places. A pair with a US dollar currency will be quoted as 0.0001, for example. If the value increases to 0.0002, then it has increased by 1 pip. The standard sizes of different currencies were put in place to make sure that investors don’t incur large losses. A one-pip change would cause a lot of volatility in the market.

As an example, USD/EUR with a quote of 0.8000 would mean that you can buy 0.8 euros with US\$1. If the quote increased by 10 pips, or 0.8010, the value of the US dollar has now increased as you can now buy more euros with the same US\$1. The value of a single pip movement isn’t static as it will depend on the number of lots that were initially chosen before the trade was made. In the past, before the advent of retail Forex brokers, spot Forex trading was traded in a specific amount. The standard amount was called a lot or a standard lot in today’s terminology. The standard lot represents 100,000 units of a particular currency. Nowadays, lot sizes come in different denominations. 10,000 units of currency are called mini lots, 1,000 units are called micro-lots, and 100 units are called micro lots.

The system was put in place to allow traders to place in precise amounts of money for each trade, with wins and losses dependent on the number of lots placed and the number of pip movements. To make a lot of money in very small pip movements, traders can place their trades with large lots. For example, if someone were to place a trade using a standard lot for USD/JPY with a quote of 120.10, each pip movement would mean a gain or loss of US\$8.33. The formula to come up with this value is basically to divide one pip, in this case, 0.01, by quote 120.10. The result is then multiplied by the lot size, which is, in this case, 100,000 lots.

The formula looks like this –  $(0.01 / 120.10) \times 100,000$ ).

If the US dollar is the quote currency and not the base currency, you only need to multiply the result of the previous formula with the quote again. Let's just say that the JPY/USD is quoted as 0.0091, each pip movement using a standard lot would be US\$10 per pip.

The formula would look like this –  $((0.0001 / 0.0091) \times 100,000 = \text{result} \times 0.0091)$ .

By adjusting the lot sizes within the same formula, it would be effortless to determine the value of a single pip movement for different currencies. Again, the amount of math required to compute these values might turn off some traders, but this is something that must be learned to properly determine the amount of possible gain and loss for each trade. Some brokers do have these calculated automatically on their platforms, but for those that don't, you may have to do the math yourself.

## Spread

In simple terms, a spread is the difference between the asking price and the bidding price of a trade. This is basically how Forex brokers make their money. This is mainly the reason why they can give you access to their platforms and software for free to encourage you to trade. Some are willing to provide you with bonus deposits just so that you can make more trades. The spread is the broker's way of charging you for every trade. This is also the reason why you need to fully understand the concept so that you know what you are getting yourself into.

As previously mentioned, every currency pair is quoted with two sets of numbers. One is for the asking price, and the other is for the bidding price. Traders who are betting on the trend to go up will enter the market at the asking price, usually indicated under "buy." Traders who are shorting or selling, betting that the trend will go down, will enter the market at the bid price, usually indicated under "sell."

As an example, if you want to buy a certain amount of currency and then sell it again immediately, you will lose money equal to that of the current spread. An analogy would be, if you were to buy a car from a dealer, drive it out of the dealership, turn around and then sell it back to the dealer, the amount they

would pay for the same car would be much less. The difference in the prices will be the dealership's profit. While the depreciation values of cars are much larger, Forex spreads are often not that huge. The value of the spread will also greatly depend on trade lot size and the amount of the trade itself.

These are the essential elements that any naïve trader must learn, hence make sure to get a complete understanding!

## Chapter 6: Managing Expectations



The most important thing to take note before starting your Forex trading journey is that this particular endeavor is not a get-rich-quick scheme. Do not expect to make a lot of money doing this for a living. Unless, of course, you are handling large amounts of money, such as those who handle hedge funds and fund managers. However, even then there are a lot of risks involved, and some people with large capitals can lose a huge amount in the Forex market. With a correct system and of course some luck, traders can make a decent and steady profit from the Forex market. A reasonably successful trader can expect to make a monthly return of around 1 or 2 percent of his or her capital. This may also result in around a 25 percent return annually. Of course, this will only happen if the market conditions are favorable and there are no other unforeseen circumstances, such as war, political upheaval, large natural disasters, and other events that will occur.

Using these figures, a person who invests around US\$100,000 in the Forex market can expect an annual return of around US\$25,000. This is definitely a good chunk of change, but most will likely not want to make Forex trading a full-time job. Recent data has also shown that only a quarter, or 25 percent, of traders in retail Forex end up earning any profit in three months. A good chunk of these traders are day traders, while the rest only take a small number of positions and hold them for longer periods.

Currency pairs will more often than not only move by minuscule amounts throughout a few days. These pairs typically rise and fall by around 10 percent over a year. Some people view the Forex market as a form of gambling. However, traders would argue that the odds in Forex are much higher than any casino game out there. This form of analyzed betting gives traders a big advantage as they have a lot of clues and data to go on to make informed decisions. It has to be noted that similar to traditional gambling, people may experience a string of bad bets. No matter what method you follow or how strict you are with your analysis and trading, there will be some days where you just can't win. On average, one out of three trades will be a losing trade. In reality, this could be much worse depending on how lucky you are.

Then again, if you work hard, and focus on your strategies and charts, it is possible to make a modest amount of money in the Forex market. Now that I have given the clear picture of Forex expectations one must understand that it is possible to become a successful trader if you are truly dedicated to it. If you think Forex expectation is the problem, then, you must find solutions to overcome the expectations that aren't healthy to your trading journey. Let us dig deeper into the concept of managing expectations in Forex trading.

Do you know why it is important to manage Forex expectations? Well, as I mentioned if you are not aware of Forex expectations, you'll become one of those traders who quit even before beginning the trading journey. Hence, you must try to manage your Forex expectations. First of all, what are the expectations? Let's be honest, and it is impossible to set aside expectations because everything in this world is based on expectations. Even the most successful Forex trader would have entered the market with some expectations. However, the important point is related to the way you handled

the market expectations. If you let your expectations play the game, then, you are not going to win the game. Hence, setting reasonable expectations is crucial. You must consider the factors that will impact your expectations so that you can get a clear view of it.

Emotion is the triggering factor that controls your expectations. When you set reasonable expectations, and when you get the opportunity to meet them, it feels great, right? But then, how does this relate to trading? Basically, human beings are born with the ability to avoid pain. We have it in our body. But, your pain-avoidance ability works differently in trading that it links with emotions. When you set a trading expectation, you try to avoid all the information that invalidates your expectation. Somehow, you find reasons, rationalize, and even worse, you make yourself feel great about avoiding the information. This isn't healthy. You might end up blowing your trading account as a whole, so think about this!

Anyway, you'll face difficulties if you don't manage your expectations. But, what could happen with mismanaged expectations in trading? It is completely okay to set expectations in trading, yet the problem is with unrealistic expectations. A higher percentage of naïve traders have the habit of setting unrealistic expectations because they are not aware of the market. Your expectations will lead to frustrations when things don't turn out as you planned. When you are continuously defeated, and none of your expectations are met, so the frustration turns to resentment towards the Forex market. This may even result in giving up on trading altogether!

For example, when you hope for a losing trade to turn into profitable miraculously, this kind of issue occurs. Even if the price action is not in your favor, you might ignore all the signals and details to support your expectation. The obvious pattern will be invisible because you don't want to accept it. This is not a good sign if you want to persist in the Forex market. You must manage your expectations if you want to remain in the market. Also, if you are ready to manage expectation, you'll start to see what price action is signaling you. Sometimes, you must let the market move a little bit if you want to gain profit; thus, adjusting your expectation is the only wise choice that you could make.

Let go of the market when you can't handle it, but manage your expectations

because it is in your control. If you do this, you'd be able to make rational decisions in trading and only through rational decisions can you achieve your goal. It is better to explain the importance of managing your expectations in Forex trading.

Generally, when you are trading Forex, you have to consider many factors. You might have to learn a lot before entering the market. It is important to be up-to-date with the market, to have a journal, a plan, trading strategies, and much more. So with all these, you must also give due importance to your expectations because it is the basement to your success. In Forex trading, you must anticipate the market movement to make a decision or to execute your plan. At this time, you must be a trader who doesn't make emotional decisions, instead of a rational decision.

If you want to trade like professionals, you must treat emotions as your enemy. The emotions will not let you move forward when you see a profitable trade signal. Or they might push you out of trade even if the price signal is profitable. Somehow, your emotion will make you a weak trader and make decisions on your behalf. Hence, in trading, it is important to think logically, not emotionally!

Moreover, emotional discipline is one of the important parts of the Forex journey. Almost all the professional traders would have passed this stage. Of course, you can't completely avoid expectations or emotions, but you can control your emotions and manage your expectations.

It is completely natural to expect because we are humans. Like I already said, you must learn to manage your expectations. If you set unrealistic expectations, you are the one to be frustrated at the end. Remember, you are not going to make profits alone; this is going to be a rollercoaster journey. You will come across losses so you must learn to overcome the losses. Managing expectations is not when you hang on to a trade that you are going to lose. Instead, when you give up on it and accept that it is not going to be a profitable outcome. Once you learn to cut losses short and to accumulate profits even if they are small, you'll become much better at what you are doing.

## **Chapter 7: Forex Analysis**

Now that you are through with the basic elements that go into every single trade, it is time to delve further into the different strategies to use to determine the possible movements in the market. You must already be familiar with the different factors and forces that cause currencies to gain and lose value over time. This time we will explore the different analytical strategies to put this knowledge to good use. A lot of traders will take pieces of these strategies to formulate their own personalized approach in analyzing currency movement. What is important to know is that there are no perfect strategies, but some trading strategies do work better than others. It is up to you to determine which of these strategies will work for you and your trading comfort levels. Sometimes, even the best strategy will not work. You must not assume that the Forex market will never be beneficial, instead accept the fact that there will be ups and down when trading Forex.



## **Introduction to Analysis**

Forex analysis can be thought of as being divided into two separate analytical schools of thought; fundamental analysis and technical analysis. Fundamental analysis mainly looks at the overall context of a currency, while technical analysis primarily focuses on raw and historical data. Fundamental analysis focuses on economic, political, and financial factors while a technical report focuses on charts, patterns, and other inherent movements.

Fundamental analysts mostly do not consider technical analysis as an effective way to determine the market's movement as they mainly look at the forces outside of the Forex market. The external factors that are primarily looked at are the different relationships of the countries and businesses that directly affect the exchange rates, which include the complex economics and macroeconomics of the factors that drive prices up and down. In contrast, technical analysts don't really pay attention to external forces and are mainly concerned with past rates and data, future trends, and recent patterns. For these types of traders, the Forex market is a self-contained ecosystem with internal factors that determine fluctuations dependent on the buying and selling of different currencies.

As an example, an increase in the value of the euro over the US dollar will be seen by a fundamental analyst as a result of specific changes with the relationship of the EU and the United States. They might also consider factors such as the countries' comparative interest rates and their respective inflation rates. Traders using this school of thought might also try to formulate an educated guess as to whether the trend would continue based on fundamental variables that can be ascertained from sources such as news reports, financial reports, and other predictive data. Technical analysts, on the other hand, will see the rise in the value of the euro to the US dollar as nothing more than a new uptrend. They will analyze both the current and past chart values and using various technical tools, analyze whether the trend will continue or return.

School of Thought Comparison

A lot of new traders would often ask the question, “Which is better?” Technical analysis and fundamental analysis both have their own advantages and disadvantages. The main reason for the divide is primarily because both types of analysis have proven track records of being somewhat accurate. Those who personally prefer fundamental analysis would argue that it has a superior efficacy because the movement in relation to economic data is observable. The connection between economics and the value of their respective currencies is undeniable, while in some cases the relationship may only become clear in hindsight. However, there are some cases where economic strife or improvements contradict market movements in very counterintuitive ways. In most cases, the underlying fundamental factors directly relate to significant currency movements. Traders that quickly jump on these movements, either by their own analysis or through someone else’s conclusions, will tend to be greatly rewarded for their efforts.

Meanwhile, technical analysts argue that their method is much safer given that each trade is more specific and has the backing of large amounts of data. Trades using this particular method are every exact, and almost no emotional factor is at play. The types of patterns and data used in this method are quantifiable and observable, negating the need for speculation and argument. Unlike fundamental analysis, which might be up for debate or is subjective, raw data and chart patterns are more exact and concrete in technical analysis. Trades made through this method are only executed when all indicators are supportive of the final analysis.

The ace in the hole for technical analysts in the entire argument is the fact that technical analysis can be applied in almost all types of asset trading, including the stock market and securities market. Fundamental analysts would have to overhaul their previous trains of thought in these markets as they would have to learn its unique framework when compared to the Forex market. Technical analysts will have no problems jumping into these other types of markets given that the charts and patterns still work in the same way. A technical analyst that was previously trading commodities will have no problems jumping into the Forex market; although he or she would have to familiarize himself or herself with the peculiarities of the Forex market beforehand.

## ***Fundamental Analysis***

As previously mentioned, fundamental analysis will deal mostly with the external factors that affect the price of any particular currency. Certain factors are quantifiable, while others are qualitative. Some of the more concrete factors will involve economic and financial factors; this includes quarterly earnings reports and economy-related political movements. The more qualitative factors will involve developments in the realm of investor sentiments, political crisis, and other geopolitical developments. Fundamental analysis is sometimes referred to by traders as a complicated art form to master, as it will require a lot of investigative and analytical skills to piece together different factors that will ultimately result in a robust forecast. There are a lot of competing narratives that will often confuse fundamental analysts, but those that can read into the situation will more often than not come up with the best forecasts.

### **Global Interest Rates and Inflation**

Global interest rates play a significant part in the movements within the Forex market. It can also be said that global interest rates rule the Forex market. A specific currency's interest rate determines its perceived value as much as its actual value compared to other currencies. Fundamental analysts closely track and look at each country's central bank and its respective monetary policies. Each country has its own central bank. The United States has the Federal Reserve, the UK has the Bank of England, Switzerland has the Swiss National Bank, the EU has the European Central Bank, and Australia has the Reserve Bank of Australia, and so on.

The main determining factor for the rise and fall of interest rates in any given country is to maintain price stability and control inflation. Inflation is the increase in the prices of goods and services within a country. The sustained increase is closely related to the purchasing power of a country's currency. Hence, inflation is inevitable and is part of a growing economy. A country's central bank will need to control its country's inflation through the adjustment of its currency's interest rate. Too much inflation will directly harm the economy as a whole, and central banks will have to find a way to keep it at a comfortable level to sustain an acceptable growth rate. An

increase in interest rates will lower overall growth, while at the same time slow down the country's inflation rate. This happens because businesses will now borrow less money, which will, in turn, prevent their establishments from growing. In contrast, when interest rates are lowered, more businesses will borrow money, boosting expansion, capital spending, and economic growth.

A currency's interest rate will determine how much capital will be going in and out of a certain country. Investors are more inclined to place their money in countries with higher interest rates, thus increasing the demand for that country's currency. The higher the demand, the stronger a currency becomes when compared to other currencies. This also works inversely; when a country's interest rate is low, demand for its currency decreases. This makes that country's currency weaker when compared to other currencies. Fundamental analysts consider these interest rates when trading different currency pairs.

In most cases, interest rates don't change a lot, and changes don't happen very often. Interest rates also don't make drastic movements, which means that if a currency's interest rates have dropped significantly over a long period, it will likely increase again at some point. The key here is to try to determine the direction of the interest rates of a particular currency.

One way of determining the direction of a particular pair's movement using interest rates is through a technique called "interest rate differential." This method typically involves the comparison between one currency's interest rate to the interest rate of its paired currency. The difference between the interest rates is what fundamental analysts look at to determine possible shifts in the prices of the currency. When the interest rates of two currencies move in opposite directions, a significant movement is likely going to happen. That's pretty much about Global Interest Rates and Inflation.

## Economic Indicators

Economic factors calculate the statistical information of the country's economy. The economic indicators preview the patterns, performance, and future predictions of an economy. As beginners, you must understand that economic indicators have a massive impact on trading. If you don't

understand economic indicators, trading might become complicated. The leading factors of financial systems links with economic indicators. Each indicator differs as per the target group, origin, and on various markets. The indicators are divided by region so that it's convenient to handle and understand, so such divisions are European indicators, Asian indicators, and US indicators. Economic indicators and surveys are often released. However, due to the advancement of technology, anyone can access economic data and indicators whenever they want. As Forex traders, you must understand the impact created by economic indicators on the Forex market. You must analyze them to make a proper decision in trading. So, more important indicators that you must know include:

Interest rates

Unemployment rate

Changes in the Gross Domestic Product (GDP)

Consumer Price Index (Inflation)

Employee Cost Index (ECI)

Purchasing Managers Index (PMI)

Producer Price Index (PPI)

Federal funds rate

Income

Beige Book

Balance of Trade

Mutual Fund Flows

Corporate Profits

Business Outlook Survey

Currency Strength

Consumer Credit Report

Wholesale Trade Report

Durable Goods Report

Employment Situation Report

Industrial Production

Money Supply

Productivity Report

Retail Sales Report

However, you must understand that frequencies of indicators will differ monthly, weekly, or even daily. Only after proper speculation, economic indicators are updated, and Forex and other traders make sure to be up-to-date with speculations. All their trading moves will be based on speculations. When you look at an economic situation, it will have an impact when announced and during the speculation. Both situations will create a shift in the Forex market. For example, when a government issues building permits, there will be more jobs, when there are more jobs, the unemployment rate will reduce. Hence, the consumption rate will increase while resulting in strengthening the value of local currency. Let me put it simply, and an economic indicator will provide the information that a trader needs when understanding the things happening in the economy. If you consider the U.S. economy, it is a happening economy. You will not be able to predict that easily; hence, economic indicators are important to get a good understanding of the market. However, you will come across lagging indicators as well as coincident indicators.

Different traders use economic indicators in different ways. However, to benefit from economic indicators, you must focus on market analysis. You can do primary research or consider analyses, and the choice is yours. For example, when a trader is aware of the event to be taken place, he or she will speculate the market. Based on it, the trader will select a certain instrument to Forex trade. The trader must anticipate the trade properly if he or she wants to acquire substantial profit. When you are speculating the economic indicators, it is important to know about financial events, markets, and all the general factors that will have an impact on the economic indicators. If you are through with these details, your speculation will be firm.

As a beginner, you must become comfortable with using the economic calendar and learn how it links to economic indicators. Once you understand it, you'll get a clear view of its impact on Forex trading. If you utilize economic indicators successfully, you'll be able to achieve success in Forex trading, and you'll learn to manage your expectations as well.

Anyway, before you utilize economic indicators, you must use the information accordingly to match with the context. Of course, raw data is valuable, but you must be vigilant to use it. Luckily, you are benefitted from the profit groups and different governments because they conduct surveys to provide information to the traders. On the other hand, if you try to do it on your own, you won't be able to do it as successfully as profit groups and different governments.

If you want to trade Forex successfully, you must have an economic calendar with the updated information. If you have the economic calendar, it is easy to include all the essential releases and events that will impact the Forex market. For beginners, an economic calendar is one of the most useful tools because it helps to identify the market moves. You can use the forecasted and the actual values to make proper decisions in trading.

You can select a few indicators and master it so that you'll be able to use it successfully when making a trading decision. But, it doesn't mean you can't use all the indicators in trading. Anyway, the choice is in your hand as per your understanding. But remember, you will never find that magic indicator that tells you to trade because there isn't any. It is you who has to use the indicators carefully to benefit from trading.

## Debt

Forex debt is something that is unnecessary because naïve traders fall into debts deliberately. Most naïve traders assume high leverage will bring them higher profits. But, when you handle with high leverage even without prior experience, you are pushing yourself to a dangerous situation. Hence, before you begin live trading, you must use a demo account to become familiar with the market. It's apparent that a higher percentage of novice traders lose money because they ignore the logical factors. They are aware that trading a live account without experience will lead to debts, yet they are greedy to

make money.

If you think Forex is simple so that you can make easy money, you've got it wrong. Most naïve traders end up facing huge financial losses because they don't have the capital to cover up their losses. However, the underlying problem with Forex debt is greed and improper risk management. If the trader is greedy, he or she may even try to benefit from the last pip. But, one can avoid greed by expanding their vision about market opportunities. And the next is improper risk management, so for this, you must learn the risk management concept before you begin live trading. Even a professional trader must understand risk management to protect the Forex account.

But, if you are already in debt, you must try to save some money to increase your capital. Of course, it will take some time, but you can do it!

### Politics

Most beginners don't understand the Forex market. Even though they know about fluctuations in the currency value, they do not know how the currency value has fluctuated. Many factors including politics affect price fluctuation, and naïve traders don't spend the time to understand this overwhelming process. If a country is facing a war, it will have a huge impact on the country's currency value. Basically, political factors may affect a country's currency value positively or negatively. The effect will be based on the war situation of the country. Yet, currency exchange will have some differences. As beginners, you must keep an eye on this! But, remember, stable countries gain more recognition than the countries that don't prevail in peace. Likewise, numerous political factors impact the Forex market. Hence, as traders, you have to keep your eyes open to the changes.

### Psychology

Psychology is a huge part of Forex trading. Most professional traders emphasize the importance of psychology in trading. Some professionals believe it is more important than academic knowledge. When we consider the trading mistakes, the basement for the highest number of mistakes would be psychology. Traders are humans, so no wonder that psychology is taking a toll on humans. The constant mistakes are directly related to the psychology of traders.

Different emotions act as a barrier to naïve traders. For example, fear is one of the emotions that constantly attack naïve traders. Even if the trader is confident in trading, it will be hard to make up the mind to enter into trade and the reason is fear. In this case, the trader will be wasting a lot of time trading the demo account. Hence, fear has a huge impact on trading. Of course, human minds look for the safer option, but in trading, you have to handle risks to reach the top. If you are pulling yourself away from entering into a trade, it means you're pulling yourself from the chances of earning profits.

No matter what others say, you will not be able to avoid the trading fear unless you try to avoid it on your own. For that, you must make an effort to understand the trading psychology in detail. But, let me tell you. If you know your weakness, it is more than enough to become successful. If you know that you fear entering new trades, you can work on it and improve your trading behaviors. But, think about the ones who don't know what's going wrong in their trading style. Of course, they will keep on trading until they blow their account completely. Hence, if you know your weakness, you will overcome soon!

## Charts

Initially, reading the charts can be confusing, but over time you'll understand. There are different displays as per the price displayed. The Japanese candlesticks are the most common price method considered by most traders. However, candlestick charts are preferred on the Forex chart because it is easier to read. When you are reading the charts, you must use the patterns to understand the price and the market movement. If you don't prefer this, you can opt for line charts. You can find the closing price when you use the line chart. Or you can opt for a bar chart which is just like the candlestick chart. When you make use of the bar chart, you will be able to find the price opened and closed in the Forex market.

The best thing is you can use the technical analysis to read Forex charts. Even if you don't prefer technical analysis, you can benefit from it when you are using it on Forex charts. You can include technical analysis of your charting system because it is allowed by most systems. Yet, try to get the best out of the technical analysis when you have difficulties in identifying the price.

Anyway, you must remember that keeping things simple is the best way to trade successfully.

So, there we end Forex analysis. But remember, learning Forex is a continued journey so the more you learn, the more you find!

## Chapter 8: Basic Trading Strategies

The Forex market is an excellent option for anyone who wants to make money. But, if you are one of those traders who looks for the 'Holy Grail' in the Forex market, you are not going to find it. The Forex market doesn't have a 'Holy Grail,' so if you want to earn, you must work for it. The most common problem faced by naïve traders is that they are unable to understand basic trading strategies. Hence, when trading they struggle a lot and finally, they end up losing money. Generally, Forex trading is all about self-learning; you will not be guided by anyone. So, you must enter the market only after accepting this factor. If you are not ready to learn the market, you will not be able to trade successfully. However, I'll help you understand the basic trading strategies in the Forex market.

### Trend

One of the simple strategies that you must consider is the trend. If you understand the trend, you will be able to manage to trade for some time until you master other trading strategies. If you are through with trend trading, you don't have to face difficulties when opening a position. You will find long, short, and medium trends in the market. Hence, before you begin trading, decide on your strategy. Based on the strategy, the trading chart must be selected, and remember, the trend is your friend until you treat it that way. What if you come across a downward trend? You must remain calm until price recovery occurs.

### Support and Resistance Levels

You must understand support and resistance levels. You will not be able to understand trading unless you understand support and resistance levels. It is recommended to purchase near support and sell near resistance levels. You will find the resistance levels near the previous high. However, if a resistance level is broken, it turns into a support level and vice-versa. If you want to trade Forex, you must have proper knowledge of support and resistance levels.

### Breakout

You have to expect breakouts when the market goes above the consolidation boundaries. The market will reach different highs or lows. If you are finding a new trend, it means there has been a breakout previously. So, now, you can consider breakout as a signal to indicate a new trend occurrence. Yet, some breakouts do not imply new trends. However, in Forex trading, even when you are dealing with simple strategies, it is better to focus on the risk management concept. If you are aware of risk management, you don't have to face huge losses. Instead, you'll be able to manage losses.

### Retracement

The retracement strategy is all about the concept that prices don't move in a straight line, instead stops and change the direction in the middle. Usually, the ones who consider retracement strategy make sure to wait until the retracement in price occurs and then look for longer price movement. Mostly, traders consider the Fibonacci ratio for confirmation and to find the points to enter and exit Forex trades.

### Range trading

Range trading is when the trader believes that prices can be held for a specific range within a specified period. So, range trading is possible when the economies are predictable, and the currency value will not often change due to sudden news. When range traders trade, they sometimes trade more than one trading session. Both trend traders and range traders use the same tools to find trade opportunities.

### Momentum trading

Momentum trading is when the trader believes that the price trend will continue in a particular direction for some time due to the substantial price movement. On the other hand, weak price movement will lead to a lot of reversals because the trend will not have the strength to perform. Both volume and price are considered when using the momentum strategy.

### Carry Trade

This is a different trading strategy that you must try. The trader will gain benefits by considering the interest rates of different countries. The difference between the interest rates will create a profit. The interbank interest rate will

be paid if the currency is held overnight. The trader will select the currencies of a country that has a lower interest rate so that he or she can benefit when exchanging with the currencies of a country that has a higher interest rate. You might need trend trading to identify the differences accurately.

These are some of the trading strategies, but let's discuss more in detail. Yet, you must never try any of the strategies without testing them on a demo account. If you use a demo account to test your strategy, you don't have to bear any cost. It's free so that you can try out as many strategies you want.

## Long-term Trading

Now that you've understood the basics let's learn about long-term trading. Well, you can select the trading term that you prefer, yet it is better to know both long-term and short-term trading methods. Hence, let's start with long-term trading. You must understand that trading style will vary as per the level of risk a trader can take up. A higher percentage of traders prefer short-term trading. But the worst part is when naïve traders enter the market. They are not even aware of the types of trading. But you must not belong to that category. Instead, before entering the market, you must ensure to learn the types of trading available in the market. Even though I don't like to emphasize that only a fewer number of traders succeed in trading, it is the ultimate truth. But, you must believe that you will fall into that lesser number of successful traders. In Forex trading, the determination is important!

If you are a short-term analyst, your pip targets will be lesser, but if you are a long-term analyst, your pip targets will be higher. However, your pip targets have a direct impact on the profit and stop-loss placements. When you are dealing with long-term trading, the stop losses should be more comprehensive and allow price actions to do its part. The technical analysis is related to long-term trading. But, on the other hand, long-term trading and fundamental analysis are different. The traders who trade long-term must consider macroeconomics factors including geopolitical factors, global commodity price, and even interest rates. Thus, you must understand that fundamental analysis used in short-term trading will not be used in long-term trading. So, using the fundamental analysis, the long-term traders will be able to find the entry points to enter into trades.

Usually, traders assume that the costs in the Forex market are spreads. Well, if it were short-term trading, then, the assumption would have been right. But, in long-term trading, there are many other costs than spreads. In fact, spreads might not seem like a cost for long-term traders because it is one time cost when they enter into long-term trades. But, there are costs like swap and rollover. Yet, you can't treat this like a huge cost because they are minimal. Plus, at times, there are positive impacts of swap and rollover costs.

Whatever the trading time frame you choose, you must make sure to manage your positions once you enter into trades. But, if you are a long-term trader, you have ample time to manage your positions. Of course, you can make adjustments even after surprise news and data releases, but you should never be neglectful when you are trading Forex.

Finally, the best thing about long-term traders is that you'll not be as emotional as a short-term trader. Your emotions will be less intense because you only trade a few long-term positions. Basically, when you trade less, emotions are less. Also, you will not be spending much time in analyzing your trades so that you are not subjected to emotional issues as much as short-term traders. Still, there'll be an emotional crisis, but as traders, you must practice handling your emotions successfully! Also, deciding whether to trade long-term or short-term is in your hand, and it has a lot to do with your personality!

### ***Short-term or Swing Trading***

Short-term or swing trading is a highly preferred trading style. The moment you enter the Forex market, you'll be confused about what to do and how to open an account and much more. These are the common issues faced by naïve traders, but the crucial issue is related to selecting the trading strategy. The trader will be confused about whether to select long-term or short-term trading.

The usual mistake followed by beginners is that they copy the strategies that everyone thinks successful. Of course, you must be up-to-date with the market knowledge, but it doesn't mean that you can copy strategies. If you think that they will create positive results, not unless you make an effort to understand it before actually using it in trading. Sometimes, the trading strategy that suits trader A might not suit trader B. Hence, and you can't assume that someone else's strategy will work for you. If you want to see yourself as a professional trader, in the long run, you must create the strategy that best works for you.

Most prefer using short-term trading strategies so that they can trade a lot in a short amount of time. When you day trade you wouldn't have to bear the

swap cost. Of course, as I mentioned before, the choice is in your hand. But it is always better to learn the concept.

Basically, short-term trading is when the trades are held open for a short time. There are chances for a position to remain open for a few days, but usually, it will be open for one day. However, most short-term traders believe that they don't have to handle risks when they are trading short-term. But, it is not true because the Forex market involves losses and risks. At a point in trading, you will face losses even if you don't want to. But, it doesn't mean that you will continue to make profits. If you plan accordingly, you'll be able to control risks.

Neither short-term nor long-term is risk-free because Forex involves risks. But compared to long-term trading, short-term trading has fewer risks, so that makes the traders consider it. Perhaps, beginners will not be confident in managing risks, so trading short-term is a good choice. But remember, what comes easy will not come without its own demand. Hence, short-term trading has a lot of requirements. You must be focused, composed, and calm when trading the Forex market using short-term strategies. Also, fundamental and technical analysis can be used in short-term trading.

However, do you think short-term trading is successful? Well, it depends on the number of profitable trades that you trade. When trading short-term, the speed and consistency count a lot. Even though the market is available 24 hours, it is tough to remain consistent in trading. The most common problem involved with Forex trading is delaying to close position even though it doesn't work as per requirements. But, why do traders do this? They think that the situation will improve and their expectation will come true. If you keep expecting changes, you are going to blow your account completely. Rather than closing positions, consider stop-loss placement so it might help to control losses while reducing risks. The stop-loss is an excellent choice to avoid risks and handle losses. Basically, a stop loss will close the position once it reaches the exchange rate.

Some traders prefer scalping, but remember you need to provide a lot of attention when you are utilizing it. But, just because it requires a lot of time, you shouldn't avoid this strategy because sometimes, it might work for you. Instead, you can try scalping on a demo account so that you will not lose

money, but you can check whether it works. Let me tell you, as a beginner, and you will benefit a lot when you utilize short-term trading. Plus, it is an excellent way to start your journey. You will learn a lot of things when you trade short term.

But remember, Forex trading is all about practical things. If you are planning to trade short-term, you must ensure to test it on a demo account because it is free and everything including loss is a demo. But the problem with the demo account is traders tend to consider the fact that it is free and trade without a limit. They forget that the demo account is a practice. When the traders forget that the demo account is a practice, they end up over-trading or trading without discipline. Hence, this is something to be remembered when testing your trading strategy on a demo account.

Also, remember, if you treat demo account like a practice account you will gain a lot of benefits. You'll be able to clear all your doubts related to trading. It is more like testing the water before swimming.

## Chapter 9: Trading Platforms

If there's something essentially needed to trade Forex, it is a trading platform! If you are assuming that trading is ideal for absolute beginners, I'd say yes, but you are not going to make millions overnight. If you look at Forex trading like gambling, you will not be able to become a profitable trader because greed will invade you. If you want to become a great trader, you must have skills and patience. Also, you must keep practicing trading as it helps to shape up your trading style into a better version. Once you do your homework, you'd feel as if you are good to go. But then, Forex trading knowledge can't be accumulated into a few pages or days. It is a continuous learning process. If you have just started with the basics of Forex trading, you have a lot more to learn. I have already discussed selecting the right broker, but remember when you are selecting a broker you must consider the demo account option. A beginner should have access to a user-friendly platform that can be easily handled when trading.

A beginner's journey is already complex, so when the trader doesn't select the right platform, the difficulties increase. When the trading platform is easy to understand, you will not have difficulties when trying out new strategies and techniques on the demo account. There are many reliable brokers that you can select when you are trading Forex, but the problem is finding the ideal broker. To earn extra income, Forex is a good choice. But it doesn't mean Forex can be traded as the main source of income. However, either main income or part-time income, you must find the ideal broker and an excellent platform to keep going in trading. Even though there are many good brokers, you must do your research to find the right one that offers the most straightforward trading platform. I know, you will encounter difficulties when selecting the right broker, so let me help you.

Before you settle for an ideal platform check whether the platform is reliable; it is one of the most crucial factors that you must consider when selecting a trading platform. You don't want to lose all the money that you collected, so make sure to find a platform that you can rely on. If you're going to deposit and withdraw your cash without facing any issues, the trading platform must

be reliable.

Another important factor is charges related to the platform. You must consider the charges because your profits will disappear even before you know it if the charges are high. Besides, you are just starting your journey so your income will not be massive. The smaller income that you gain must be protected, so for that, you must consider the charges related to the trading platform.

You must next consider the licensing factor of the Forex platforms. If the relevant authorities monitor the platform, they are unlikely to fool you. The trading platforms will work according to terms and conditions, so you don't have to worry when you are trading through it. But to find whether the platform is licensed, you must do some research even if it is tough. Along with these, you must consider the simplicity in the Forex trading platform, but due to the software used, eventually, almost all the trading platforms have become easier to handle. In the meantime, don't forget to consider the leverage, margin, and other requirements that generally should be considered when selecting a trading platform. Once you select the ideal platform, you will be able to trade in a hassle-free way. However, there's more to learn about Forex trading platforms. So, keep reading!

There are two types of platform, such as commercial and prop platforms. Before you pick any, you must ensure to understand the types in detail. Thus, prop platforms are designed by Forex brokers, and specialized companies develop commercial platforms. However, there are unique features for both the trading platforms. Even though the prop platforms are considerable, there are times when you might want to change the broker. But when you try to do it, you have to learn the new platform from scratch.

Basically, prop platforms are not suitable for naïve traders because you might have to struggle a lot to understand the sophisticated features. But, why do these trading platforms include complex features? Well, a Forex broker's main duty is not to create and manage trading platforms. Hence, they don't spend much time to introduce better trading tools and features to prop platforms. For example, if you consider Aplari or FXCM you might find it difficult to handle because brokers develop these. Beginners like you need a lot of time to get adjusted with the trading platform. But, I don't say trade

execution speed is terrible because it is excellent in prop platforms, yet beginners will have a tough time understanding this platform.

So, beginners like you can consider the platforms designed by professional companies. One of the most common trading software is Metatrader. This is a user-friendly and a high standard platform that you can consider even if you don't have experience. But if you are looking for a platform that includes broker feeds, then this is not going to help because the commercial platform has poor customization. These companies sell commercial platforms to Forex brokers so the benefits may be biased towards the broker, but not the trader. Yet, as beginners, you are not going to find anything better than commercial platforms because they are extremely user-friendly and flexible.

So that's about the types of platforms that you will come across. But, I'm pretty sure you'll have some doubts related to selecting the right trading platform. Hence, I'll solve some of the common questions below.

What to consider when selecting the right platform?

You already know this, yet let me provide a brief answer. As mentioned, you must consider reliability, trading conditions, licensing, charges, and user-friendly interface. But, before you make a decision, it is better to read some reviews about the platform so that you will make a solid decision.

Which Forex software will be ideal?

A technical trader must consider a comfortable charting platform. The platform that you have selected must have all the necessary tools. Only if you select the right trading platform will you be able to enjoy trading. A fundamental trader must consider the news and analysis factor and check whether it is accessible by the Forex software that the trader has selected.

Should you trust the platforms that provide exclusive offers?

You already know when something is too good to be true, we shouldn't rely on it. Just like that, if a platform is providing exclusive things that you cannot fathom, then you must think twice before considering that platform. If they are offering so much, they should have massive profits. If yes, then from where do they get so much profit? Instead of falling for exclusive offers, you can find a platform that is reliable and reasonable.

I hope these questions and answers cleared most doubts that you had about trading platforms. However, it is better to get some idea about the famous trading platforms. Let's get started!

### MetaTrader 5

Both MT4 and MT5 were introduced by one company some time back. The best thing about MetaTrader 5 is that you can use it to trade options and stock trading. Most traders who trade on the stock market along with the Forex market consider MT5 because it is simple and beneficial.

### MetaTrader 4

Currently, a higher percentage of traders use MetaTrader 4 to trade Forex. Even brokers recommend MT4 as the best trading platform. Yet, certain fund managers and professional traders don't prefer MT4. Beginners like you can benefit immensely from this platform because it is user-friendly. If you have selected the right broker who offers MT4, you will be able to enjoy comparatively cheap prices. Also, this is an old platform provided to Forex traders. You must also note that this platform has a great team to solve issues related to trading. But sadly, fund managers believe that trade execution is not as fast as they want.

### NinjaTrader

This is the oldest platform remaining in the industry. Even now, some traders prefer using this trading platform because it is easy to handle. Also, this platform has special features that can be enjoyed by traders.

### TradeStation

This is for fund managers and professional traders because this platform has speed and high-end technology required by professional traders and managers. This platform has some issues with the user-friendly option, but fund managers and professional traders don't worry about it.

Finally, you must understand that the trading platform is all about how comfortable you are with the platform. It should provide an easy path to enter and exit trades while providing the user-friendly feature. If you select the right platform, you will be able to make a solid trading decision. But, making profits will depend on your skill, so you can't entirely depend on the trading

platform. Of course, it is a supporting factor, but it is not a reason to make profits. If you want to reach success in trading, you must not think twice to get help from Forex mentors and professionals. Anyway, let me provide some insights into some other factors as well.

## Opening an Account

You must be excited about Forex trading. But, without learning the ways to open an account, how will you even trade? With online Forex trading, the excitement to trade Forex has increased immensely. However, to start trading Forex, you must find a broker, select a trading platform, and then open an account. But the part of opening an account is pretty easy. To open an account, you need certain things including name, email, address, contact number, account type, a password for the account, citizenship, date of birth, employment details, Tax ID, and a few more financial questions. The steps of opening an account will differ from one broker to another, yet the following are the general procedures to open an account:

You must provide all the required information as mentioned. Sometimes, you might have to fill the application with the details related to trading experience.

Select the broker and check for the suitable and available account.

After completing the application, register with your username, and then you'll receive the credentials to your Forex trading account. Now, you'll have access to the broker's client portal.

And then, transfer the deposit funds through any of the possible payment methods to your trading account. But remember, you might have to bear charges as per the payment method.

Once the funding procedure is complete, you can then trade Forex. But, your broker will provide necessary guidance and ideas before you enter into live trading.

Once you complete these procedures, you are good to begin your journey. But, are you wondering why you have to follow all these hectic rules and regulations? Well, Forex market wasn't filled with rules and regulations, but once the market allowed retail trading, the rules and regulations became

compulsory. If the market wasn't strict, it would be easy for the market participants to gamble on the market. The factor of reliability will become questionable. Also, you will not find brokers who don't require these details. On the other hand, if you find brokers who don't ask these questions, then you have to think about opening an account. But, I've already discussed finding the right broker, so you can find the right broker if you follow the steps that I mentioned.

Well, an important thing about opening an account is risk disclosure. As a beginner, you are likely to be mindless about this factor, but remember, this is very important. If you are not aware of this, you might end up losing all your hard-earned money. Hence, you must make sure to read and understand everything before making a decision. I want to tell all new traders not to risk the amount that you are afraid to lose. Once you risk more than you are comfortable with, you have a constant fear. And in case one of the trades becomes a loss you will be depressed and frustrated. You need to be emotionally fit to become a profitable trader in the Forex market.

### Making a Trade

Once you have opened an account, the next thing is making a trade. You must begin with your trading platform.

Before you look at the chart, decide the currency pair that you are planning to trade. And then, open the chart to find the timeframe.

Next, you must include indicators to your chart. You can decide the indicator as per your trading style. Indicators will make your decisions easier.

And then, place the order by considering the price moment. You can consider "go short" or "go long" by reading the market movements.

Next, consider the profit levels and stop loss placement. You can avoid this and trade manually, but if you don't want to fall into risks, you must consider this step. Through stop loss, you can avoid risks and limit your losses because it will stop your trade when the market moves against you.

And then, you have to wait until your order is confirmed. After the confirmation, you will receive the ticket number. This number should be used when you face any issues. You can reference this when you talk to your

broker about the order.

The step of waiting is the hardest of all. Usually, beginners don't move their eyes from the screen. Instead, they keep staring at the screen. But some traders leave the market to do its part and get away from the market. However, it is better if you have a proper risk-reward ratio.

Finally, if the trade moves as per your plan, you'll receive a profit. If not, you'll have to accept the loss.

Remember, you can't expect only profitable trades from the Forex market because it is impossible. Hence, you must prepare your mind to digest losses if you face any. It is better to be prepared, right? However, you'll do great in Forex trading if you plan accordingly but not without risk management. Most naïve traders fail to manage risks in trading so that they end up losing a lot. So, let me provide some ideas about risk management.

### Risk Management

In order to minimize the losses faced by the naïve traders, it is important to give enough importance to risk management. Each beginner must enter the market with some understanding of the risks management techniques. Most people enter the Forex market with the intention of making money. Of course, you can, and it should be the intention. But, there is a thin line between greed and passion. If your passion is to trade Forex and make money, then you'll achieve it. But if you are greedy to make money, then things will not work as you want. You already know that the Forex market is a constantly changing market, so you will not be able to remain in this market without proper risk management techniques. Anyway, here are some tips that will help you become better at risk management.

### Learn to accept losses

Think about your life. Have you never faced a loss? Obviously, you would have. In fact, some people fail in certain things that they are really good at. Thus, you must accept that even in Forex trading you will face losses and just because you face losses don't mean you will become a loser. Even the professional traders might have faced losses when they were amateurs. Sometimes, the best trade can become a failure. So, Forex is all about being persistent despite the losses and hardships. But, you can always minimize

losses by following the money and risk management.

### Understand position sizing

This is one of the important concepts that every trader must understand. If you fail to understand this, you will fail to manage risk successfully. Basically, position sizing emphasizes the capital amount that a trader must allocate for a certain trade. Your risk depends on the capital amount that you risk in trading. Both professionals and amateurs must know the importance of position sizing. There are different methods to calculate position size, so try to learn about it before entering into a trade.

### Learn to handle your risk

Of course, you have entered the Forex market with the intention of making money. But, it is not the only duty that you have when you are in the Forex market. You must become the one who controls your risks. It is vital for you to prepare yourself to face risks when you are trading. You must have the hawk-eyed vision about risks in trading. If you are clear about the risks in trading, you would be able to protect your capital.

### Greed isn't healthy

The amateur traders are the ones who have this issue. But, even the professionals would have been greedy about making money and then, learned their lessons for life. And that's why they have become professionals. Just like that, even the naïve traders must understand that greed isn't healthy. The way a professional trader reaches the market is a lot more different from the way a naïve trader reaches it. A professional trader is aware of the market and will not fall into the traps. But, a naïve trader doesn't have the experience in trading, so he or she is likely to make mistakes. Thus, if you want to keep your mistakes under control, you have to control your greed to make money. Of course, if you are consistent in trading, you can make money, so don't risk a huge amount and face losses.

### Get to know hedging techniques

Every naïve trader must learn hedging techniques before entering into the Forex market. If you master hedging techniques, you'll be able to protect your account from potential risks. One of the common techniques is

diversifying the portfolio so that your risks get diversified.

#### Focus on the correlation technique

If you select currency pairs with similar correlation, then mostly the movements of the currency pairs will be similar as well. Even if they are moving oppositely, it will happen at the same time. If you make this mistake, you must be ready to handle the doubled risks in trading. Of course, if you have traded successfully, your profits will be multiplied too. But, as beginners, you must make sure to stay in the safe zone. To avoid this problem, you must learn the currency correlations.

#### Keep leverage in control

Leverage is beneficial until you treat it like a benefit. If you overuse it, you'll have to get through with the consequences. Basically, Forex leverage helps you to trade positions that are more than your deposit. Definitely, this helps to increase profits. Yet, you'll have to manage risks equally. Most naïve traders get attracted to leverage, and they end up trading more than their potential. But, if you overuse leverage, you will not be able to go a long way in trading. Hence, you must understand that a moderate level of leverage is good for trading. And, this will help you control risks in trading.

#### Benefit from Stop-Loss

You can manage loss by placing stop-loss. This advance action will protect the trader from facing higher risks. Once you place stop-loss, you don't have to worry about making a huge loss because the stop-loss placement will do the needful thing. Even if the price doesn't move in the right direction, you will not be earning a further loss. If you cut losses short, you'll be able to utilize that money for some better trades.

I hope you'll utilize these tips to manage risks in trading. Only if you manage trading risks will you be able to become successful in trading!

## Chapter 10: Common Trading Mistakes

Everyone enters the Forex market with the intention of making money. But, not everyone gets to reach the goal of making money. Some traders reach the intermediate level and fail. And some others leave the market right after entering it. But, some traders still persist in trading the Forex market despite the difficulties and risks. What do you think about those traders? Well, the ones who persisted in the market might have had clear intentions of becoming successful in trading. And the ones who failed to remain in the market would have had the thought of making money. But remember, when you set a goal you must have pure intentions in succeeding at it. You must not look at the profits alone. Instead, you must think about success as well.

But there's something I didn't point out above. Yes, trading mistakes. Most naïve traders who leave the market halfway make a lot of trading mistakes. Indeed, Forex is a profit making market, so even a tiny mistake can lead to severe failures. Hence, just like other markets in the financial industry, you must follow a few guidelines to trade Forex successfully. But, unfortunately, beginners don't have the patience to study the guidelines before entering the market. Anyway, I have concluded a list of common trading mistakes made by Forex traders. If you understand the mistakes, you'll be able to avoid making them in the future. As I mentioned earlier, Forex is all about self-learning. So, let's start!

### Analysis paralysis

In the Forex market, there are so many opportunities as well as threats. As there are plenty of threats, you must prepare yourself to handle threats successfully. However, most Forex variables distract traders when they are trying to think straight about trading. If you want to find the right strategy, you must overcome all these problems. But, this can be tough for beginners. Anyway, you still have to find a good strategy to trade the market. So, even after finding a good strategy, how can a trader face the analysis-paralysis problem? Yes, it is still possible. Most naïve traders assume that they must look for more because more is considered better. But, in trading, more is never a good thing. Do you think that spending the whole day in front of the

screen will help? Well, it will not help. In fact, it will lead to further confusion. You might come across numerous indicators, and it may give the idea that your current decision is false. And, that makes you emotionally weak, so this is when you fall into the problem of analysis-paralysis. The solution is to stay away from the market if you have entered into a trade. The more you watch the market, the more you get confused.

### Overtrading

Most beginners don't get to go a long way in trading because they overtrade. This may sound like something simple, but it is not! Trading way too much will lead towards losses. And there is no counter argument on this. The interesting yet sad fact is that naïve traders make great profits in demo accounts, but when they trade live accounts, they trade terribly worse. But, you must understand why this kind of behavior is present in beginners. Basically, when a trader trades the demo account, he or she doesn't become emotional. The reason is that the trader knows the demo account isn't real and even the money is fake. But, remember, if you don't practice, you will not trade well in a live account. The underlying reason for overtrading is emotion. The traders get attached to the market emotionally, and they overtrade as if they will not end up blowing their account. You can actually control overtrading. But for that, you must have a defined plan that you adhere to. To be said simply, instead of trading you are gambling! Instead of trading like a reckless gambler, you must develop a calm and realistic approach to trade the market. Of course, if you have been overtrading for some time, it will be difficult to stop at once. But, for now, you must not trade the live account, instead consider demo trading. Take some time to understand overtrading and the effects of it. Once you understand, you will not make a mistake again.

### Risk and money management

Another mistake made by Forex traders is not managing risk and money when trading the market. If you want to achieve success in trading, risk management is important. The simple definition of risk management is controlling the risk to the level that you can handle. The beginners often follow this denial concept. They deny the fact that they may lose any trade at any time. They believe all the ads and fabricated stories about quick money

in trading. Hence, they don't give enough attention to risk and money management. Just think, how reasonable it is to risk more than the amount that you can handle losing? Sounds insane, right? But, this is one of the most common mistakes. A single trade can wipe your account completely if you don't control the risk. If you don't manage risks, you are going to lose everything. If you are dreaming about profits, it is a good sign because you are motivated to make profits. But, if you are dreaming ONLY about profits, then it is not a good sign. You must think about losses as well. You must find the risk ratio that you can afford to lose. Most professional traders and Forex mentors recommend 2% risk, but still, the decision is in your hand. You must decide the ratio that you are comfortable with.

### Improper or no trading plan

Not having a plan or having an improper plan both fall into the same category. Having an improper plan is more like having no plan. So there is not much difference. This is also another mistake made by naïve traders. Most naïve traders assume that they can create a plan later but that later never comes. Besides, you must have a plan when you enter the Forex market because, without a plan, it is tough to enter into or exit a trade. A plan makes you stick to your goals. When you don't have a plan, you tend to make decisions emotionally. You will pick some random trading strategy, and you will use any approach to enter into a trade. Plus, you will exit a trade without considering any important factor. Thus, if you have a plan, you'll plan your trade execution. Before selecting a trading strategy, you'll shortlist some of the strategies. And you'll have an exit plan. Likewise, you'll be trading like a professional. Of course, even professionals must have a plan. But more than a professional, a naïve trader must have a plan to keep things organized. It is crucial to have a written plan that acts like a roadmap. Honestly, there are numerous benefits that you gain from trading with a plan. If you don't believe it, you can test it on a demo account. Typically, when you do something without a plan, your vision will be absurd. Thus, a plan keeps your vision clear. You will know when to exit a losing trade and when to extend a profitable trade. So, it is all about having an effective trading plan!

### Trading or gambling

Trading and gambling are two different things. But, due to greed, the

difference between trading and gambling have become something that is hard to define. Of course, beginners have the urge to enter into the market. But once they enter, they don't think about ethics and morals. Instead, they develop a gambling mindset. They start trading as if they have been practicing trading. Well, you must not enter the live trading account if you have not mastered your trading strategy, techniques, or approaches. The way to differentiate yourself from a gambler is to practice trading. You must start with a demo account. Remember, you must not trade the demo account for the sake of trading. Instead, you must trade it for a certain period until you become comfortable with Forex trading. But then, some traders will not have real emotions when trading the demo account. Hence, it can be tough to manage emotions while trading the demo account. So for this, you must try your best to keep your emotions real while trading the demo account. Only if you keep your emotions real will you be able to manage to live trade successfully.

### Ignoring stop-loss

There can be times when you are confident about the profit targets. But, it is always better to focus on stop-loss placement. You already know that Forex is a volatile market where things can change in seconds. There can be certain events that will change the currency values in a short time. These events will have a huge impact on your trading decision. Hence, stop-loss will protect your account from facing losses. Thus, even if you are a professional trader, you must not ignore stop-loss placement.

### Avoiding news releases

You must understand that news releases have a huge impact on the Forex market. Certain economic factors will create changes in the currency pairs. Thus, even if you are not a news trader, you must keep an eye on the news releases because it will affect the currency value. If you avoid news releases, you might make huge mistakes, so it is better to keep yourself updated about the news releases.

### Increasing trading positions

Some naïve traders are overconfident, so they believe that their trading targets 100% profitable. So, even if their anticipation doesn't go in the right

direction, they still believe that the trade is going in the right direction. And they simply add more positions with the hope of a price reversal. If you make this mistake, you'll be increasing the losses created. If it's an open position, you must never add more positions to it because it will become a chaotic situation. So, don't add more positions to trade if you are not experienced enough to understand it.

### Currency correlations

Forex traders believe that they can earn more profits if they take more than one day trade. Of course, you can make good money, but on the other hand, losses will be doubled. When you trade multiple trades, you will also be dealing with currency correlation. When the currency correlations have a similar setup, both losses and profits can occur. If you are handling with currency correlation, you must remember that you are dealing with risks.

### Revenge is not sweet

If you are a naïve trader, losses can be tough for you. But that doesn't mean professional traders are happy about losses. Even the professional traders don't prefer earning losses, but they don't take revenge from the market. On the other hand, naïve traders take revenge. The revenge trading will not do any good to you because you will end up facing losses. However, to avoid all these you must accept the fact that losses are possible in trading. You can't run away from losses. But, you can always limit losses. Hence, instead of revenging the market you can focus on improving your trading style.

### Lack of knowledge

Actually, I should have added this mistake to the top of the list. When you don't have the Forex knowledge, you are likely to move towards losses and failures. To enter into profitable trades, you must keep improving your trading skills. If you aim to become a skilled trader, you must keep feeding Forex knowledge. Try to learn new trading techniques, methods, approaches, blogs, and educational books about Forex trading. You must only enter the Forex market after understanding the whole market. Most naïve traders don't make an effort to learn the market, so they lack the Forex knowledge. If you are assuming that trading strategy will help you to support trading, you've got it wrong!

Along with the trading strategy, you must have all the other important knowledge to trade Forex successfully. But remember, the knowledge that is not practiced is worthless. Hence, you must practice demo trading with the knowledge that you have acquired through learning.

### Improper trading goals

I know, money is important. But if you begin your trading journey with the ONLY aim of making money, it will be the same reason why your journey will end. If you want to become a profitable trader, you must set proper trading goals. If you stop aiming for money alone, you will be able to improve your trading path as well as the account. When you run after money without thinking about anything else, you might break Forex rules and trade without a limit. Maybe you might earn a few good trades initially, but in the long run, you will not be able to create a successful trading path.

### Selecting the wrong broker

Most naïve traders don't select the right broker because their complete attention is on making money. They don't think about the ways to make money. Only if you find a good Forex broker will you be able to manage your trading account successfully. Also, your success begins when you find a good trader and deposit your capital on the trading account. If your account isn't managed successfully, you will end up losing your money. Hence, you must allocate time to find the right broker. You can use the tips that I have mentioned already.

### Not knowing the purpose

For some naïve traders, Forex trading is an entertainment. They find out about Forex trading in an ad, and they think it will be fun to trade Forex. So they just enter into the Forex market. But, this is not the purpose of Forex trading. If you are entering the Forex market, it is important to know for what purpose you are entering the market. Your purpose will decide your level of commitment, attitude, and the goal. Thus, set your purpose wisely to make money from trading. You must be consistent in trading if you want to see yourself as a successful trader.

### Being greedy

The beginners are usually greedy to make more money in trading. In fact, greed is the main factor that makes traders fall into traps. Most beginners enter the Forex market with the wrong intention, and they assume they can become rich quickly. When you become greedy, you will begin to chase unrealistic goals. Of course, you can set goals, but it should be realistic. Only if you set the right goals, you'll be able to overcome mistakes. So for that, you must avoid being greedy to make more money.

### Not understanding Forex psychology

You must understand that Forex psychology has a lot to do with Forex trading. In fact, it is one of the major parts of trading. Some traders fail to trade the Forex market successfully because they don't understand Forex psychology. Most Forex mistakes can be avoided if traders understand Forex psychology. But, naïve traders don't even consider Forex psychology as a part of the trading journey. I'll be discussing more Forex psychology in following chapters so you'll understand better.

It is not easy to learn the mistakes and to correct them when you are trading Forex. But, you are lucky because you are warned about the mistake beforehand. So when you are trading, you'll not make most of these mistakes. Studying and learning the market will always be beneficial so you don't have to think that learning the mistakes is a waste of time. Let me tell you, even if you learn these mistakes over and over, you will still make certain mistakes. But, remember to correct them to become a noteworthy trader.

## **Chapter 11: Advantages of Forex trading**

Your understanding of Forex wouldn't have been apparent when you started reading this eBook. But by now, you'll have a clear picture of the Forex market. Of course, learning Forex from a single book is not a possible thing to do. But, from this eBook, you might have gathered the basic knowledge about trading Forex. However, there are naïve traders who still don't consider learning as an important part of trading. This is why there are books, articles, and blogs written by considering the naïve traders. Even this book demands the attention of the naïve brokers. I have done my research, and I know the mistakes made by naïve traders so that it's better to share the idea with others. So, beginners like you must make sure to learn the market before entering into it. I know it can be overwhelming when you think about learning Forex because you might have entered the market with interest in earning money. But only if you learn the market will you be able to make money and become successful. Anyway, so far we have discussed mistakes in Forex trading, ways to trade Forex, and much more. But, now let's learn the benefits of trading the Forex market.

The Forex market is a great benefit to the economy. And for the traders, it is one of the best methods to make money. Besides, unlike before Forex trading is not complex or hard to trade. Nowadays, anybody can trade from anywhere because everything is available online. You can easily open an account and get into trading. Even though the Forex market is uncertain, people don't run away from it. Still, naïve traders keep coming towards the market because of the benefits offered by it. Anybody can trade Forex because no qualification is required. You just have to learn the basics, and you are good to go. But, remember, to earn via Forex trading you must know the Forex trading system so educating yourself with the knowledge of Forex trading is crucial. However, to begin your Forex trading journey, you don't need a lot of capital. If you have a small amount of capital, you can start trading. And this is the beauty of trading Forex. Yet, before you begin trading, you must understand the advantages of trading the Forex market. First of all, remember, even the Forex market has its own cons, so you don't imagine it

as a market full of bliss. I have already mentioned a few disadvantages in previous chapters. If you are looking for a market that doesn't have con factors, you will never find any because every market has its own negative side. If you are planning to become a Forex trader, you must be ready to take up challenges and risks. So now, let's learn the advantages of Forex trading.

#### It is a 24-Hours market

You might have come across many markets in the financial industry. But, have you come across a market that is accessible 24-hours a day? But, if you consider the Forex market, you will be able to trade anytime you want because it is open for 24-hours. This is a worldwide market, so it is obvious why it will be open. The market gives access in on a Sunday in Australia and closes on Friday in New York. Thus, the Forex market doesn't cease, so traders are always welcome to trade the market. If you are willing to trade part-time, this is a great opportunity for you because you will be able to trade any time you want.

#### A highly liquid market

By now, you would have figured out the term liquidity. Anyway, liquidity means how quick an asset can be turned into cash. So, when you look at the Forex market, you will understand that it is highly liquid. Also, this is a great benefit because you can easily enter into trades and make money with a few clicks. As someone from the other end of the market will be looking forward to trade, you'll never run out of chances. Like mentioned earlier, if you don't like manual trade setup, you can set limit order or stop-loss to react automatically. However, this highly liquid market will benefit you immensely.

#### The costs are lower

Unlike other markets, you don't have to bear a lot of costs because costs are lower in Forex trading. The major cost that you will deal in Forex trading is spread. However, the spread is not a huge cost when compared to other markets' costs in the industry. But, remember, when you use a long-term trading strategy, you might have to bear swap cost as well. However, the costs related to Forex trading is lower.

#### The Leverage

You have already come across leverage. Anyway, it is better to understand the benefit of leverage. As beginners, you must get a clear view of every important factor in the market. So, leverage is offered by brokers, so that gives you the opportunity to trade above your deposit. Basically, you'll be able to control larger trades even if you have a smaller amount in your account. With the help of leverage, you will be able to make more profits and keep risks under control. Even though leverage looks like a great benefit, it is actually risky at a certain point. If you don't utilize risk management concept, you will end up overleveraging and losing your account. Thus, you must make sure to handle leverage carefully and correctly. It will not take long for a benefit to turn into a loss.

### Profit potential

When you consider currency trading, you must see the apparent benefits in it. For example, even if the value of a currency pair increase or decreases, you are benefitted if you trade vigilantly. You can consider the options to go long or go short as per the market movement. Hence, this market has profit potential. As a beginner, you must remember to focus on the learning process if you want to enjoy this potential profit benefit. Most naïve traders enter into the market and gamble because they don't know how to trade Forex. But, if you want to become successful, you must make an effort to understand the market.

### No fixed position size or commissions

The best things about the Forex market are immense. However, I have shortlisted a few. So, if you are in the Forex market, you get to decide the position size which is not possible in the futures market. Hence, you can start trading even with a small trading account. Also, Forex trading doesn't involve an exchange fee, clearing fee, brokerage fee, or government fee. But, you must bear the spread cost that is paid to the Forex traders for obtaining their service.

### A decentralized market

As you are aware, the Forex market is a massive market, and nobody can control it. Each day a large number of participants enter the market so not a single entity can control it. Thus, the Forex market is a decentralized market

that cannot be controlled by anyone. So, eventually, you become your boss when you trade Forex.

### Easy entry

If you want to enter the Forex market, you can do it. You don't need a huge capital and many qualifications to enter into Forex trading. When you compare other markets in the financial industry, you will not find any other markets that accept lower capital. However, when you are opening an account with an online broker, you might have met their minimum deposit amount, and roughly, it is as little as \$25. But, I'm not recommending to open a trading account with \$25. Instead, I'm explaining the easy entry that Forex offers to its traders. Due to this factor, the Forex market has become an accessible market.

### Free demo account

Almost all the Forex brokers provide demo trading opportunity when you sign up with them. Actually, this demo trading account option is a great tool for newcomers as well as professionals. For beginners, the demo account is like a practice account. They can use it to test new strategies, techniques, and skills. In fact, you don't have to trade the real trading account when you are trading for the first time. Instead, you can trade the demo account because it will not cost money and you can practice as much as you want. On the other hand, professional traders can try newly developed techniques and methods on the demo account before trying them out on the live account so that they don't have to lose their hard-earned money.

### Complete control

Well, you have control over the things that you do. Nobody can force you to take up a trade or to leave a trade because the decision is solely yours. You will not find a single person controlling you which is freedom. Thus, when you are trading Forex as a full-time career, you get to enjoy the privilege of being your own boss. But remember, when you are deciding to trade full-time ensure that you have completely understood the market. Also, make sure to save some money, so if full-time trading doesn't work, you have a backup plan. But, full-time trading has worked for many. So, if you want it to work for you, it is important to have a defined, long-term plan.

## Market transparency

The large Forex market doesn't hide its information, and rather it is transparent. The general public can access the information to make a trading decision. But remember, the transparency of the Forex market isn't easy to understand. Thus you must do your homework. You must make an effort to understand the market information because it is not easy to interpret.

## Variety of opportunities

You already know that the market has an abundance of opportunities. Just because people enter the market every day doesn't mean that opportunities will be diminished. Businesspeople, traders, brokers, exporters, importers, and even the government of a country benefit from Forex trading. The traders are provided with numerous choices to benefit from the market, but traders should never forget the risks associated with every opportunity.

## Personality development

If you think Forex only focuses on success and money, you've not understood Forex. The Forex market makes a trader into a better individual. For example, when a trader makes a profit, his or her confidence level increases. Due to this confidence, the trader will try to trade better the next time. But, it is important to keep emotions under control when you are handling both profits and losses. If you become confident, it is a good thing. But, what if you become overconfident? It will be dangerous. However, not only confidence, but also there are many things like self-discipline, patience, dedication, control, and practice that improves through trading. Hence, these factors improve the personality of a trader.

That's all about the advantages of Forex trading. Unlike other markets and businesses, Forex trading advantages don't limit to income and money-related benefits. Instead, it reaches to an extra level to make the trader a better person. In fact, many characteristics of professional traders must be followed by every individual to become a better person. Thus, Forex trading is not only an income-generating method but also a learning process.

## **Chapter 12: Psychology of Forex trading**

Psychology and trading, most people might think that these factors don't relate to one another. Well, it very well does. As I mentioned earlier, most trading mistakes occur because the traders don't understand the importance of trading psychology. However, most traders don't trade successfully, mainly because of emotional problems. Especially, naïve traders don't handle emotions well, so they don't remain in the market for long. But, it is not something good which is why educating naïve traders is important. Even before they enter the market, it is important to spend the time to learn the market. However, the most common issue with trading is fear. But, fear is commonly seen when the trader moves into the live trading account. But, initially, the temptation is often found in naïve traders. When they enter the market, they enter with the thought of trading as much as possible to make money. Hence, this thought will not let them achieve what they actually should achieve. Therefore, when a trader is tempted to trade, he or she may trade even without analyzing or anticipating the trades.

However, as mentioned fear can also create a lot of issues in a trader's journey. Many traders give up trading completely because of fear. But, the fight or flight reaction is a human thing, that is commonly seen in traders. But actually, this reaction cannot be changed that easily, but of course, traders can handle this reaction wisely. If you study trading psychology, things will become simpler when trading the Forex market. Anyway, when you fear to trade, it will impact your trading behaviors negatively. Most of the time, you will look for a safer method to trade and, perhaps, it is not possible to find safer trading methods in the Forex market.

As you already know, the Forex market involves a lot of risks, so as traders, you must learn to handle them carefully. For example, when you enter into a trade, your instincts point out the chances of losing and you will eventually exit from the trade, and it might have been a profitable trade. So see, your mind has a direct connection to the way you trade.

Even if you have a defined plan, you can still steer away from trading because the power of psychology is immense. You might even become anxious and consider short-term positions because you are afraid to enter into long-term positions even if they seem profitable. Well, yes, fear, greed, and all the other emotions can cause a lot of problems to your trading journey. Hence, you must understand trading psychology. If you do, you will be able to assist those emotions wisely and handle trading successfully. Normally, if you overcome fear, it will be beneficial to your trading journey as well as life.

Typically, traders don't fear the market when they are preparing to enter into a trade, but when the market opens, their emotions play the role. As humans, you can never get rid of emotions because it is a part of humankind. But, you can always learn the methods to control your emotions when excitement is a dangerous emotion when trading the Forex market. When you are excited, you might make mistakes when entering a trade or anticipating market movements. Thus, when you are trading, you have to try to keep your emotions neutral.

Most traders succumb to accept that they are making trading mistakes that are related to psychology. But normally, when people can't accept, denial is the first reaction. Over time, they tend to accept the truth. Just like that, even the naïve traders will learn to accept the truth. However, Forex trading is not only about trading system and strategies. You must accept that mindset is an important part of Forex trading. The way you anticipate the Forex market has a lot to do with trading. Also, only if you understand the trades will you be able to enter into it. Thus, a trader's mindset has a lot to do with trading.

If you look at certain websites that advertise robotic trading systems, you might find trading psychology as an absurd thing. But, remember, those trading systems will not provide benefits as they portray. Nothing is as best as trading manually. You must use your knowledge and skills to trade the market; only then will you be able to trade successfully. Also, those websites are doing their duty to market their product, and if you rely on them and purchase it, you might have to pay them for using their product. Hence, when you come across something like this, make sure to think logically. As a beginner, you must try to settle for a simple yet effective strategy, so that you will be able to trade peacefully.

Anyway, why do you think most naïve traders struggle to make money? You might have seen many people who fail in trading the Forex market. Well, there are many reasons why traders fail, but the major reason is the ones who enter the Forex market don't really know the market. A higher percentage of traders enter into the Forex market by believing the fabricated ads. And it makes them set unrealistic goals. Eventually, they struggle to meet those unrealistic goals and end up quitting trading. But the worst part is that there are traders who quit their day job after they enter the Forex market. Well, it is not a wise move because they must test to check whether trading works for them. Or some other traders believe trading is easy money and no matter how many times I repeat it, some people still believe it is possible. These thoughts create tension and stress, so eventually, the trader becomes emotionally unstable. Thus, when traders trade with an emotionally unstable mindset, they lose money.

So, how can a trader develop a trading mindset? If you want to develop a trading mindset, you need to do your part. It is important to put the required effort to accomplish what you are looking for. Well, you can't build a trading mindset that quickly because you have to learn and accept the Forex market as it is. If you try to deny facts about the Forex market, you will not be able to create a trading mindset.

You must start developing your trading mindset by handling the risks in trading. First of all, understand that risk management isn't for one trade, preferably it is applicable for all the trades that you enter into. You must make sure to calculate the risk for each trade before you enter into it. When you are managing risks, certain emotions might try to confuse you, but you must not let it happen. Once you start handling your emotions wisely, you will be able to manage trades also. However, the simplest way to control emotion when managing risks is to risk **ONLY** the amount that you can lose. You must create a mindset that enters into a trade while knowing the probability of losing trade. If you follow this, you will be able to remain in the trading world for a long time. But, it takes practice and patience to create a trading mindset that accepts losses. Also, you must master your trading edge. No matter what trading strategy you are using, you must know it completely to trade successfully.

And, remember, overtrading will never create profits. Instead, overtrading will blow all your hard-earned money. You must trade only when you actually see a profit signal. Don't try to trade just because you feel like trading. Or don't try to guess trade because that doesn't work in Forex trading. If you overtrade, it can be challenging to stop, and you'll become an emotional trader.

If you want to build a trading mindset, you must have an organized mindset. So, basically, when you have an organized mindset, you will think about the trading plan, journal, and much more. You must accept the fact that Forex trading is a business. Hence, don't try to gamble in the market. When you are making trading decisions, you must remain calm and steady; only then will you be able to think clearly.

But then, after you build a trading mindset, you must not let emotions play their role. However, the most common emotions that you must avoid are:

#### Euphoria

You might argue that euphoria is good, yes, it is good. But when it is related to the Forex market, it becomes dangerous. For example, if a trader wins a few profitable trades, he or she might become confident when trading the next trade. Well, it is good to feel confident when entering the next trade, but feeling overly confident is not a good thing. When traders become overly confident, they don't watch or study the market as they did before. The consecutive profitable trades should not get into your mind and increase the level of confidence. When trading Forex if you are overconfident, you will not be able to accept the loss if the trade doesn't react the way you wanted. Hence, it is better to remain calm even if you make profits continuously.

#### Fear

Most traders who enter the market with no knowledge about trading tend to fear the market. Also, some traders might fear because they cannot effectively trade using any specific strategy. However, usually, when a trader continuously experiences losses, he or she may tend to fear to trade. Perhaps, it is understandable because losing hard-earned money isn't easy. But, you can avoid the mistake of risking more than the amount that you are comfortable with. Most naïve traders don't follow this rule even if we keep

repeating it. If fear persists, you will not be able to trade better trades or become successful. It has the power to keep you away from good trades as well. Hence, try to overcome fear by limiting the amount you risk in trading. For the naïve traders, start your journey on a demo account without directly entering the live account. If you do so, you'll be able to learn to control emotions.

## Greed

You might have heard that people say only bulls and bears make money, but pigs get slaughtered. If you don't understand what it means, it means greed. If you are greedy, you will not be able to make money in the market. Instead, you will be kicked out of the market. Mostly, traders become greedy when they don't have self-discipline. Most traders make quick decisions when the market shows profitable trade signals, but it is not recommended. Instead, you must be calm and collected. Take some time to understand the market, focus on the risk ratio, set a plan, and then enter into the trade. Also, remember, if you are risking more than what you are ready to lose, it apparently shows your level of greed to make money. Thus, you must overcome greed if you don't want to lose your account.

## Revenge

This is one of the funny behaviors of traders because what is the point in revenging the market? For the Forex market, you are just one amongst the millions, and it doesn't make sense. However, if you are trying to revenge trade just because you lost a few trades, remember, this might lead to further losses. When you are emotional, you will not be able to make wise decisions. Hence, you must wait for some time until your mind is stable and ready to trade.

So, when learning the psychology of trading, you might find it exciting. But, success can decide when you take these things into practice. You don't have to try these tips and ideas on the live account, instead use the demo account. The Forex market is one of the best markets because it has provided solutions for almost all the issues. So, as traders, if you solve your personal trading issues, you will be able to become a successful trader. But how to succeed in trading? Let's find out in the next chapter!



skilled! Plus, if you don't understand the importance of learning, you will not be able to begin trading. Like already said, self-learning is the key to successful trading. If you want to learn Forex, you have plenty of sources online. In a digital world like this, finding learning sources is not a big deal.

As a beginner, you will find it hard to focus on learning without directly trading the market. But, once you start learning, you will feel good about learning the market without directly trading because you need to know how to trade the Forex market. When you learn, you must put them into practice on a demo account. As it is free of charge, you don't have to worry about using it for too many times. Even through demo trading, you will be able to analyze your performances. But, for that, you must trade the demo account without considering it as a demo account. You must look at it as if it is your live trading account. Once you do follow this technique, you'll be able to apply everything that you learn on a demo account and test. Plus, this practice session will be effective as you are considering the demo account like the live account.

Basically, Forex is accessible, educational, and profitable. Of course, no trader can accuse that there are no opportunities because there are plenty of opportunities. Like for everything else in this world, even the Forex market has negative factors. One of the negative factors is risks. Yes, the market is highly risky, so naïve traders tend to fail as soon as they enter into the market. But, risks in the Forex market is not the only reason for their failure, rather their negligence too. Nowadays, naïve traders don't enter the market with a proper goal. They aim to make millions overnight which is impossible because Forex isn't a casino. In the beginning, the learning procedures may seem difficult, but over time, you will understand, and you will get through the process of learning the Forex market. Also, remember, if you learn Forex successfully you will be able to trade successfully.

Before you enter the Forex market, you must set goals that you can achieve. Don't try to set goals that are absurd, for example, becoming rich in a month. Of course, some traders set such goals because they have not understood the market properly. Anyway, quantifiable goals will take you a long way in trading. The goal that you set must be simple to understand and value. You must also focus on the goals that can be attained in the long run. It is much

better to set monthly, weekly, and yearly goals so that you will stay on track throughout your Forex trading journey.

Once you have determined the goal, you must then focus on the methods to achieve it. For example, you can consider the capital amount, the amount you are willing to risk, the trading strategy that you are going to use, and much more. If you have a proper idea on what you are going to do, you can then create a defined trading plan. Your plan should have everything including the trading strategy that you are going to utilize in trading. Also, don't forget to have your trading journal. So with that, you can enter into the Forex market and trade. But that's not all, let me share some tips to succeed in your Forex trading journey.

Don't ignore the money management concept

If a trader wants to succeed in trading, this is one of the concepts he or she should never ignore. Through hedging or Stops, your account will be protected from facing a loss. Hence, you must use the Stops when it is necessary. If you don't want to face losses and if you don't want to blow your account, you must make sure to focus on the risk-reward ratio, stop-losses, and many other factors that relate to the money management concept. Even if you select the best trading strategy, you will not be able to make a profit if you don't utilize risk and money management concepts perfectly.

If you want to trade, just start

Most newcomers have the habit of delaying, and maybe it is because they are afraid of the market. But, for how long can they shy away from the market? Hence, you must understand one thing, if you can do something today, just do it. To become successful, you must do it today because procrastination is not safe. If you have learned to trade, now it is time to trade the demo account, so don't delay it, do it today! Success begins today, right now!

Keep practicing

Some people say it is better to keep practicing, even if we are good at it because it will sharpen the skill even better. Similarly, in trading, you must have the demo account throughout your trading journey. Even if you become a professional, you might need it when you find some new strategies. However, as a beginner, you must keep practicing until you are confident to

trade the live account. As you have the demo account, you don't have to worry about anything.

### Know your trading limit

As a naïve trader, you must never try to invest a huge amount in a trade because you don't have the experience in trading the market. Hence, try to begin small when you are starting your trading journey on the live account. It is not a must to invest a huge amount if you want to make a profit, because even a smaller investment will return a profit. When you begin small, you will have less risk to handle. It is better to begin trading without involving many risks so that you can control your emotions.

### Focus on single currency pair

This is an unpredictable market, so some traders find it complicated. To become a successful trader, you might have to do a lot of things. However, one of the most important thing that you must do is to trade a single currency pair. You can find the pairs that you are comfortable with so that you will not have to face trading issues. When selecting the currency pairs, try to select the ones that are mostly traded, so it is easy for you.

### Let the risk rate remain the same

When you gain a few good trades, you may feel as if you can now increase the rate. But, don't do it. Of course, when you succeed your level of confidence increases, but you must not make quick decisions. In fact, most traders have lost just because of this confidence. Hence, you must not increase the risk rate just because of a few successful trades. You must remember this tip if you want to succeed in trading.

### Maintain patience

Most naïve traders lose their patience when trading. But, it is reasonable because they are losing their hard-earned money. But then again, the Forex market doesn't force you to trade the live account. Instead, it offers the demo account. Hence, it is your mistake if you are directly trading the live account. And some other traders want to trade the market every day, but do you think it is practical? Will it benefit? Can you earn a profit if you trade daily? Well, you must have the patience to wait until there is a profitable signal because, if

not, you might end up overtrading. Definitely, through patience, you can trade Forex successfully.

### Be consistent

This is one of the important factors that you must remember. Before you begin live trading, you must have some understanding of the trade execution. You must have a trading method. It is important to gather the information needed to make a proper decision. You can use fundamental or technical analyses, but what matters is consistency. You must be consistent in trading with the trading method that you have selected.

### Become discipline

If a trader is not disciplined, it is impossible to expect other things like a trading plan, trading journal, and many other factors. Only through discipline, all these factors shape up. The beginners will have difficulties in maintaining trade discipline because they don't have experience. So for that, the beginners must spend a day analyzing and watching the charts without entering into any trades. Even if the trader witnesses a highly profitable trade, he or she shouldn't enter into it. You must be able to remain calm. You must be a disciplined individual if you want to become a disciplined trader. Only a disciplined trader can become a professional trader.

### Appreciate yourself

You might be trading a few profitable trades, and there can be some losses as well. But you must not worry about the losses made because losses are unavoidable in Forex trading. Instead, you must allocate time to understand the reasons for the losses. And then, as you have made some profitable trades you have the right to celebrate, so treat yourself for the profits. Make sure to note down the trading strategy and techniques used in those trades as well.

### Don't try harder.

Usually, professional traders will not try harder to find the right trade that they should enter into. If you can understand the market and if you can read the charts, the profit signals will be visible when you look at the charts. You have to try hard to find the right trading opportunity, but you should never try harder because when you try harder, you don't find the right trading signals.

Instead, you somehow convince your mind to accept a certain trade signal as profitable. And then, if you enter into that trade by accepting that trade signal, you will not be making a profit most probably. Hence, it is better to try, but you shouldn't try harder when you are in the Forex market.

Don't do it for the money

You must not trade for the money, then, for what else should you trade? Actually, you must not use the Forex market today to settle your payments tomorrow. Meaning, you must not solely rely on the Forex trading income until you become a well-versed trader. Also, you should not quit your day job until you master trading successfully. However, most naïve traders don't listen to this advice and end up without both trading and their day job. Hence, it is not something recommended. You must, of course, trade for money, but don't treat it like the main income until you become a professional trader.

So, there we go with a list of things to do to succeed in Forex trading. Remember, Forex trading is related to the way you think and the way you handle. Your thoughts must be clear, and your mindset must be stable if you want to become a successful trader in the Forex market. Therefore, make sure to keep yourself up-to-date with Forex knowledge.

## Conclusion

Nobody is a born trader, so you don't have to worry if you can't make it on the first attempt. Besides, every professional trader once was a beginner who was struggling to win! You are in the stage of trying, so give your best to get things done correctly. If you are planning to trade, but you don't spend time learning, then I don't think it will work. If you want to make money from trading, you must do your part!

Generally, the failures faced by naïve Forex traders are just like the mistakes made by traders of other asset classes. However, certain mistakes happen repeatedly because of negligence. So, as a beginner, it is your responsibility to decide that you are not going to make such silly mistakes that'll cost your account.

If you research the stories of successful traders, most of them might share the same story. The most successful trader would have started their journey without knowing the market. And this is why successful traders try to promote Forex education to the ones who are entering the market. However, most people who enter the Forex market have the assumption that this market is a money-generator. To make things clear, let me tell you. There is a thin line between Forex trading and gambling, and you must understand the difference if your goal is to become a successful trader down the line!

Meanwhile, you must understand time management, money management, risk management and much more. Only then will you be able to get a clear understanding of the market. Also, you shouldn't forget the importance of trading psychology because it is one of the main tools that help you trade successfully. Nevertheless, I have already discussed a lot about Forex trading. I guess they are more than enough to place the basement for trading perfectly! Once you have a solid basement, the rest of the journey will become simpler, but not easy!

“If you get it easily, you wouldn't know the value” (anonymous)

Anyway, I hope *Forex Trading: A Comprehensive Beginner's Guide to Learn The Realms of Forex Trading from A-Z* is an incredible guide to kick-start

your journey!

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