Forex Trading Guidebook

Forex Trading Guidebook....1
Forex Trading Tips....3
Forex Market Terms Explained....7
Forex Investing - The 10 am Rule and How It Works....9
How Forex Trading Is Very Much Like Stock Trading....10
Forex Is Not A Four Letter Word....11
Is Forex Too Good To Be True?....13
9 Common Forex Trading Orders - Use Them To Protect Profit And Prevent Loss....15
The Best Forex Trading Indicator - A Must Try Strategy....17
The 8 Hidden Dangers of Forex Trading Revealed....18
Standard Deviation - Why it's So Important for Forex Traders....20
The Best Time To Trade The Forex Market....22
Forex Fundamental Analysis Tutorial....24
Forex Mechanical System Trading....26
Forex Scalping Methods....28
Forex Pivot Points - What is the Forex Pivot Points?....30
Why A Forex Trading Loss Should Be A Good Friend....31
Forex Trading - Counter-trend Trading....33
How to Make Consistent Profits Trading Forex....34
A Forex Strategy for Winning 25 Percent on Your Money Weekly....35
Hedge Trading On The Forex Currency Market....36
Forex Trading - Is the Forex Market Random?....38
Average Gains From Forex Trading....39
Make Money Forex Trading by Utilizing Volatility....40
Forex Trader Training - 2 Misunderstood Aspects Forex Trading....42
The Forex Platform Trading Top 3 Forex Scams....44
Which Forex Charts Should You Be Using?....45
Forex Trading Tool - The Three Trendline Strategy....47
Forex Mistakes - 6 Common Errors That Destroy Equity....50
Factors That Impact the Forex Market....52
Forex Price Movement - Learn How This Important Factor Works or Lose....53
Forex beginners: Learn about risk in Forex trading....55
Forex Market Timing - You Don't Need to Be Accurate To Make Huge Gains....57
Forex Trading Strategy - Essential Indicators Six of the Best....59
Forex Chart Tutorial – Triangles....61
Forex Trading - 4 Skills That Could Make You Huge Profits....62
Forex Trading - How To Minimize Risk....64
Forex Trading Hours....65
Forex Trading Basics - 10 Losing Character Traits That Will Wipe Out Your Equity!...66
Elliot Wave Trading Explained....68
4 Types Of Technical Indicator You Need When Trading Forex....70

Things to Consider Before You Learn Forex Trading..72
Make Money On Forex Trading - 7 Tips To Succeed..73
Forex Signal..74
Forex Day Trading Secrets - The Biggest Secret of ALL!..75
Forex Trading Tip - 2 Simple Powerful Ways to Increase Your Profits..........................77
Forex Day Trading - The Major Critical Mistake That Make Day Traders Lose!............79
7 Advantages Of Trading Forex..81
9 Common Forex Trading Orders - Use them To Protect Profit And Prevent Loss..........83
How To Prepare Yourself To Succeed In Forex Trading...85
Making Money From Forex Market - Understand Its History To Predict The Future!.....86
The Top Four Forex Brokers 93
Automatic Forex Trading Systems - How Can They Help You To Make More Money?.94
FOREX 101: Make Money with Currency Trading...95
Forex Scalping - How to Find a Winning Forex Scalping System...................................99

Forex Trading Tips

Why do hundreds of thousands online traders and investors trade the forex market every day, and how do they make money doing it?

This two-part report clearly and simply details essential tips on how to avoid typical pitfalls and start making more money in your forex trading.

1. **Trade pairs, not currencies -** Like any relationship, you have to know both sides. Success or failure in forex trading depends upon being right about both currencies and how they impact one another, not just one.
2. **Knowledge is Power -** When starting out trading forex online, it is essential that you understand the basics of this market if you want to make the most of your investments.

   The main forex influencer is global news and events. For example, say an ECB statement is released on European interest rates which typically will cause a flurry of activity. Most newcomers react violently to news like this and close their positions and subsequently miss out on some of the best trading opportunities by waiting until the market calms down. The potential in the forex market is in the volatility, not in its tranquility.

3. **Unambitious trading -** Many new traders will place very tight orders in order to take very small profits. This is not a sustainable approach because although you may be profitable in the short run (if you are lucky), you risk losing in the longer term as you have to recover the difference between the bid and the ask price before you can make any profit and this is much more difficult when you make small trades than when you make larger ones.
4. **Over-cautious trading -** Like the trader who tries to take small incremental profits all the time, the trader who places tight stop losses with a retail forex broker is doomed. As we stated above, you have to give your position a fair chance to demonstrate its ability to produce. If you don't place reasonable stop losses that allow your trade to do so, you will always end up undercutting yourself and losing a small piece of your deposit with every trade.
5. **Independence -** If you are new to forex, you will either decide to trade your own money or to have a broker trade it for you. So far, so good. But your risk of losing increases exponentially if you either of these two things:

   Interfere with what your broker is doing on your behalf (as his strategy might require a long gestation period);

Seek advice from too many sources - multiple input will only result in multiple losses. Take a position, ride with it and then analyse the outcome - by yourself, for yourself.

6. **Tiny margins -** Margin trading is one of the biggest advantages in trading forex as it allows you to trade amounts far larger than the total of your deposits. However, it can also be dangerous to novice traders as it can appeal to the greed factor that destroys many forex traders. The best guideline is to increase your leverage in line with your experience and success.
7. **No strategy -** The aim of making money is not a trading strategy. A strategy is your map for how you plan to make money. Your strategy details the approach you are going to take, which currencies you are going to trade and how you will manage your risk. Without a strategy, you may become one of the 90% of new traders that lose their money.
8. **Trading Off-Peak Hours -** Professional FX traders, option traders, and hedge funds posses a huge advantage over small retail traders during off-peak hours (between 2200 CET and 1000 CET) as they can hedge their positions and move them around when there is far small trade volume is going through (meaning their risk is smaller). The best advice for trading during off peak hours is simple - don't.
9. **The only way is up/down -** When the market is on its way up, the market is on its way up. When the market is going down, the market is going down. That's it. There are many systems which analyse past trends, but none that can accurately predict the future. But if you acknowledge to yourself that all that is happening at any time is that the market is simply moving, you'll be amazed at how hard it is to blame anyone else.
10. **Trade on the news -** Most of the really big market moves occur around news time. Trading volume is high and the moves are significant; this means there is no better time to trade than when news is released. This is when the big players adjust their positions and prices change resulting in a serious currency flow.
11. **Exiting Trades -** If you place a trade and it's not working out for you, get out. Don't compound your mistake by staying in and hoping for a reversal. If you're in a winning trade, don't talk yourself out of the position because you're bored or want to relieve stress; stress is a natural part of trading; get used to it.
12. **Don't trade too short-term -** If you are aiming to make less than 20 points profit, don't undertake the trade. The spread you are trading on will make the odds against you far too high.
13. **Don't be smart -** The most successful traders I know keep their trading simple. They don't analyse all day or research historical trends and track web logs and their results are excellent.
14. **Tops and Bottoms -** There are no real "bargains" in trading foreign exchange. Trade in the direction the price is going in and you're results will be almost guaranteed to improve.

15. **Ignoring the technicals-** Understanding whether the market is over-extended long or short is a key indicator of price action. Spikes occur in the market when it is moving all one way.
16. **Emotional Trading -** Without that all-important strategy, you're trades essentially are thoughts only and thoughts are emotions and a very poor foundation for trading. When most of us are upset and emotional, we don't tend to make the wisest decisions. Don't let your emotions sway you.
17. **Confidence -** Confidence comes from successful trading. If you lose money early in your trading career it's very difficult to regain it; the trick is not to go off half-cocked; learn the business before you trade. Remember, knowledge is power.

The second and final part of this report clearly and simply details more essential tips on how to avoid the pitfalls and start making more money in your forex trading.

1. **Take it like a man -** If you decide to ride a loss, you are simply displaying stupidity and cowardice. It takes guts to accept your loss and wait for tomorrow to try again. Sticking to a bad position ruins lots of traders - permanently. Try to remember that the market often behaves illogically, so don't get commit to any one trade; it's just a trade. One good trade will not make you a trading success; it's ongoing regular performance over months and years that makes a good trader.
2. **Focus -** Fantasising about possible profits and then "spending" them before you have realised them is no good. Focus on your current position(s) and place reasonable stop losses at the time you do the trade. Then sit back and enjoy the ride - you have no real control from now on, the market will do what it wants to do.
3. **Don't trust demos -** Demo trading often causes new traders to learn bad habits. These bad habits, which can be very dangerous in the long run, come about because you are playing with virtual money. Once you know how your broker's system works, start trading small amounts and only take the risk you can afford to win or lose.
4. **Stick to the strategy -** When you make money on a well thought-out strategic trade, don't go and lose half of it next time on a fancy; stick to your strategy and invest profits on the next trade that matches your long-term goals.
5. **Trade today -** Most successful day traders are highly focused on what's happening in the short-term, not what may happen over the next month. If you're trading with 40 to 60-point stops focus on what's happening today as the market will probably move too quickly to consider the long-term future. However, the long-term trends are not unimportant; they will not always help you though if you're trading intraday.
6. **The clues are in the details -** The bottom line on your account balance doesn't tell the whole story. Consider individual trade details; analyse your losses and the telling losing streaks. Generally, traders that make money without suffering significant daily losses have the best chance of sustaining positive performance in the long term.

7. **Simulated Results** - Be very careful and wary about infamous "black box" systems. These so-called trading signal systems do not often explain exactly how the trade signals they generate are produced. Typically, these systems only show their track record of extraordinary results - historical results. Successfully predicting future trade scenarios is altogether more complex. The high-speed algorithmic capabilities of these systems provide significant retrospective trading systems, not ones which will help you trade effectively in the future.
8. **Get to know one cross at a time** - Each currency pair is unique, and has a unique way of moving in the marketplace. The forces which cause the pair to move up and down are individual to each cross, so study them and learn from your experience and apply your learning to one cross at a time.
9. **Risk Reward** - If you put a 20 point stop and a 50 point profit your chances of winning are probably about 1-3 against you. In fact, given the spread you're trading on, it's more likely to be 1-4. Play the odds the market gives you.
10. **Trading for Wrong Reasons** - Don't trade if you are bored, unsure or reacting on a whim. The reason that you are bored in the first place is probably because there is no trade to make in the first place. If you are unsure, it's probably because you can't see the trade to make, so don't make one.
11. **Zen Trading-** Even when you have taken a position in the markets, you should try and think as you would if you hadn't taken one. This level of detachment is essential if you want to retain your clarity of mind and avoid succumbing to emotional impulses and therefore increasing the likelihood of incurring losses. To achieve this, you need to cultivate a calm and relaxed outlook. Trade in brief periods of no more than a few hours at a time and accept that once the trade has been made, it's out of your hands.
12. **Determination -** Once you have decided to place a trade, stick to it and let it run its course. This means that if your stop loss is close to being triggered, let it trigger. If you move your stop midway through a trade's life, you are more than likely to suffer worse moves against you. Your determination must be show itself when you acknowledge that you got it wrong, so get out.
13. **Short-term Moving Average Crossovers** - This is one of the most dangerous trade scenarios for non professional traders. When the short-term moving average crosses the longer-term moving average it only means that the average price in the short run is equal to the average price in the longer run. This is neither a bullish nor bearish indication, so don't fall into the trap of believing it is one.
14. **Stochastic** - Another dangerous scenario. When it first signals an exhausted condition that's when the big spike in the "exhausted" currency cross tends to occur. My advice is to buy on the first sign of an overbought cross and then sell on the first sign of an oversold one. This approach means that you'll be with the trend and have successfully identified a positive move that still has some way to go. So if percentage K and percentage D are both crossing 80, then buy! (This is the same on sell side, where you sell at 20).

15. **One cross is all that counts -** EURUSD seems to be trading higher, so you buy GBPUSD because it appears not to have moved yet. This is dangerous. Focus on one cross at a time - if EURUSD looks good to you, then just buy EURUSD.
16. **Wrong Broker** - A lot of FOREX brokers are in business only to make money from yours. Read forums, blogs and chats around the net to get an unbiased opinion before you choose your broker.
17. **Too bullish -** Trading statistics show that 90% of most traders will fail at some point. Being too bullish about your trading aptitude can be fatal to your long-term success. You can always learn more about trading the markets, even if you are currently successful in your trades. Stay modest, and keep your eyes open for new ideas and bad habits you might be falling in to.
18. **Interpret forex news yourself -** Learn to read the source documents of forex news and events - don't rely on the interpretations of news media or others.

Forex Market Terms Explained

Many people who start to trade the Forex market, do so without really knowing what everything means. You need to know all the facts before doing anything, get to know the system, memorize symbols and terms for later use. Here is a list of some of the terms that a successful trader will need to know.

Arbitrage - Profiting from the differences in the price of a currency pair that is trade against another pair.

Ask/Ask Price - Price at which a currency pair is offered for sale; the quoted price at which a trader can buy a currency pair.

Bear Market - An long period of general price decline in an individual currency, asset or market.

Bid - The price at which a trader can place an order to buy a currency pair.

Broker - An agent who 'executes' orders to buy and sell currencies for a commission or on a spread.

Bull Market - A market with a consistent upward trend.

Central Bank - A bank administered by a national government, which regulates the behavior of financial institutions within its borders.

Commission - The fee that a broker may charge traders for dealing on their behalf.

Currency Pair - The two currencies in a foreign exchange transaction. The"EUR/USD" for example.

Day Trading - A type of trading style where trades are opened and closed during the same day.

Federal Reserve (FED) - The Central Bank of the United States.

Hedge - A Transaction that reduces the risk on an existing investment position.

Long Position - In the forex market, when a currency pair is bought, the primary currency is the "long" pair and the second is the "short".

Margin Call - A call for additional funds in an account because the amount of money in an account has fallen below a required minimum.

Open Position - Any position, long or short, that is subject to market movements and has not been closed out.

Pip - The smallest amount of change in a foreign currency price, up or down.

Rate - Price at which a currency can be bought or sold against another currency.

Slippage - Its the experience of not getting filled at your expected price when you place a market order or stop loss. This can happen because either

Spot Market - A market where people buy and sell actual financial currencies.

Spread - The pip difference between the bid and ask price of a currency pair.

Stop Loss - Order to buy or sell when a given price is reached.

Tick - The smallest possible change in price, up or down.

Forex Investing - The 10 am Rule and How It Works

Sometimes it`s wise not to be the early bird when investing in forex, instead wait and see what the day will bring before you take action. The 10 A.M. rule is a great example of this concept, and is an example that protects your capital. Let`s say you want to buy a forex stock, for whatever reason; a trend play, or a market rally that you think a currently hot sector will participate in. You know that a great time to buy would be on a gap down, but the market is in rally mode and instead of gapping down, the forex stock gaps up. But buying the gap up is a bad trade. Now what do you do?

You use the 10 A.M. rule, and wait until after 10 A.M. for the right forex stock investing time to buy the stock. If the forex stock makes a new high for the day after 10 A.M., then, and only then, should you trade the stock. Of course, you will use stops to protect yourself, like you would on any trade.

Anyone who`s followed the market knows that a forex stock will often gap up early in the morning, only to suddenly sell off and reverse into negative territory. By following the 10 A.M. rule, you avoid the risk of this sudden reversal. If the forex stock does make it to a new high after 10 A.M., there is still trader interest in the forex stock, and it stands a good chance of gaining momentum and heading even higher.

Here is an example of the 10 A.M. rule on a gap up: A forex stock closes the day at $145. After hours, the company announces a two for one forex stock split. The next morning the forex stocks gaps up to open at $161. It trades as high as $166 before 10 A.M. For two hours after 10 A.M. it trades lower and doesn`t reach $166. At 2 P.M., it hits $166.50. The forex stock is now safe to buy, using the 10 A.M. rule.

Using a version of the 10 A.M. rule, you could watch for a hot sector to appear in the morning and follow the forex stocks in the sector that are up for the day. If the forex stocks are still making new highs at midday, they stand a good chance of finishing the day near their ultimate highs for the day, and could be good trading opportunities. This also applies in a down market and to stocks in forex that gap down, opening at prices lower than where they closed the previous day. In this situation, you should not short a forex stock that has gapped down unless and until it makes a new low for the day after 10 A.M.

Using the 10 A.M. rule ensures that you will never end up chasing and buying a forex stock when your chances of making a profitable trade are low. Remember, trading is all about probabilities. The more forex stock investing trades you make with a high probability of success, the more successful you will be. The 10 A.M. rule is a valuable addition to your trading plan, giving you a straightforward way to avoid making costly mistakes and to increase your number of profitable stock investing trades in forex.

How Forex Trading Is Very Much Like Stock Trading

The Internet has made it possible for anyone who is interested, owns a computer and Internet connection, to take up Forex trading successfully, especially if they are willing to invest the necessary time for proper Forex training. Because of this, Forex trading has turned into some craze of sorts with many ill equipped people jumping at it and making nauseating losses.

Traders from all over the world are watching the international money market, especially the dollar movement or trend on their computers, just as is the case with the stock market in which a day trader monitors stock movements on the Dow Jones.

Both the stock market and the foreign exchange markets are based on buying on account of weakness while selling on account strength. So a trader will readily purchase a week dollar and hold onto it, to be sold when the dollar regains its buying power. This is what obtains at the stock exchanges all over the world, brokers buying weak stocks for sell when such stocks appreciate in price. In a nutshell whether it is stock or foreign currencies, the dictum is "buy low, sell high" by pairing two currencies; say the British pound and the American dollar.

However, Forex trading is not an easy road to wealth. In fact, many people have met their ruin in this business, but that is because they did not learn well enough to do things right. In whatever business, knowledge of the rudiments is what will save you from making losses. If you know about stock trading, that same way you should look at Forex trading.

Forex Is Not A Four Letter Word

You have traded currencies before and like ninety percent of people who have traded forex you lost money. Quickly. Or you had profits and rode them into losses. For you Forex became a four letter word.

Is there a way to make money trading currencies? How do the big banks and hedge funds do it? While there are no guarantees, there are a number of things you can do that will increase your chances of becoming a winning Forex trader.

It is not an easy path to success. Some stories of overnight riches are true but they come with years of preparation and a great deal of tolerance for risk taking.

First you need to decide if you are going to be a fundamental trader, a technical trader or a combination of both. If you choose the former you must pay close attention to the markets. You cannot wake up in the morning,place an order to buy or sell and expect to make money. You must do your research. You should have some working knowledge of the fundamentals of major countries. That is you need to know both long and short levels of interest rates, GDP and growth potential, inflation and of course a the employment situation of a country.

If the charts are what you fancy you should take a course and read a couple of books on technical analysis.Then decide which area is right for you. Will you be a long term breakout trader or will you follow pivot points. Will Fibonacci be your thing or will you stick to RSIs.

Once you have that down you must examine your financials. How much of your net worth are are you willing to risk.What is the maximum amount of money you can lose and not impair your lifestyle. It is probably a good idea to open a demo account with an online broker. That way you can practice entering the various types of orders. You can see in real time how much profit or loss you would have and you can adjust your style accordingly. You need to become proficient in stop orders, limit and market orders so when the real thing comes you will not be nervous or anxious. You can think about one thing only. Trading.

Next work on controlling your emotions. This is a huge factor in Forex trading. It is much different trading real money than some demo account. I have seen it happen too many times where people lose their cool and turn profits into losses. Or much worse,losses into bigger losses. You are not going to make money on every trade. That is just the way it is. But if you keep your emotions in check and are disciplined in setting your stop levels, and sticking to them, you give yourself a much better chance of success.

Finally, risk control is the key to your trading career. Making the right decisions on how much to risk on a currency or how large of a position you should carry is of paramount importance in Forex. This way you can stay in the game so that when the big move comes you can catch it. And then Forex will no longer be a four letter word. It will be a five letter word. Profit.

Is Forex Too Good To Be True?

The foreign exchange market accounts for about 1.8 trillion dollars in trading a day. Only individual investors do a very small part of this. Banks, Corporations and Governments do most of the trading. The retail Forex market, a market aimed at the individual investor, has only been around since the mid 1990s. This article will look at the retail forex market, as well as describe the risks that individual investors may face in the forex market.

Forex currencies are traded in pairs; one currency is contrasted with another. For example, the British pound and the American dollar. The stronger currency at the time goes first in the listing scheme. In this case it would listed as GBP/USD. When you invest in this particular pair, you would be anticipating that either the British pound would become stronger than the U.S. dollar and go up, or the alternative; that the GBP would become weaker than the USD and go down.

Risk and your particular risk tolerance are both factors to consider when deciding to enter the forex market. The risk in forex arises from two sources. The first is that as in any other market, no one knows what will happen in the future.

The two major approaches to predicting the possible moves of the forex market are Fundamental and Technical analysis. Fundamental analysis is based on issues like the state of a country's economy, it's government fiscal policy and it's political stability. Technical analysis is based on past movement of the market and the likely hood of those movements repeating themselves.

The second source of risk in the forex market is the availability of leverage to a degree that is not seen in any other markets. Although leverage of 1:100 or 1:200 is normal, there are brokers offering 1:400 leverage. With this kind of leverage, sizable profits are possible if you predict the market's movements correctly and large losses if you're wrong.

What your broker will likely do is to allow you to risk only part of your account. Stops will be placed in the opposing direction to the direction that you expect the currency to go in, at the point where your account will cover the losses if the market goes the other way. This way if you're wrong, your gamble will be covered by your account. Of course it will probably use up your entire account.

Some people might advise taking positions going in both directions, however this undermines the idea of trying to learn to predict the likely moves of the market. Furthermore, if the forex market swings up and then down, one position may not necessarily cancel out the other. Your account may be wiped out anyway. Generally speaking, the more positions you take, the greater the risk.

So how do you manage risk in forex trading? Some advisors suggest setting stops in the opposite direction that you're betting the market will go in. These stops will hopefully close out your trade before the market wipes out your entire account. Stops can also be used to capture and hold profits if the market is going up and down again, assuming that you've chosen up as your prediction. Other advisors add the caution that placing stops too close can limit profits when the market does go strongly in the direction you want it to go in.

Another way of managing risk is to risk money that you can afford to lose. If you're using your rent money, then don't invest in forex. Yet another useful concept is money management. Money management is based on the idea that you will lose sometimes and if you control the amount that you invest in each position, you will be able to weather the storm of losses. To make money management work, both fear and greed need to be kept in check.

For the individual whose temperament will allow them to tolerate ups and downs in the market, forex may be a worthwhile opportunity. Just remember to manage your risk and your money. That way, you'll be around to trade long after others have walked away.

9 Common Forex Trading Orders - Use Them To Protect Profit And Prevent Loss

When trading forex, there are several order types that the retail trader can place in the market place to protect themselves from adverse market conditions and to capitalize on opportunities that the market often provide. We will start with the basic orders that should be available in any trading platform. For beginners, you should keep to the simple types until you get comfortable with your trading platform. Never force yourself to take any trade for the sake of playing with order types.

It can be said that all orders in the market place boils down to Buy or Sell orders. Remember that when trading currency pairs you are selling one currency and simultaneously buying another. Here are some of the common order types:

(1) Buy Order - Place this order when you anticipate that the market will rise. Often, you have to provide some parameters with your buy order. For instance, do you want to buy the currency pair at the price it is currently trading at, or do you have a particular price in mind? What if your order cannot be filled at the price you are specifying, what price range is comfortable to you? This is called slippage. For example, the GBP/USD is trading at 2.0190 and you anticipate that it will go up higher; you can place a buy order to buy at 2.0190. However, there is no guarantee that you will get in at that price, many brokers will require that you specify a slippage. Continuing with our example, suppose, you are comfortable buying as low as 2.0185 or at most at 2.0195, then you would specify a slippage of 5 pips. This is for your protection. Suppose just before your order becomes active, their is a news event, that makes GBP/USD to drop down 50 pips, are you still willing to buy? - maybe the trend has now changed downwards, your answer may be no. In addition, you must specify the time range when the order will be active. Your buy entry price should be dictated by your trading strategy or system.

(2) Sell Order - Place this order when you anticipate that the market will fall. Sell order have the same kinds of parameters we discussed under Buy Order.

(3) Market Order - You want to get in or out of the market at the current prevailing price. Execution is typically guaranteed, but price is not. A market order ensures that you will get into or out of the market.

(4) Limit Order - An instruction to execute an order if a market moves to a more favorable level (i.e. an instruction to buy if a market goes down to a specified level or to sell if a market goes up to a specified level. Execution is typically not guaranteed. Your broker will use their "best efforts" to get your order filled. This order can be used to enter or exit a position.

(5) Stop Order - An instruction to execute an order if a market moves to a less favorable level (i.e. an instruction to buy if a market goes down to a specified level, or to sell if a market goes up to a specified level. A Stop Order is often placed to put a cap on the potential loss on an existing position; which is why Stop Orders are sometimes called Stop-loss Orders. Never trade without placing a Stop-loss order. A trade you think has all the right ingredient for success may turn into a fat loss right before your eyes. Always protect yourself so that you can be alive to trade another day.

(6) Trailing Stop Order - A trailing stop order is similar to Stop Loss order. The only difference is that you are already in profit and you want to protect your profit. Trailing Stop Order then allows you to configure your stop order to continue to follow the price movement in real-time by specifying the distance in pips you would like your stop to move. For example, you have a long USD/JPY position, which you bought at 111.50 and you set a Stop Order to sell USD/JPY at 111.10, in case USD/JPY starts to fall. This Stop Order will close your position with a 40-pip loss if USD/JPY drops to 111.10. However, suppose USD/JPY moved up to 111.90. You can move your Stop Order to sell at 111.70 which will luck in a profit of 20 pips for you in case USD/JPY were to stop its upward movement.

(7) Good till Canceled Order (GTC) - As mentioned earlier, when you place an Order, you must specify for how long the Order is to be valid. The GTC Order is a very common type of Order; it remains valid, 24 hours a day, until you cancel it, or it is executed. It is the trader's responsibility, not the dealers, to remember there is an open order.

(8) Day Orders - Day Orders are good until 23:00 CET time.

(9) Order Cancels Order (OCO) - Also known as One Cancels Other. After entering the market, a limit order to protect profits, and a stop-loss order to limit losses can be placed. When either the limit or the stop order is executed, it will cancel the other order automatically. For example, you sold EUR/USD at 1.2290, looking for a short-term move to 1.2260. However you decide that if EUR/USD moves above 1.2310 you want to cut your loss, therefore you put on a Limit Order to buy EUR/USD at 1.2260, and a Stop Order to buy EUR/USD at 1.2310 on an OCO basis. This order will close your position with a 30-pip profit if Limit Order is reached first or with a 20-pip loss if Stop Order is reached first. Once one of the orders is executed, the second order is automatically cancelled.

There are other types of Orders available to traders. However, keeping your trading simple is perhaps one of the best secrets of success in forex trading. Making money is what matters, not how complex your order structure is. A rule of thumb is that if you do not understand what the order you are placing really mean, do not place it. It can hurt you really badly.

The Best Forex Trading Indicator - A Must Try Strategy

Most Forex traders would agree that currency trading can be very difficult at times and earning consistent winnings are hard to come by for most. As a result, I have attempted to provide an easy to follow but extremely useful Forex trading strategy. The Relative Strength indicator (RSI) is a very helpful tool in the Forex trader's arsenal. This oscillator is usually used on the basis of 14-day, 9-day and 25-days. Let's take a look at the best way to use the RSI and how this forex trading indicator can make you consistent winnings.

With regards to the Forex market, the Relative Strength Indicator shows the forex market activity in terms of if it is over bought or over sold. The RSI provides the Forex trader with an indication in terms of the direction the Forex market is moving. One of the great advantages of this indicator is that it is a leading indicator and as a result this indicator shows forex traders what the market is going to do, allowing traders to act accordingly.

It is important to remember that the greater the RSI number, the greater resulting over bought market there is. Of course the opposite is true: The smalle4 the RSI number, the more over sold it is.

So how does this really help us on the Forex market? It is an exceptional tool when looking for micro reversals as well as macro reversals in the Forex market.

Here is a really helpful tip: Try applying the Relative Strength Indicator on the one minute chart with an eighteen period. This should give you a real nice entry signal and you can also apply this to a five minute chart as well. remember that the most critical numbers as far as entry is concerned are twenty-five and seventy-five.

The 8 Hidden Dangers of Forex Trading Revealed

When I first got into forex trading 5 years ago, I was just like any other newbie. I had messed with stock market day trading a little and was attracted to the market because of its high yield potential. I had heard stories of many folks making 50% per month ROI and of course, like any other person looking to make money, I thought that this would be a perfect option to build cash quick. Of course, I was aware of the risks but I didn't take into account all the hidden dangers of forex trading. I didn't realize that forex trading has its own set of rules and that if you don't understand them, then you could easily suffer a margin call.

The 8 Hidden Dangers of Forex Trading

1. **Not Using a Stop/Loss Point for every trade**- This sounds like it should be a no-brainer, especially if you are using high leverage. Just because you think that the market will do something doesn't necessarily mean that it will. The market can swing very quickly in a direction and if you are on the losing side of the stick, you can quickly watch as your account gets wiped out. In some events, like trading the news, a stop/loss point can be extremely critical as alot of trading platforms will actually *slow* making it hard for you to cancel trades. A stop/loss point will help you buffer some of the losses, should you be wrong.
2. **Not placing the stop/loss point in the right position**- It is not enough to have a stop/loss point in place. You have to know about where to put it so that if the market whip saws, your position isn't closed automatically. A lot of traders accuse the powers to be of messing with this and actually causing whip saws to happen to knock out these positions. The amount of leverage really comes into play here. If you can't afford to place a stop/loss in the 25+ pips range, then you should reduce your leverage to make it happen. I can't say how often I have seen my position get closed because my stop loss point was set too low only to watch it rise past the number and into the areas I thought it would rise.
3. **Not readjusting the stop/loss point once profit is realized**- It is great when you are in profit. It is not so great to watch as your profit starts to shift back down to its original point and you wind up losing pips to the spread. Once you realize profit, readjust your stop/loss points so you can make something.
4. **Not understanding "trends"**- If you have never read the dow theories, you should. Basically all good trader's know that you should ride trends until there is evidence that the trend has changed directions. Going against trends is a lot like going against the current. If you are going against the trend, it is likely that you are fighting the momentum of the direction the market is headed.
5. **Not closing out your position during the event of major forex news**- I know a lot of traders that trade the news exclusively. This is good but you have to understand that news about forex can create major swings in the market and spark "minor trends". In other words, the market may be going up and you may be in

profit and then some major forex news comes out, essentially wiping out your profits. Worse yet, you don't have a stop/loss in place and you really lose....

6. **Not checking other time frames to accurately predict the market** - I am not about to go into my spill as to how much I hate intra day trading and the shorter time frames. However, many beginner forex traders will naturally be inclined to trade in 5, 10 or 15 minute time frames. Why? Well, I guess because profits and losses can be realized more quickly and there is a sense of achievement and immediate fulfillment when you are trading within shorter time frames. However, most of these people don't take into account the secondary trends happening with the daily and weekly charts. If you are not analyzing multiple time frames, then you will be left scratching your head when the market moves against you. Once again, it all boils down to understanding the dow theory and how it moves. If you get a clear understanding of trends then you won't fall into this pitfall.
7. **Not understanding how Trader's Remorse works**- You are analyzing the charts. You have your support and resistance numbers set and one of the currencies you are watching suddenly breaks the barrier of support. You immediately jump into the trade, betting that the market is going to go up. It does....for a second...only to fall back to it's original support/resistance line. What just happened? You have just been bitten by something called trader's remorse, a point where a breakout is tested and loses. I am not going to go into trader's remorse other than to tell you that it happens and accounts for a ton of losses.
8. **Not implementing a risk/reward plan**- I am going to say this once. Not all trades are created equal. Some trades are better than others and if you can only make the trades that have a high chance of profitability, you would be better served betting in the casinos on the roulette wheel. You can easily develop a risk/reward plan by understanding that the market traditionally will pull back or rally to certain percentages, otherwise known as Fibonacci numbers.

Of course, there are more hidden dangers to forex trading but if you stay disciplined to these basic tenets, you have a better chance of making profit. Forex trading is not a game for those that think they can profit quickly although you can. It is all about understanding the fundamentals of trading and how to piece them together to make your trades more profitable. Understand certain forex fundamentals and you will be leap years ahead of most traders.

Standard Deviation - Why it's So Important for Forex Traders

Standard deviation is a concept all Forex traders should understand as part of their Forex education. In fact if you don't understand it and know how to factor it into your trading strategy you are unlikely to win long term. Let's look at it.

Standard deviation is logical, easy to understand and will help you time entries better and define targets for trades, as well as spotting important trend reversals.

It's a simple and powerful concept and all forex traders should know how it works and how to take advantage of it.

The real problem that traders have to overcome when trading forex is overcoming volatile price moves that can stop them out to soon or with losses – if you learn how to deal with standard deviation, you will enter with better risk reward and get stopped out less often.

What is standard deviation?

Standard deviation is a statistical term that refers to and shows the volatility of price in any currency. In essence standard deviation measures how widely values are dispersed from the mean or average.

Dispersion is effectively the difference between the actual closing value price and the average value or mean closing price.

The larger the difference between the closing prices from the average price, the higher the standard deviation and volatility of the currency is. On the other hand - the closer the closing prices are to the average mean price, the lower the standard deviation or volatility of the currency is.

Technical Calculation

Here is the technical bit don't worry if you find it a little complicated we will simplify things in a minute – here is the calculation:

Standard deviation the square root of the variance, and the average of the squared deviations from the mean.

High Standard Deviation is present when the price of the currency studied is changing volatile and has large daily ranges. On the other hand, low Standard Deviation values take places when currencies are range trading or in consolidation i.e. when prices are more stable and less volatile.

Spotting Big Contrary trades

Major tops and bottoms and important trend changes are accompanied by high volatility as prices reflect the psychology of the participants and greed and fear push prices away from the fundamentals.

If you look at any forex chart you will see price spikes caused by human emotion and they are not sustainable and prices tend to return to more realistic levels after periods of high volatility – you will often here the term blow off top or bottom where prices make one last volatile surge and reverse.

3 Important Ways to Use Standard Deviation

So how can you incorporate standard deviation in your forex trading? The answer is it is useful for:

1. Picking important market tops or bottoms i.e look for highly volatile prices that have spiked to far from the mean.

2. Targeting entries within trends - if for example, prices spike away from the mean to far, they will fall back to the average eventually. If the trend is strong you can target entry at the mean price.

3. If prices are trading in a narrow range and suddenly high standard deviation pushes prices away from the mean, you can trade with the break.

If you want an easy tool to apply to help you apply standard deviation in your trading - looking no further than the Bollinger band. Most major chart services plot it and its easy to use – we don't have time to explain it all here so see our other articles.

The Real Enemy for Traders

Is not picking trend direction, it's entering with the best risk reward and dealing with volatility if you have understanding of standard deviation you will be able to deal with the enemy of volatility, harness and control it, and use it to achieve currency trading success.

The Best Time To Trade The Forex Market

The one thing that marks a forex market is its dynamic nature. Here fortunes change in seconds and minutes. If taken positively, this feature also allows a trader to enter the market many times in a single day and garner some profit for himself.

Timing is one thing that would actually determine your success in the forex market and that is why it is essential to find the best time to trade the forex market, the best time with regards to activity, volume of trade etc.

There are some salient features of forex market and until and unless these are understood one cannot find out the best time to trade the forex market.

Forex markets work 24 hours. It starts from Sunday 5 pm EST through Friday 4 pm EST and rollovers at 5 pm EST. Forex trading starts from New Zealand and then is followed by Australia, Asia, the Middle East, Europe and America. The most prominent forex market is undoubtedly the US and the UK. They account for more than half of the total market transactions.

If it comes to major forex markets, London, New York and Tokyo would win hands down. Around 75% of market activities in the New York markets are witnessed in the morning hours while the European markets are still open. And if you want to know when the forex trading is the heaviest, well look for the time when the major markets overlap.

One thing must be evident from this discussion. There is never a cease down in the forex market. When its day for you, its night for someone else. Markets close somewhere and simultaneously, markets open somewhere else. That is what offers traders this tremendous opportunity to make some serious money.

Forex market is characterized by high liquidity and high flexibility and as such traders get the freedom to make choices as per their wishes. They are not bound by the whims of the markets.

So, when you try to determine the best time to trade the forex market this information would prove very useful. Trades have almost always the same relative frequency and until the forex market remains open, the probability of finding a trade whenever you look is almost the same. This is all about volume of trade. It is determined by the number of markets that are open and the number of times each of these markets overlap with each other.

Keeping in mind the forex volume is extremely essential. It is generally seen that the volume of transactions remains high all through the day but when does it peak? The answer is when the Asian markets with Australia and New Zealand, the European markets and the US markets open simultaneously. This is the best time to trade the forex market.

Let's have a look of the timings of some of these markets.

New York Market : 8 am – 4 pm EST

London Market : 2 am - 12 noon EST

Great Britain Market : 3 am – 11 am EST

Tokyo Market : 8 pm – 4 am EST

Australian Market : 7 pm – 3 pm EST

Just have a look at the above schedule carefully. What do you see? Yes, there are two times when two of the major markets overlap during the trading hours-between 2 am and 4 am EST (Asian/Europe) and between 8 am to 12 pm EST (European/N. American). This is the time you have to target to make profits, the best time to trade the forex markets.

Forex Fundamental Analysis Tutorial

In this tutorial you will learn how to implement fundamental analysis in your trading style. This is what some people called institutional Forex trading system. You should learn the basic macroeconomic factors that influence global market. This is called fundamental analysis.

There is a great controversy between traders that use only technical analysis and traders that use only fundamental analysis. For me this is only academic. If there is information out there you should carefully watch it. Do not rely only in technicals or fundamentals. Use both. When you have a solid technical pattern that is supported by fundamentals then the chance that you are right is imminent. When technicals and fundamentals show in different directions then you should watch out. Do not be trigger happy with your Forex trading. Wait and see. Forex is not for prophets. You use scientific analysis in order to maximize the chance that you correctly recognize what the market has to give you. Analyze thoroughly, have a solid technical pattern, know the fundamental support of your analysis and you have a nice trading decision. Seize your risk tolerance and you will be a winner.

Every nation has it's central bank which is responsible for the well being of the economy. Central banks watch some economic factors that affect the economy and adjust their economic policy accordingly. These factors are announced regularly and the exact time of the announcement is known in advance. These factors are the fundamental indicators of the economy. The most important central banks are FED of USA, ECB of European Union, BOJ of Japan and BOE of United Kingdom. There are many fundamental indicators but there are few of them that are called the "market movers". They are called so because when they are announced they provide to the market the necessary steam to move. That happens because they have a great impact on economy and to traders' positions also.

The most important thing you have to know about fundamental analysis is the market expectation of an indicator. Some analysts provide a probable number of the indicator to be announced. This has an impact to the market and traders are positioned accordingly. When the indicator is announced it affects the market only when it is much different that the market expected. That happens because every available to the public information is already taken into account. When the new information is announced then it has impact on the market only if it is different than expected.

Build up your plan. Know in advance what important fundamental indicators are to be announced the following week. Learn the expected number if it is available and try to forecast what will happen if it comes in better of worse figure. This is difficult for the beginners but after studying it will be easy.

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There are many fundamental indicators. US indicators have the greatest impact on market. European Union's indicators have less impact unless they are much different than expected. Watch out for central banks head officers speaking out and giving clues about inflation and interest rates. Today these are the two drivers of the economy. Words like vigilant or very vigilant about inflation from central bank's heads have great impact on the currencies.

When the inflation is up central banks try to keep it low by leveraging interest rates. When interest rates are up then the currency is supported. Learn what economic indicators reflect the inflation and the decision of central bank about interest rates and you have an extra tool in your arsenal in order to trade.

Always watch out what the market already knows because all these information are reflected to the prices of the market. When fresh important information comes out learn it and position accordingly.

There is plentiful information about fundamental indicators in the internet. Visit Bloomberg economic calendar and Yahoo economic calendar. Use keywords like "Forex fundamentals", or "Forex economic calendars" and you will find what you need. Study the meaning of these indicators and the relationships between them. Most Forex providers have a built in economic calendar with their trading platforms. The time on these economic calendars is frequently GMT. Learn your time zone and the difference between your zone and GMT and you will know the exact time the indicator will be announced. In these economic calendars market consensus, if available, is already reported. Study carefully the economic indicators. You will eventually have a great guide to help you in your trading.

Forex Mechanical System Trading

Forex mechanical system trading lets you trade Forex using an automated trading platform. This system comprises of a set of specific rules, which when applied to the Forex market, signals entry and exit points automatically, without any need for input from user or trader.

There was a time when Forex mechanical trading systems were very expensive. The reason was mainly complex software platforms, which were not user-friendly; real-time data feeding was also quite costly.

It used to take a significant amount of time and money to use the Forex mechanical system trading. Additionally, there were very few providers of those systems, so the use of Forex mechanical system trading was very limited.

Today, the picture has completely changed. With the increased popularity of using the Internet and computers, different types of automated trading platforms are available for Forex mechanical system trading.

Basically you have 3 choices:

1. Develop your own trading system using the software. It requires a great deal of understanding with regard to the indicators, the parameters and how they will interact with each other.

2. Take help of a professional to build a system. The expert will code your Forex mechanical system trading according to the trade rules specified by you.

3. Purchase an existing trading system from market. This is the easiest option for any trader. You don't need to worry about moving averages, oscillators, or some other technical indicator, or price patterns etc. The system will do everything for you.

Forex mechanical system trading is quite appealing to traders nowadays as the system is smart enough to take any trading decisions, even when you are asleep. We know that the Forex market is a 24-hour market and trading is always going on somewhere in the world. With this, you don't have to worry at all when buying and selling currencies. The system is always ready for you to trade and make profits.

Forex mechanical system trading is completely based on facts and figures. There is no scope for guesswork, personal interpretation, instinct and emotions in this type of trading.

However, it is very important that you understand Forex mechanical system trading before you actually start using it and invest into the market. Some people find the system difficult to operate; some get confused during the time of crisis.

Therefore, you should select a Forex mechanical system trading platform that is not only simple but also easy to use. The system should be so smart and simple that you can trade with only a click of a mouse!

Forex Scalping Methods

Scalping the Forex market is one of the fastest growing methods for trading Forex in the modern day world. In Forex scalping trading is performed over much shorter periods than other forms of trading and income is often generated even from relatively small fluctuations in a currencies price.

The main reason people trade via scalping is often that due to the quick nature of the method, profits can be built up fairly quickly. What's more it also makes market movements far less likely to cause a large differential in the buy and sell prices.

Other methods of trading such as technical and fundamental analysis rely on analysing trends and predicting movements based on past performance or current news. Forex scalping offers a much quicker turn of events and traders using this method are simply looking for lots of small movements in currencies in any trading day.

Due to this difference in speed of trading, Forex scalping often means that traders run a much tighter ship as the risk is spread short time over a large number of currencies. In other methods of trading losses can often run a bit loose as the trader searches for that one trade that will return a big profit.

When scalping a trader will often only hold a currency for a matter of minutes before they resell at a profit. What is basically happening is that the Forex trader is playing with the spreads to bring in money where others fail to spot such a small market move.

Almost all successful Forex scalpers base their strategy on absorbing masses of information about the market they are trading in. You will not find many new traders adopting scalping methods simply because of the level of knowledge and nerve you need to succeed.

It is also rare that a Forex scalper will hold their position overnight. Most will close all trades before finally turning their computer off. If they do not then the trade they leave running is not really following the Forex scalping method.

The scalping method is usually based on three factors:

Liquidity – The more liquidity in a market then the more attractive it becomes to a Forex scalper as they can make more profitable trades in any given period.

Volatility – Only the most stable of markets are attractive to scalpers as a big movement is not what they are looking for. A stable market offers the chance to gain lots of small profits from many many trades

Time – A successful Forex scalper will not always begin trading at the start of a day. True, the longer they have to trade then the more they can make but patience is the key since it is pointless trying to scalp the Forex if market conditions are not right, for example in a period of large economic uncertainty.

As you can see, providing you have taken the time to learn as much as possible about market conditions then Forex scalping methods are not that difficult to implement. In many ways they are much more secure than other methods and this is why the method is becoming so popular.

Forex Pivot Points - What is the Forex Pivot Points?

Pivot point is a level in which the sentiment of traders and investors changes from bull to bear or vice versa. They work simply because many individual traders and investors use and trust them, as well as bank and institutional traders. It is known to every trader that the pivot point is an important measure of strength and weakness of any market.

Floor traders love pivot points. They act as magnet for price movements. If you observe how price move during any trading session, you'll notice that price often stalls or stops at pivot points before resuming its movement. To calculate daily pivot points you need High, Low, and Close Price of the previous day.

Here are the formula for calculating daily pivot points:

Central Pivot Point (P) = (High + Low + Close)/3
Resistance Level 1 (R1) = 2xP - Low
Resistance Level 2 (R2) = P + (R1 - S1)
Resistance Level 3 (R3) = High + 2x(P - Low)
Support Level 1 (S1) = 2xP - High
Support Level 2 (S2) = P - (R1 - S1)
Support Level 3 (S3) = Low - 2x(High - P)

To calculate weekly pivot points, apply the same formula, but using High, Low, and Close Price of the previous week instead of the previous day.

As you can see from the above formula, just by having the previous days high, low and close you eventually finish up with 7 points, 3 resistance levels, 3 support levels and the actual pivot point. If the market opens above the pivot point then the bias for the day is long trades. If the market opens below the pivot point then the bias for the day is for short trades.

The three most important pivot points are R1, S1 and the actual pivot point. The general idea behind trading pivot points are to look for a reversal or break of R1 or S1. By the time the market reaches R2,R3 or S2,S3 the market will already be overbought or oversold and these levels should be used for exits rather than entries.

A perfect set would be for the market to open above the pivot level and then stall slightly at R1 then go on to R2. You would enter on a break of R1 with a target of R2 and if the market was really strong close half at R2 and target R3 with the remainder of your position.

Pivot points are one of the key tools traders use to determine where price is likely to go and where it is likely to stall. However, you should use the pivot points formulas above to create your own pivot point and then apply them with your own forex trading system.

Why A Forex Trading Loss Should Be A Good Friend

If the title of this article was "Why A Forex Trading Profit Is Your Best Friend" then you'd probably feel that this was a perfectly reasonable title, but how on earth can any Forex trader view the arrival of a trading loss in the same way that he would view the arrival of a good friend? Well, I'll let you into a secret - the most successful traders do just that.

Many years ago a good friend of mine started a new job as an insurance salesman and I don't think I'd ever seen anyone so fired up and ready to go. When I saw him a month or so later though he was completely dejected and had left his new job.

The problem he had encountered was a common problem in this and many other industries - that or rejection. In order to earn his commission he had to find potential customers and that meant getting on the telephone and cold calling people in the hope of being able to make an appointment with them to discuss their insurance needs. Now this was a simple enough process (the company even gave him telephone training and a script to follow) but nine times out of ten he would fail to make an appointment and he saw the rejection of his offer as a failure on his part. After a couple of weeks of facing failure day after day, he simply couldn't face picking up the telephone.

The truth of the matter was of course that he had not failed at all and that finding one person out of ten chosen at random who was prepared to talk to a complete stranger about their insurance needs was actually pretty good going. What he had experienced was nothing more than the way the insurance industry works and the problem didn't lie in the fact that his approaches were being rejected, but in the fact that he had interpreted this as being a failure on his part.

Now you're probably asking yourself at this point just what this story has to do with Forex trading and the answer is simple. Every day people lose heart and leave the Forex market because, after several failed trades, they see themselves as having failed and, just like my insurance salesman friend, they turn what is nothing more than a normal part of trading into a personal failure.

Losses are an inevitable part of the trading game and even the most successful traders have trades that lose them money every day. They succeed however because they accept losses as a part of normal trading and deal with their losses accordingly.

Successful insurance salesmen actually like being rejected nine times out of ten because, knowing that it is an inevitable part of the job, they choose to view each rejection as bringing them one step nearer to that call when they'll make an appointment. As they receive one rejection after the next their spirits actually rise because they know they're getting closer to that successful call.

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In the world of Forex trading no matter how good you are at analyzing the market you're not going to get it right every time and some trades will go against you. But each losing trade not only provides you with a valuable learning experience but also brings you one step closer to your next profitable trade.

Accepting loses as a normal part of trading and part of the dynamics of the market, rather than viewing each loss as a personal failure, is just one of the many things that separate the successful traders from those that simply scrape by or decide that perhaps Forex trading is not for them.

Forex Trading - Counter-trend Trading

Statistics like "the market only trends 30% to 33% of the time" are thrown around. Whether that's true or not, I don't know. But suppose that the markets trended half of the time. That would still mean the 50% of the time the markets were range-bound.

I further suspect that the numbers above are correct because of the number of small traders in the forex market. Small traders have a way of disrupting trends. (That's why the large institutional traders don't like them!).

One way or another, however, we know that the market is trendless a significant amount of time. If you continue to try to trade a trend system during these times, you'll either get no trades (if you're lucky), or you'll get a lot of choppy losing trades.

A better way to go about this is to use a counter-trend trading system. A counter-trend system looks to do the "impossible". It looks for the high and low in a market. It figures that if it finds a high or low, the market will reverse from there (because it's trendless) and you'll have a good trade.

So what is a good counter trend trading system? I'd recommend starting with Bollinger bands. The basic principle is to trade tags off of the upper and lower bands.

However, if the market is in a trend, you'll get eaten alive. So it's necessary that the bands be totally flat or almost flat.

Yet, still I'd add an oscillator like Stochastic oscillator to help confirm tops and bottoms. One of the beauties of a counter trend system is the ability to use very tight stops. You'd place a stop just outside of the band that had just been tagged. Shoot for a profit target that's just under the middle line of the bands.

How to Make Consistent Profits Trading Forex

The key to success in making consistent profit in the Forex market is the confidence level of the trader. With confidence as a by product one can take money out of the market. Traders can regularly take small amounts of money out of the market through their knowledge and skills. Therefore the confidence level will grow and in time they will become bigger traders.

Volatility is very good for the Forex trader because it allows the trader to take advantage of the surges due to perceptional buying or selling. This helps in reaping a good profit. The trader should follow one particular strategy and keeps sticking to it in order to attain a consistent profit.

The use of indicators like Moving Average Convergence Divergence (MACD) histogram or Slow Stochastic Indicators indicates the future movement of the market in one direction or another.

Financial knowledge plays a vital role in making the traders to learn and understand the Forex market. This understanding helps them in forecasting the future price movements of the currencies based on economic, political, environmental and other relevant factors and statistics that will affect the basic supply and demand underlying the foreign currencies. The trader's personal and financial objectives also play a key role.

In order to make consistent profit one should use valid data and get odds on his side. The traders should develop their own trading strategy and verify it through back testing then track the important metrics of the trading to facilitate focused and efficient improvements. Also emotional management is the key to maintain consistency and maximize profit in the Forex currency trading.

A Forex Strategy for Winning 25 Percent on Your Money Weekly

Wealth System Solutions is a company that researches companies with low-cost programs for trading the forex to see if they are profitable or not. The forex, or foreign currency exchange market, is the largest financial market in the world. In fact, the daily trading volume of the forex is now over two trillion dollars. The most recent program Wealth System Solutions has tested is the Forex-Kiss system.

Only banks and large institutions used to be allowed to trade the forex. Clients used to have to provide a million dollars to have their funds traded in this market and the managed account was charged 30% just to have it managed by a certified, professional trader. Some companies have made profits only because of their earnings in this, the world's largest financial market.

In the past decade, the small investor has been allowed to enter the forex market and brokers will allow a trader to enter the market with as little as $250. However, this is a dangerous practice for the trader, especially the forex currency trading beginner.

The low account is open to swings in the market and vulnerable to losses and the novice trader ends up losing his or her funds and not being able to trade. Large traders count on this and when there are winning trades in the market, there also have to be losing trades. Even so, an individual can safely open a mini forex account with as little as $1,000 and feel comfortable as a beginning trader.

95% of new traders lose their accounts. With proven, profitable and inexpensive systems, the forex trader can be part of the elite 5% who actually earn money in this lucrative market. The Forex-Kiss system is based on an automated system developed for trading the forex market using robots to trade using the Meta Trader 4 trading platform (a platform is the software where you make and manage your trades).

One of the nice aspects of trading a forex system is that forex brokers allow you to sign up for a free, practice trading account. They generally give you anywhere from $10,000 to $100,000 in "play money" enabling the trader to try a system and feel comfortable with it before they enter the market with real money in a live account.

In a recent, private conversation, an expert trader using the Forex-Kiss system let slip that the trader was earning 25% per week using that particular system. As Wealth System Solutions has tested this forex system, we cannot dispute these findings. A trader can indeed double their money monthly using this automated trading system.

Hedge Trading On The Forex Currency Market

Trading on the forex currency market can be a volatile yet exciting form of investment and certainly has the potential of bringing vast rewards if done so properly.

However it should be accepted that forex currency trading could also be a very risky investment as the market can swing both in an upward and downward movement in a split second depending on the market conditions. Some people, and indeed institutions, try to control these volatile market swings by hedge trading their investments.

For instance it is possible with some forex trading systems to hold both a long and short position on a currency pair, which means that you have both bought a lot of currency with a view to profiting from the rise and the fall of a currency pair.

For example a currency pair could be the Great British Pound as related in value to the US Dollar or GBP/USD, and the rise in this market would be referred to as a long position as opposed to a fall in this currency market, which would be referred to as a short position.

In practice what this would mean is that either way the market moves you are gaining on one position while you lose the equivalent amount on the other position.

The net result of this on first sight would suggest that you cant particularly loss money but also you cant gain any money so how can this be of any particular use in an effort to successfully trade on the forex.

Well of course no money can be made until you close one of the positions, which would be the one that is losing money while leaving the other currency position open that is gaining profit to move further and gain you an overall profit.

You could for example close the losing position at a 20 pips loss and then close the profiting position at a 40 pips gain, giving you an overall profit of 20 pips.

Pips are the single value point movement of the currency and where the GBP/USD moves from 1.8800 to 1.8840 would be a 40 pips difference.

It should be remembered of course that a currency pair could well move in one direction and exceed your 20 pips level to close the position but then reverse in direction and never reach your targeted gain level of 40 pips so even hedge trading is not a guarantee of certain success.

The 20 pips loss level and 40 pips gain level are only used here as an example and if you use this method of trading you would be well advised to set your own levels that you feel are right and acceptable to your own currency trading experience and acceptable risk strategy.

All that can be said is that it does offer an alternative method of currency trading but should still be ventured into with predetermined loss limits and careful study of the currency market.

With most online forex currency trading sites a demo account can be opened first to help you experience what forex currency trading is all about and this is an ideal way to first get involved without any loss of real money.

Forex Trading - Is the Forex Market Random?

t sure can seem like the forex market is random, can't it? And all the very smart people (who've never traded), in the universities tell us that they have proven that the market is random. Could they be wrong?

Yes.

Let's break this down. Who creates the market? Who is the market made up of? People just you and me. Yeah, that should be proof right there that the market is random. ;-)

Seriously, are you random? If you're single, what kind of people do you date? What routes do you take to work? What kind of breakfast do you usually eat?

It's actually repetitive, isn't it? When you think about it, you do many of the same things over and over. Sure, you may not do everything exactly the same all the time, but you're a creature of habit.

You can't get away from it, even in your trading. All the others trading in the market can't get away from it either.

All that said, there are times when the market truly does seem chaotic. What is happening then? Quite simply, different people are coming to different conclusions. When the market seems confused, it means the people trading it are confused. Stay out.

If traders are agreeing on the general direction, that's when you want in. Trade the way most people are trading, and you'll make money.

No, the market isn't any more random that you are random. Few yourself as a microcosm of the market at large (there's a scary though, eh? ;-)

Average Gains From Forex Trading

Forex trading is quite a challenging and a risky business venture although it remains a highly profitable one too especially for traders who are experienced. The average gains a trader makes from trading Forex could be as interesting as much as the losses could be devastating. The drive to make some gains in any trade requires unforeseen costs that have to be met by the trader. Therefore, the secret of a successful gain, as far as trading goes, is for a trader to buy at the lowest possible point and sell as at the highest point speculated. The higher the cost of trading, the lower the gains or the higher the loss; therefore the Forex market boasts of very low trading costs with zero commission. Trading costs are mainly restricted to the difference between the price of buying and selling in almost all currency trades.

This slight difference which is called the 'spread' is common to most trading markets and is very tight in the Forex market; keeping the cost of trading to the barest minimum. Specific projected targets will insure your success in the Forex market. Know what direction the trade is likely to turn to more accurately choose your entry point. One need to understand that within every Forex trade there is a perfect moment defined by a better buy into your trade. Bollinger bands, 15 minute bar segments, the CCI and the Relative Strength Index are but a few of the combined indicators that will help you to attain mastery over the perfect trade. Let's take an illustration of an investor who begins trading with $1000. An investment of $1000 represents 1 lot in Forex considering Euro/USD currency pair.

A gain of +2 pips represents a $20 profit assuming the trader is trading 1 lot of Euro/USD so 1 pip equals $10. A $20/2 pip gain is a relatively small move on the Forex trading chart and may not seem impressive until you consider if he achieves this successfully 5 times a day he would have made $100 profit. With +2 such daily trades in a five day trading week he would have made $500 at the end of the week (consider also that this is even without the magic of compounding). You can deduce the monthly and yearly earnings. Forex trading involves a lot of risk. The high degree of leverage can work favorably or otherwise. Before you decide to invest in the Forex market, you need to carefully make sound trading plans.

You should take time to seriously consider your aims and objectives, your risk tolerance and level of experience. It is possible that one may sustain some losses in terms of money or even the entire therefore you are never advised to invest money that you can't afford to lose. Every trader must know that it is very important to be conversant with all the risk levels that are associated with trading in the Forex market. It also makes a lot of sense to seek advice from a financial advisor if you have any doubts. All the same, it is always stated that past results does not guarantee future results, therefore the above may not always be the case for those who have been into the unpredictable world of Forex trading.

Make Money Forex Trading by Utilizing Volatility

Traders in the forex market are now a savvy lot. Almost everyone in the forex market nowadays are self trained in reading charts, or a user of some form of high technology software to trade the forex market. Some have graduated from using simple technical analysis to the new fangled sophistication of neural network forecasting and artificial intelligence. But yet a great majority of these professed experts fail in their trading, losing money from their trading rather than making profits. Why is it so?

The answer lies in the devil within. The traders who win are those who are capable of executing their trading plans with discipline and precision, and more importantly, they can cope with the VOLATILITY of forex trading.

Theory is if you can identify volatile movements, even if they are small, and execute trades with these volatile movements, buying on the lows and selling them at the peaks, you stand to make big profits. However, in practice, many volatile movements are too fast and tiny to be identified in time to be traded profitably. Where larger volatile movements are identified, it is error in judgment and the speed of execution of the trades that reduce the amount of profits.

When I was conducting research into writing a report on how a trader can recoup his losses after a horrendous period of bad trading, I was pleasantly surprised by a veteran trader who told me he was a profitable trader from day one of his starting trading. This is by no means a false claim, because this flamboyant trader has always been known both for his tremendous skill in trading and for being anything but decent about his skills and his ability to make the correct calls in the market.

Being surprised, I asked him what was his profession before he became a professional trader and a trading coach. His answer added to my surprise, because he said, " I was a professional poker player and the runner up in the Australian poker championship!".

Therein lies his great success as a forex trader as well, because as a poker player and a champion player at that, he was accustomed to taking calculated risks.

The secret to trading his style was to take calculated risks in his forex trading.

For example, if you have identified a trade, and you have placed a trade, do not place your stops too near the entry price because the odds favor the stops being hit most of the time. Rather, you can assess the odds and probability of the stops being hit before you place them. Again, when a trade presents itself, and you can compute that the odds of winning is in place rather than losing, it is then that you can increase your trades.

If you desire to win big, learn to compute the odds of winning, and like the successful poker player, bet big when the odds are in your favor and stay away from a trade where the odds indicate you will lose. This is where forex traders will measure their risk-reward ratios for their favorite trade setups and can identify which trade setup will result in bigger profits and with lower risks. This is a skill that you ought to learn to become more profitable.

Forex Trader Training - 2 Misunderstood Aspects Forex Trading

Many people who try their hand at Forex trading often have misconceptions about the currency market. In this article, I will reveal to you four of the most commonly misunderstood aspects of Forex trading, and what it means to retail traders like you and me.

Misunderstood Aspect #1: There are no commission fees in Forex trading

This is technically true because most Forex brokers don't take a cut from your winnings. Commissions are fees paid to brokers whenever anyone makes money, and it is usually a percentage of how much you win.

But while there are no such 'commissions' paid out to brokers, many people think that this means the brokers don't charge them anything at all. Actually, the brokers DO charge you a certain fee - it's just not based on a percentage of your winnings, that's all.

Instead, most Forex borkers charge a transaction fee known as a 'spread'. Essentially they charge you a small fixed amount whenever you buy a currency pair, based on the size of your trading lot. The spread usually costs you about 2-5 pips, depending on the currency pair you're looking at. If you're trading buying one standard lot of the EUR/USD currency pair for example, and the spread is 2 pips, the transaction fee is $20 (1 pip in the EUR/USD = $10).

So now you know that you're being charged every time you make a trade. How will this affect your trading strategy? Scalpers should all be aware about the exact pip spread their brokers charge because they will enter into numerous trades in each trading day... a 1 pip spread difference can save them as much as $100 every day.

Misunderstood Aspect #2: Anyone can make money at all times of the day

This is misunderstood aspect is mainly due to the fact the currency market operates 24 hours a day. When the market is open at all times, it's natural to assume that there are people making money every single minute.

However, this is quite far from the truth. Why?

As you should know by now, there is only profit potential when the market is moving. One cannot make money trading in a flat market. You'll either need an upward or downward market movement to make money.

And if you look at the trading charts, you'll notice particular periods of each trading day when volatility is relatively low - these are typically the non-U.S. and non-London market trading times when the American and European institutional traders are not active (it's after-office hours for them).

But that's not to say that no one can make any money during periods of low volatility; it's just that the period of time when the most money is made is during the U.S. and London market trading hours when volatility and liquidity is high.

The Forex Platform Trading Top 3 Forex Scams

Whenever there is money around you are going to find scam artists looking to take advantage of the unknowing. Like roaches in the dark, these scammers look to prey on the crumbs. The Forex market is the most liquid of all markets. It overwhelms all other markets in terms of capital moved n a daily basis. As a result, you can be assured that the roaches do not hesitate to come out. Listed below are the top 3 Forex scams.

1. The ubiquitous get rich quick Forex course. If you have been around for any period of time you know exactly what I am talking about. I have literally come across well over a hundred forex course promising riches in no time, "Buy this course and we guarantee that you will make $10,000 a month with only $100 start up money!" Don't believe the hype.

2. The all important "Demo account." I am not so sure that demo accounts qualify as a scam but they can be deceptive. The demo account on a trading platform is not a real benefit. The problem with these accounts are that they are not based in reality. Often, new traders get into a demo account and do fairly well and then wonder why they re doing so lousy with their real capital account. The reason of course is due to the inherent problems that arise when your actual money is on the line. My advice: stay away from demo accounts. Instead, get a quality forex platform trading and start with a real low amount (Start with an account of $100 or less. The link below leads you to a real quality forex platform trading site that can be started with only $50).

3. The Forex "Holy Grail." When you read about one trading strategy that can make you a winner 90% of the time or the trading method that never fails do yourself a favor and run the other way. More than likely you have to pay an exorbitant amount of money and then get hit up again and again for more money. The truth of the matter is that no strategy works all of the time or is accurate 90% of the time.

Which Forex Charts Should You Be Using?

There are different time periods associated with candlestick charts. For example, with a 5-minute chart each candlestick represents 5 minutes of price action. With a 15-minute chart each candlestick represents 15 minutes of price action. You can have charts of any length; 1 minute, 1 hour, 4 hours, 1 day, 1 week, etc.

With all of the different charting time periods, you are probably asking yourself "which charts should I be using?" The 5-minute charts? The 10-minute charts? The 1-day charts? The truth is it doesn't really matter. However, there are a few differences that you should be aware of before making a decision on which charts to use in your own Forex trading.

First, smaller time frames are less reliable. There is not as much data per candlestick on a 5-minute chart as there is on a 1-hour chart. Therefore, the 1-hour chart will be a little more reliable than a 5-minute chart. A 15-minute chart will be slightly more reliable than a 5-minute chart, but slightly less reliable than a 1-hour chart. Likewise, a 1-hour chart will be a little less reliable than a 1-day chart. Now before you decide to start using 1-day charts you should also hear about the negatives of 1-day charts.

A 5-minute chart will produce 12 candles over a 1 hour period, 1 every 5 minutes, while a 1-hour chart will produce 1 candle over the same period. A 1-hour chart will produce 24 candles over a 1 day period, 1 every hour, while a 1-day chart will produce only 1 candle over that same 1 day period. The shorter the chart's time period the more candles there are in any given amount of time. That means that you will get entry signals a lot more often on a 5-minute chart than you will a 1-day chart, simply because there are more candles produced. On a 5-minute chart you may get anywhere from 2 to 7 signals in a 24-hour period of time. However, on a 1-hour chart you may only get one signal every day or two. On a 1-day chart you may only get a signal once every few weeks or even less often.

As you can see, if you want to trade more often you don't want to use a 1-day chart, a 1-week chart, or a 1-month chart. If you want to be placing trades every day or almost every day you'll need to use the 1-hour charts or smaller time-frames.

There are other factors involved concerning the different time-frames that you should also be aware of. The average risk on any one trade will be greater with a longer-term chart than it will be with a shorter term chart, but the potential profit will be higher too. On a 5-minute chart you can certainly get into big winning trades, but the profits are usually not very big. On a 1-hour chart the initial risk will usually be larger than on a 5-minute chart, but the potential profit is larger too. Also, the trades won't last as long using a 5-minute chart as they will using a 1-hour chart. If you use a 5-minute chart your trades will usually last anywhere from a few seconds to a few hours, but if you use a 1-hour chart your trades can last days and sometimes even weeks. So which charts you use depend on how often you want to trade, the amount of risk you want to take on any one trade, and other factors.

Some people will prefer to use the smaller time-frames for charts because they'll want to be making their Forex trades more often. Then on the other hand there are people that will be able to reduce their stress if they're not needing to be watching the charts constantly. These traders will use the longer term charts where they can enter a trade and then leave the computer for awhile, maybe even for a few days.

I have found that it is a lot less stressful for me trading from the 5-minute chart than a 1-hour chart because the initial risk is so much smaller. Plus, once the price moves in your favor, which usually doesn't take too long (although it can occasionally be a few hours), you can move your stops and then relax knowing that you have a locked in profit. Also, even though the wins may be smaller they will usually happen much more often. And winning a trade is always fun.

Forex Trading Tool - The Three Trendline Strategy

Newcomers to trading the foreign exchange currency markets do well to accept the observation of experienced seasoned traders that the idea of a perfect Forex trading tool is an illusion.

While no perfect Forex trading tool exists, using a combination of tools to identify a converging of favorable market factors can yield a majority of high probability trades over a period of time.

Trendlines certainly deserve close consideration and many successful traders add them to their collection of Forex trading tools.

It should be stated at the outset that trendlines by themselves do not provide a strong enough signal to warrant making a trade. They are a useful addition and provide confirmation of signals from other tools. (See resource box for a visual example of using a trendline as a trade entry point)

The Three Trendline Strategy

Consider these three main types of trendlines you need to know and use if you are going to make any sense of trendlines.

Trendlines are lines drawn across significant lows in an uptrend, and significant highs in a downtrend. The more candles to the left and right of the lowest candle in an uptrend or the highest candle in a downtrend make the low or high point more significant.

1. Short Term Trendlines

Draw these lines across the most recent two lows (for an uptrend) or highs (for a downtrend). These are best observed on a smaller time frame such as a 15 minute or 30 minute chart.

2. Medium Term Trendlines

These are best observed on a higher time frame such as a 60 minute chart. Again connect the nearest significant low to current price action to the previous significant low in an uptrend or the nearest significant high to current price action to the previous significant high in a downtrend.

3. Long Term Trendlines

Use higher time frames such as the 4 hour chart or the daily chart to draw long term trendlines using the same method described for Medium Term Trendlines.

The long term trendline can be a powerful Forex trading tool. Keep in mind that the daily chart is used prominently by traders of big institutions. Such traders probably do not engage in small moves on an intra day level. They are more concerned about taking a position on a currency pair.

The daily chart is consulted by them when making decisions. So by drawing a trendline on a daily chart you can present to yourself graphically just where price is and where it is likely to either possibly bounce and retrace or continue with the current momentum.

Using Trendlines As An Effective Forex Trading Tool

Trendlines on the short time frame merely give you a defined picture of current price action. These trendlines are broken often during the course of a day. It is probably not a good idea to enter trades based on trendline breaks from a small time frame chart. Their main use is to give you a clear, instantly recognizable graphical representation of current price behavior.

However, here is where trendlines can prove to be a useful Forex trading tool:

If you notice price coming back to test a trendline on the higher time frames, (anything over 30 minutes), look at other factors. For example:

- Draw in horizontal lines to mark key support and resistance using previous highs and lows.
- Draw Fibonacci retracement and extension levels.
- Calculate the daily pivot points and put them on your chart.
- Have the 200 EMA (Exponential Moving Average) shown on your charts.

Now, if price were to bounce or touch the trendline on the medium to higher time frames, that is, on the 60 minute, 4 hour, or even daily charts, does that price point also coincide with or match up with one of the other indicators mentioned above?

If for example the trendline intersects with a pivot point which is also a Fibonacci 50% or 62% retracement, or 127% or 162% extension, then you have a convergence of factors. If you entered a trade at that point there is a high probability you will catch at least 10 to 20 pips on the first move on the bounce.

Looking for such opportunities takes patience. They don't come up so often but when they do you can be ALMOST guaranteed a successful trade if you keep your first profit target to a reasonable level.

If trading multiple lots, then be sure to take your first profit at the 10 to 20 pip level and let one or two other lots run if price continues in the direction you anticipate. At the same time of course you would move up your stop to break even point after taking first profit so your trade can now run without risk.

Employ trendlines as a Forex trading tool with caution and discretion. Covering your charts with every trendline possible will only result in confusion and blurry analysis.

One or two trendlines at key or significant swing points, (price highs and lows) can give you a defined, clear picture of price action, which, when coupled with your other Forex trading tools, can result in profitable trades.

Forex Mistakes - 6 Common Errors That Destroy Equity

Here are 6 common forex mistakes that if you made, will ensure an equity wipe out. 95% of forex traders lose and most make these common errors, so if you want to learn forex trading correctly avoid them at all costs.

1. Not Having Confidence

An obvious one - if you don't have confidence in what you are doing you won't have the discipline to execute your trading plan. Most traders never get confidence in what their doing, as they never learn the right education and trust a guru, e-book or news story. If you want to win, you must fully understand what you're doing and why it works - so you have the confidence and discipline to trade your method.

2. Believing Simulations

How many traders buy a mechanical forex trading system off the web with a simulated track record and expect it to make them money? The bulk of novice forex traders fall for this but of course, a simulation done in hindsight, knowing the closing prices is easy - but trading not knowing them is the hard part!

All simulated track records make money in hindsight and 99% lose in real time trading. Most are simply made up by vendors and combined with some copy to appeal to the greedy naïve investor who buys the system and gets a wipe out in the market.

3. Predicting Forex Prices

If you try and predict forex prices in advance you're going to lose, as it's really another word for hoping and guessing. Never predict what might happen, trade the reality of what is happening on your forex charts.

Predictions in forex will be as accurate as your horoscope and forget anyone who tells you they have a scientific theory of market movement - They don't. If such a theory did exist, we would all know the price in advance and there would be no market - Period.

4. Using Invalid Data

How many novice traders try forex day trading? The majority.

How many lose? ALL of them.

Day trading is simply a way to wipe out equity quickly.

All short term volatility is random and you cannot get the odds on your side so you will lose. If you want to trade successfully trade valid data and trade longer term.

5. Trading The News

If you could get rich listening to the news then a lot more traders would make money - but you can't.

News is discounted instantly and furthermore reflects the greed and fear of the majority, who always lose. News stories are simply opinions and you won't make money trading them.

6. Trying To Be To Clever

On the one hand there are forex traders who don't do enough work and on the other hand, there are traders who think they can make money being clever or working hard - neither however will ensure your currency trading success.

In forex trading you get paid for being right with your forex trading signal and not for how clever you are, or how much effort you put in. The fact is the best forex trading systems are simple and they always work better than complicated ones, as they are more robust and have fewer elements to break.

Factors That Impact the Forex Market

Perhaps the single most common influence on the daily market is that of economics within a given country. One factor that can really make a difference in how well a nation's currency will trade, has to do with the amount of the deficit currently held by the current government. Sudden jumps in the deficit will result in the currency falling in exchange with other countries. As the government reduces the deficit, the currency will begin to recover and actually rise in the rate of exchange.

Along with the budget deficit, a trade deficit can also impact the rate of exchange. Simply put, if a country is not doing at least as much exporting of goods and services as it is importing, a deficit arises. This is a clear economic indicator that will have a negative impact on the value of the country's currency.

Internal inflation or recession will also make a difference in the way the currency of a given country is valued. Inflation in particular has the ability to cause currency to lose value. As a country enters into a period where inflation is rampant, the desirability of the currency will fall, as it is perceived as being less stable overall. Because inflation lessens the purchasing power of a country internally, it is also seen as being a deficit in the ability to purchase goods and services from other countries. As inflation is reined in and periods of mild recession come into play, the value of the currency will once again rise in comparison to other countries.

As with all facets of life, politics also can have a good effect on currency exchange rates, or it can bottom them out. Changes in government personnel that are viewed in a negative light will very quickly reflect a devaluing of the country's currency. The same is true when the current government makes decisions that are perceived as not being in the best interests of the world community. At the same time, an election that puts in office persons, who are esteemed to be favorable by the world community, can very quickly raise the value of that country's currency, at least as long as those officials maintain their favorable status.

The fact of the matter is that quite a few factors that have to do with trading and the overall financial picture of a country will make a huge difference in how the country's currency will fare on any given day. Some factors may result in only temporary upward or downward trends, while others will be more long term in effect. One thing is for sure: the Forex market is never boring.

Forex Price Movement - Learn How This Important Factor Works or Lose

Many forex traders think they need to study news stories and the fundamentals to win on the other hand, forex chartists think that charts move to some hocus pocus theory that predicts the future but the most important variable is much simpler and learn how to gauge it and you can enjoy currency trading success.

First lets look at the benefits and flaws of both forex techncial and fundamental analysis.

Let's start with a simple equation.

Fundamentals (Supply and demand) + Investor Perception = Price

Nice and simple that's the way any investment market moves and it's obvious that the most important variable is investor perception or sentiment.

The person who simply acts on news has no chance of winning, as it's discounted immediately and he is playing catch up. For evidence of this look at every major bull move and bear move and you will find that the fundamentals are almost always at their most bullish at an important market top and most bearish at an important market bottom.

The person who uses forex technical analysis will argue that as the fundamentals are immediately discounted in the price, so all you need to do is follow price action and this is by far the better way of trading - but it has one flaw.

You can't see how far a move will go as greed and fear take hold of investor's. Sure price spikes never last - but when are they going to end?

This is where you look at the fundamentals for clues to warn of technical tops i.e the sentiment.

You can do this by watching the news.

For example recently it was said the euro would gain on the dollar and make new highs because the US had cut interest rates - what happened?

The euro tried to get through an important resistance price and failed (we pointed this out in an article last week and the euro has plunged since) what was going on?

The news was discounted and bullish euro news didn't push it higher.

This meant the sentiment was at a bullish extreme and prices recoiled back.

If ever you see bullish news that doesn't push a market higher and bearish news that doesn't push a market lower, combined with a price spike on the charts, chances are you are going to get a move the other way.

There is a famous saying:

"If you can hold your head when all around you everyone is losing theirs you probably haven't heard the news"

In forex terms you have but you are drawing different conclusions - while the lemmings are blinded by greed and fear and never see a move ending, you are looking for a contrary trend.

If you look for price spikes and then look at the contrary view, then you can get some trading opportunities.

Are there any concrete indicators for judging investor sentiment?

Yes there are two great ones - % bullish and the Net Traders Positions report and we will look at these in the next article in this series.

If you want to maximize your profits and enjoy currency trading success you need to use market sentiment to anticipate forex price movement.

Forex beginners: Learn about risk in Forex trading

Foreign currency exchange, or so call FOREX, had become one of the best home businesses you can venture in nowadays. By trading foreign currencies thru Internet, theoretically now one can now make money at anywhere, anytime. For the new comers, Forex is the world largest trading market, yielding an average of $1.9 trillion daily turnover. As the majority who trade FOREX are speculators, FOREX is also well known as the most liquid trading available.

Nowadays, we are seeing increasing numbers of Forex investment opportunities as well as Forex traders in all over the world. As loses in Forex can be huge, it is best advise that beginners to learn about the risks involve in Forex trading.

Often we heard that getting started in Forex trading is easy and instant. All you need is a computer with Internet connection and a funded Forex account with foreign currency exchange broker. However, the hard part is who to open the Forex account with (meaning who should we appoint as our Forex dealer)?

Forex market is a non-centralized market. There is no common market place for Forex traders and there is no so-call 'standard' in foreign currency exchange price. Different Forex dealers offer very different deals to their customers. As an individual FX trader, you depends solely on the dealer to make a transaction in your trades, thus picking up the right dealer is extremely crucial in your risk.

How can a bad dealer cheat on your money?

Often a bad dealer is not totally scams. They are smart persons that trick money from traders that are not well-aware. These dealers, often known as retail market makers, will often encourage their clients to trade on margin and set stop loss orders, which allow the market makers to close out trades almost at will during busy markets at prices they have set. If the market maker does not offset the trader's position, the loss generated when a stop loss is triggered becomes the market maker's gain.

Trade prices are easily skewed one way or the other depending on the retail trader's position, which is known by the market maker. Traders can be encouraged to take risky positions just before major economic announcements. If all else fails, the market maker can quote extreme prices (known as spiking) to trigger stop loss orders while the client is at work or asleep. The vast majority of retail FX traders are not profitable. For those losing retail speculators, much of the funds they had on deposit will be, in some form or another, transferred to the market maker.

How can leveraging makes you lose money?

[Forex Trading Coupon – Deposit & Trade $100 get $25 rebate]

Leverage is the key for profiting in Forex. Forex dealers often allow their clients to trade with high margin. Margin trading refers to the leverage amount given to the traders to make purchase in the FOREX market. Typical FOREX margins can go up to 100 to 1 or even 200 to 1 where traders are given the power to buy 100 to 200 times more than what they can afford. With high leverage rates in Forex market, traders often find themselves controlling a big sum of money with a little cash put on the table.

Yes, margin trading might sounds attractive as 1,000 cash in a 200 to 1 margin rates account will have the power of purchasing currency worth $200,000. It magnifies the ROI of the trades with less money outlay on the table. But, as most experts say, leverage is a two way street. The brokers want you to use high leverage because that means more spread income because your position size determines the amount of spread income; the bigger the position the more spread income the broker earns. Not to forget the market does not always go in the direction you want, leveraging can magnifies your ROI in your Forex trade but it as well can turn your losses big.

Conclusion

As the article is meant for FOREX rookies, you probably are one of the rookies looking for the best way to get involved in the FOREX market? However, there is no quick answer for the question you are asking. Trading in FOREX is not as simple as it seen from outside. Especially there's margin involved in FOREX trading, you might lose a lot of money in the beginning and learn your lessons in a hard way. Take all the time you need to learn this new trading skill well -- practice everything you learn with a demo account before you consider going 'live' with your own money. Seminars, eBooks, Internet, papers, as well as video courses are all your needs to get involved. I wish you good luck and good profit making in your FOREX trades.

Forex Market Timing - You Don't Need to Be Accurate To Make Huge Gains

If you want to win at trading currencies correct forex market timing is needed but if you try and be too precise you will lose. This may sound strange at first but if you look at how forex prices move it will become clearer.

1. When novice traders think of market timing they are dominated by two major thoughts:

Predicting market tops and bottoms

It's very tempting to do this as you want to be in at the best possible price with your forex trading strategy but you cannot predict in advance why?

Because if you then you are simply hoping and guessing a level will hold and that wont get you anywhere in life and certainly wont give you currency trading success. Let me give you an example:

A forex trader sees prices moving to a support level and buys just above it hoping it will hold - but instead the price carries on towards support, goes through the level and stops him out.

What he should have done is confirmed that the level was going to hold (we will go through how to do this in a minute) but first lets look at another commonly held belief related to the above.

2. Buy low sell high

You will have heard this is the way to make money in investing - but it's again relying on hoping and guessing which we know will not help us win and also means you will miss the major forex trends and not get in with your forex trading signal - Why?

It's a fact that most new trends (and the strongest) develop from new market highs o and you can check this on any forex chart. Traders who wait hoping to get into the market at a better price, simply see the trend disappear over the horizon and they don't make any profits from it.

The Solution

Is to base your forex trading strategy on confirming if level will hold or break with momentum oscillators. If you don't know what they are its time to learn.

We don't have time to cover them here - but they are covered in our other articles and will give you advance warning of changes in velocity of price.

If a price is dropping to support - wait for a turn to be confirmed by these indicators.

You will miss the exact turn but you can't see that in advance anyway, so there is no point in trying and if you trade with momentum on your side the odds are in your favour.

The same technique is used when a market breakout to new highs or lows - if momentum supports the move execute your trading signal and go with the break.

Trading the Odds

In both of the above examples you have not got in at the lowest or best price but what you have done is, got in at the lowest or best price with the odds on your side and traded the reality.

Perfection and perfect timing is a myth, no one can do it and the best way is to trade the reality when you use a forex trading system and that means confirming ALL moves are going your way before trading.

Keep in mind if you get just 50% of every major trend you would be very rich. If you want to learn currency exchange the right way you will realise perfection is impossible.

Forex trading is about making money not trying to be clever and it's about trading high odds moves and then means waiting for confirmation.

Forex Trading Strategy - Essential Indicators Six of the Best

If you are devising a Forex trading strategy and using technical analysis you will need some indicators to help you execute your forex trading signals and below, we have outlined six essential indicators that any trader should consider using on their forex charts.

1. Moving Averages

A great back indicator to trend lines for seeing the direction of the trend.

Moving averages should not be used on their own to enter trades but combined with other indictors.

Moving averages in longer term time frames work best and I find the 200 day MA important and also use the 40 day and 18 day MA useful. Never use short term averages as trends need sufficient periods of data to be effective.

2. Bollinger Bands

If you want warnings of trends developing, or a tool to help you sell high volatility to execute trading singnals i.e. open new positions or to lock in profits, then Bollinger bands are ideal.

Like moving averages, this indicator is simply there to show you the opportunity and you should time your entry with other tools.

3. Net Trader Positions

This is simply one of the best tools there is for spotting the big contrary trades and is realized bi-weekly by the CFTC. Although it applies to futures markets, the data can be used for spot currency markets as well.

This tool will help you spit every major trend change in advance.

The reason for this is, it breaks the open interest in speculative and commercial positions.

We don’t have room to explain the full logic here - but in essence speculators are always heavily net long at important market turning points while the commercials (smart money) are short.

By looking for divergences in speculative and commercial positions and looking for extremes, you can spot the big turning points coming.

So far we have looked at tools that can alert you to trading opportunities in your forex trading strategy – now, its time to look at some indicators to time entry on your forex charts and we have picked out 3 of the best.

4. Stochastic

George Lane, who developed the indicator, concluded that in an uptrend, prices tend to close near their high, and in a downtrend market, prices tend to close near their low.

This may sound simple, but the stochastic is simply one of the best momentum indicators out there for entering trades and taking profits.

5. Relative strength Index (RSI)

This indictor complements the above indicator perfectly and is another superb indicator to have in your forex trading strategy.

The RSI, as its name implies measures the relative strength of price currently compared to the past and gives you an idea of how strongly a market is trending.

This is one of the most popular momentum indicators in the world and was developed by trading legend, Wells Wilder as is the next indicator

6. Average Directional Movement (ADX)

The ADX is a momentum indicator, which aims to measure the strength of the trend - and attempts to determine if the market is in a trend or not.

The ADX line is a great momentum indicator and will help you trade the strongest trends - and give you advance warning of changes in momentum for profit taking or contrary trades.

So there you have six great technical indicators to incorporate in your forex trading strategy. There are of course others worthy of consideration, but these 6 are the ones I have used for the last 25 years and found them highly effective in my own forex trading systems and think you will to.

Forex Chart Tutorial – Triangles

Many Forex traders like to use technical analysis to help them make trading decisions. In this article on technical charts, I'll discuss the uses and implications of the triangle candlestick pattern.

What Is A 'Triangle'?

Triangle patterns are relative easy to identify on the trading charts. It is formed by price action that is bound within two converging trend lines. The resistance line should be sloping downwards while the support line should be sloping upwards. The market price should be 'bouncing' between these two trend lines, alternatively hitting the top and bottom of the 'triangle'. A minimum of four 'bounces' should be observed before this triangle formation can be considered a reliable pattern to trade with.

Triangles are most effective when observed during active trading hours with high liquidity.

What Is The Significance Of A Triangle?

The triangle candlestick formation indicates intense competition between the buyers and sellers. It shows that they are aggressively fighting each other, with the winning side to be declared once the other side loses its buying/selling pressure.

It may help to liken this concept to the compression of a metal spring. Imagine yourself compressing a metal spring: as the spring comes under increasing pressure, it becomes harder and harder to press it together. Once you let go of one side of the spring, it will jump out in the direction of the release.

This is similar to how the triangle formation pattern works in the Forex market. As prices fluctuate (or 'bounce') less and less wildly, it shows the increase of pressure buildup in the market. When either buyers or sellers give way, prices are likely to shoot strongly in favour of the other (i.e. stronger) side.

How To Trade With Triangles?

Most traders will wait until there is a breach of either the upper or lower trend line before entering into a trade. Because no one will know in advance which side (i.e. buyers or sellers) is stronger, many people prefer to let the price action show them.

The moment prices close above the resistance line, they buy. If prices close below the support line, they sell.

Forex Trading - 4 Skills That Could Make You Huge Profits

If you want to learn forex trading the first fact you need to know is that it's not easy and don't let anyone tell you otherwise, it's hard. Why? Because the skills you need are ones that will make most people simply can't learn but if you can you can enjoy currency trading success.

The first skill you need is:

1. Take Responsibility

Today everyone looks for experts to help them and that's fine, if you want your car fixed but it won't help you in forex trading. You need to accept success comes from within and you need to acquire both the confidence and discipline to execute your forex trading strategy and no one else can do this for you. Your totally on your own.

2. Stand Away From The Crowd

Since Stone Age times man has been used to seeking the safety of the pack, were also very sociable creatures and like to agree with have the majority agree with us.

In forex trading if you run with the pack you will lose because the majority is always wrong, hence 95% of forex traders lose.

To succeed you're on your own and you must not allow the crowd to sway you from your path and this is not easy, when the whole world disagrees with you!

3. Create Your Own Rules

Were used to living by rules that others make for us.

We stop at red traffic lights and we know not to drop litter etc. Our lives are structured and ordered but in the forex markets you have to create your own set of rules to live and survive by as anarchy rules.

These rules not only need to be devised by you, they need to be applied with discipline and for this you need an inner understanding of both your strengths and weaknesses.

4. The Markets will Make You Look Stupid

When you trade forex there is only one right price and that's the market price.

It makes no difference what you believe the price should be, the market price is the correct one.

It doesn't matter how clever you are or how great a trader you will take a position and the market will make you look a fool. Most traders have egos and they simply can't take this. They try and fight the market by moving stops back, revenge trading etc and the market hands them a wipe out.

Understand This or Lose!

If you have read and understood the above you will see that having a robust forex method is not enough to succeed you need to have a mindset that will allow you to execute your forex trading strategy with discipline and this is far harder.

Its not Easy But The Rewards are Enormous

Those traders who think they can consult a guru or buy a system and get given success are wrong - success comes from within and only you can get the mindset above to succeed. This requires you learn skills and when you have learned the skills you need to apply them with confidence and discipline.

If you want to be a forex trader then you need to get the right mindset - if you can do this, a life changing income awaits you.

Forex Trading - How To Minimize Risk

If you are new to forex trading, you are going to want to learn as much as you can before you jump in and actually risk any of your hard earned money. There are many 'online' options in terms of platforms which allow you to test and learn from the forex marketplace. These are fantastic as a great deal can be learned through interacting with such environments. True success will come with experience, but there are some fundamentals which will certainly speed up the learning curve.

The forex market involves currencies from the entire world, and as the value of one currency increases, consequently the value of another decreases. All market activity has a direct relationship on itself, thus making it easier to predict than other investment options such as the stock market.

This may not be commonly known, but the forex market is traditionally used by large governments, banks and financial institutions to increase wealth. Why do they choose to invest in foreign exchange? Because it is highly predictable, specifically when you are one of the largest players directly influencing it.

This notion has led to the advanced development of forex trading software which can accurately detect and predict market swings. What set's the leader's of this field apart is not only the ability to predict a swing, but when to act upon it with precise timing for maximum profit potential.

Emotions are a major reason why people fail in all forms of investment, and it is no different in foreign exchange. When emotions rule, rash decisions are made which often result in drastic losses. Forex trading is mathematics, and does not call for going with a 'gut feeling'. Such approaches will more than likely result in failure.

Finally, a major fundamental of succeeding in forex trading is favoring the 'medium term trade'. Utilizing such trade length has been proven to result in more consistently successful trades, with consistent profit being generated. The bigger picture in currency trading is not to make a big win and risk a big loss, but rather to make many educated 'small wins' which are proven to be low risk

Conclusion

Like any form of investment, if you can minimize risk you are half-way there to maximizing profits. If you can learn the basic fundamentals of currency trading, combine this with a system/software to manage you trade's, and act precisely without involving emotion you will be well on your way to serious profits in forex trading.

Forex Trading Hours

Foreign Exchange (FOREX) Trading is the buying and selling of international currencies. Because the trading parties can come from every corner of the globe, there are various time differences that need to be taken into consideration when you engage in trading.

The first trade market begins in Tokyo, Japan, at 7:00 pm Eastern Standard Time

(EST) followed by markets in Singapore and Hong Kong that both open at 9:00 pm EST. The Frankfurt market opens at 2:00 am EST, followed by London at 3:00 am EST, for the European market. By 4:00 am EST, the Asian market has closed and all trading stops in that area of the world. The European market on the other hand is in its busiest time.

The market in the United States of America starts in New York at 8:00 am EST. By this time, the European market is coming to a close. The market in Australia comes to life at around 5:00 pm EST, and by 7:00 pm, the Japan market starts up again in Tokyo, completing one trading day.

This is why FOREX trading is a round the clock, 24-hours-a-day industry.

When looking for companies, or brokers, it is best to be able to look for those who have an international reach and have business hours covering the different time zones. Many companies have business hours starting from 2:30 pm EST on Sunday to 4:30 pm on Friday.

The availability of the company is important for you to be able to extend your influence in the markets from Sydney, Tokyo, Hong Kong, Singapore, Moscow, Frankfurt, London, New York and Los Angeles, and trading in currencies such as the Australian dollar, Yen, US dollar, and European Euro. You want to be able to take advantage of the high availability of the market and the always-liquid currencies.

Forex Trading Basics - 10 Losing Character Traits That Will Wipe Out Your Equity!

Here we are going to look at forex trading basics and 6 character traits that if you have them, you are going to lose. The vast majority of the 95% of traders who get wiped out have them, so to enjoy currency trading success you must avoid them...

1. Won't accept responsibility

This is a common trait.

People continually try and shift responsibility for their success to others - but only you can give yourself success. You can do it - BUT success rests on your ability to learn the right forex education and execute your forex trading strategy with discipline.

2. Want To Have Fun

It always amuses me when I see traders who say they like to have fun, that's why they trade.

Trading is not fun in itself, its satisfying, when your making money. I don't trade for fun, I trade to make money. Sure, if I win I have fun with the money but that's not the same as having fun trading.

If you trade for fun above all else - chances are you like the action, so take low odds trades and lose.

3. The Action Man

This really can be combined with point 2.

This trader cannot stay out the market and lacks patience.

He is trading in the hope that the more he trades, the more he will make but markets don't reward you for effort, they reward you for being right with your trading signal and that's it.

4. Believe Experts

This group of traders like to trust expert opinion and believe what CNBC news tells them or some bank trader.

This always reminds me of will Rogers's famous saying:

"I only believe what I read in the papers"

He was joking of course but its surprising how many people believe anything their told by an expert.

This also goes for the vast group of traders who buy a Forex trading system from a vendor and think with no effort, they will make money. Sadly, forex trading is not that easy.

5. Thinking Your Clever

There are many traders that think their clever and that this will bring them success. It doesn't - they tend to over complicate their forex trading strategy and lose. Simple strategies work best and this is a known fact so keep it simple.

Another problem with people who think their clever is they come with egos and a big ego means they have a problem accepting they are wrong and in forex trading, you are going to be wrong - refuse to set stop losses or run losses to far and you will be wiped out.

6. Lack of Discipline

Comes from a combination of all the above. This is the single biggest cause of traders losing.

To acquire discipline you must learn currency trading the right way and get the right education, so you understand fully and have confidence in what you are doing.

If you don't understand and have confidence in what you are doing, you will not stay disciplined through inevitable periods of losses.

To win at currency trading, you must stay disciplined through periods of drawdown, to enjoy long term trading success.

ANYONE Can Learn Forex Trading

It's a fact that everything about successful currency trading can be learned by those people with a desire to win and the willingness to learn the right information.

Once you have the right method, you then need to have the discipline to apply it. If you cannot apply your method with discipline you have no method.

Forex trading basics means - Not only getting the right forex education but also the mindset to succeed as well.

Elliot Wave Trading Explained

The Elliott Wave principle is a form of technical analysis that tries to foretell trends in financial markets. It is named after Ralph Nelson Elliott, an accountant who discovered the concept in the 1903s. He proposed that the prices of the market follow a specific pattern, which today they now all Elliott Waves. Elliott published his findings in the book *The Wave Principle*, it was published in 1938. He also had articles published in *Financial World* magazine in 1939 and his Flagship *Nature's Laws - The Secret of the Universe* in 1946. Elliott stated that because we as a race are moving at a constant rhythm, our actions and decisions can be predicted in rhythms too.

Elliott's model says that market prices alternate between five waves and three waves at any degree of a trend. As these waves arise, the bigger price patterns unravel in the form of a geometric shape. Inside the dominant trend, the waves 1-3-5 are the "motive" waves, and each of those has five big waves have five smaller waves beneath it. Waves 2-4 are called "corrective" waves, and they only have three sub-waves.

Each degree of a pattern in a financial market has a name, traders use symbols for each wave to show both function and degree. They use numbers for motive waves, letters for corrective waves. Degrees are somewhat relative, they are defined by form, not by size or duration.

The classification of a wave at any level can vary, traders usually agree on the standard order of levels:

- Grand Supercycle: Multi-decade to multi-century

- Supercycle: A few years to decades

- Cycle: 1 year to a few years

- Primary: A few months to a couple of years

- Intermetiate: Weeks to months

- Minor: Weeks

- Minute: Days

- Minuette: Hours

- Subminuette: Minutes

Elliott's market model relies heavily on looking at price charts. Traders study price movies to be able to sort out the waves and waves structures, and tell what prices may arise next. The application of the wave principle is a form of pattern recognition. The structures Elliott mentioned also seem familiar to a fractal. A Fractal is similar patterns appearing at every level of the trend. Elliott Waves investors say that this is just something that happens naturally and they often get bigger and grow more complex as time goes on.

The model shows that we as a human race have a psychology that develops in patterns, like buying and selling because of reflected prices. As Elliott once said *"It's as though we are somehow programmed by mathematics. Seashell, galaxy, snowflake or human: we're all bound by the same order."*

4 Types Of Technical Indicator You Need When Trading Forex

If you have any experience in using any kind of charting packages to assist you with your forex trading, you will know that there are endless different technical indicators you can use. In this article I'm going to be asking what are all these indicators and which ones do you really need?

As you can guess from the title of this article, there are essentially four different types of technical indicator and they are as follows:

1.Trend indicators.

MACD, Parabolic SAR and the various moving averages are a few examples of trend indicators and they can all be used to identify a trend. It's widely argued that you should only trade with the trend so all of these indicators will help you to take the decision out of your hands, and therefore dictate which way you should be trading. Your only decision now is at what level to enter the trade.

2.Momentum indicators.

These types of indicators are essentially oscillating indicators and are most useful for determining overbought and oversold positions and can be very useful in signalling the start of a new trend. Examples include RSI, Stochastics and CCI.

3.Volume indicators.

As the name suggests, these types of indicators show the volume of trades behind a particualr price movement which can be extremely beneficial because a price movement backed up by high volume is a much stronger signal than a price movement based on low volume. Examples here include Chaikin Money Flow, Force Index, Money Flow Index and Ease Of Movement.

4.Volatility indicators.

Volatility indicators generally use ranges to show the behaviour of the price and the volume behind any movements. This is useful because any dramatic change in behaviour can provide a good entry signal. Common examples include Bollinger Bands, Average True Range and Envelopes.

So there you have the four different types of technical indicators available to you. Which ones you use is entirely up to you, but it's generally advised that you have at least one type of each in order to provide additional confirmation for entering a trade.

Trading forex using technical analysis is all about probabilities in that when you enter a long position, for example, you want all of your chosen signals to be signalling an upwards movement, therefore indicating a high probability of an upwards movement taking place.

If you use a strict stop loss policy and use these different types of indicators to confirm positions, then over time this high probability trading method should provide you with more winners than losers in the long run.

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Things to Consider Before You Learn Forex Trading

When you learn Forex trading through online courses, on-location classes, hands-on lessons and other sources, it should explain to you that Forex is not a risk-free business. Although many become successful traders and double their investments, all traders have experienced losses. Most traders are aware of possibilities that trades would go against them. As such, you should learn Forex trading the realistic way and understand that to minimize risks; you should take caution and use trading tools properly.

To minimize losses and trade profitably, you should learn Forex one-step at a time. However, you should consider several things before you choose a course and learn Forex trading. These include scams and risks associated with trading Forex.

A few years ago, Forex scams were extremely rampant. Although the Forex industry dramatically cleaned up plenty of fraudulent brokers, you still need to be cautious when signing up with a brokerage firm. Generally, reputable Forex brokers are associated with large financial institutions, such as insurance companies and banks. They should be registered with your respective government agencies. For instance, in the U.S., brokers should register with the Commodities Futures Trading Commission or become a member of the National Futures Association. After you learn Forex trading but you are still in doubt with a particular broker, then it is best to check with the Better Business Bureau and your local Consumer Protection Bureau.

Even if you deal with a broker of good reputation, there are still plenty of risks to Forex trading. Each trade is subject to volatile markets, unexpected rate changes and even political events that may affect worldwide currencies. When you learn Forex trading using a quality course or attending a reputable school, you will learn different trading risks involving the exchange rate, interest rate, credit and country risks. Since each type of risks present different losses, it is important that you understand how to limit these risks and avoid them as much as possible.

The key to limiting risks and avoiding scams is education. When you learn Forex trading, you develop a solid trading strategy, making you an expert in telling when it is a good time to enter or exit the market as well as determining what kinds of movements to expect. After one course, you should be able to read financial charts, study indicators and master the basics of technical analysis.

As a general rule, you should never place money in the Forex market that you cannot afford to lose. If you are still uncertain of your Forex skills and knowledge, the only way to limit trading risks is through proper education. If you really want to become successful at Forex, you need to have patience, effort and time to learn Forex trading the right way.

Make Money On Forex Trading - 7 Tips To Succeed

There is more than one way to make money on Forex trading, more than 1 strategy, more than 1 tool you can use. However, there are some basic tips which can help you enhance your currency trading profits.

7 Tips To Make More Money On Forex Trading

1. Be disciplined - You have to think of this as a business and have discipline. Find one trading system which works for you and be consistent. Don't switch strategies every other day.

2. Accept the risks involved - Forex trading is a risky business. If you can't handle the risk (and losing once in a while, especially in the beginning) then trading isn't for you. Stick to your day job.

3. Embrace your failures and learn from them - Every trader loses money, even the Gurus, and don't believe otherwise. You will also lose some money along the way. Don't dwell on your failures. Embrace them and learn from them to the future.

4. Be sure of yourself - If you want to make money with Forex trading, you have to be sure of yourself. Lack of confidence leads to instinctive decisions which have little chance of succeeding. Bad traders lack confidence. Don't be one of them.

5. Learn to cut your losses short - Some traders fall in love with their trades. They hang on to them even when they go sour. Learn to accept the fact that you can make a mistake and cut your losses short.

6. Don't get greedy - You need to avoid falling in love with your mistakes as well as your successes. Some traders hang on to their successful trades for so long that they fail to get out of the market at the right time, and watch their potential profits dwindle to nothing.

7. Don't trade money that you don't have or can't afford to do without - One of the worst mistakes you can make is to trade money you don't have or can't afford to lose. Using money which you can't afford to do without for a time will lead to bad decision making. Only trade with what you got.

Use these 7 tips and you will make more money on the Forex Market.

Forex Signal

To generate a forex signal, you will need indicators and a test that your indicators are working. A general rule is to develop a positive expectancy game. This can be done in two ways. First, if your average losing trade is smaller than your average winning trade and the system works 50% of the times, you have a positive expectancy system in the long run.

The other way to develop this type of forex signal system is to generate a signal which gives you more winners than losers and again the average win should be at least equal or greater than the average loss.

Trend following forex signal systems generate an accuracy of around 40%. A simple reason for this is that the markets trend 30-40% of the times. These type of systems are good as they catch major swings in the markets. However, psychologically they are difficult to trade. It requires a lot of patience and waiting to trade these type of systems. The other forex signal system is a day trading system. In all cases, the risk control is the back bone of the system. I have discussed in my previous articles that no forex signal will yield 100% results. You have to work with the probability of the forex signal. In this case the probability of the signal is 30-40%.

To run this type of signal, you need to be aware of the fact that you will be required to run your profits and multiply your gains to get full advantage of the system. If you look at daily charts for a couple of years, there have been big moves of around 800-1000 pips at least couple of times a year. This information alone can give you an understanding of generating a positive expectancy forex signal.

Forex Day Trading Secrets - The Biggest Secret of ALL!

You will see them all over the net forex day trading and scalping systems offering you a regular income and the potential to earn money from the secrets they have discovered - but here is one secret you won't find revealed by these vendors. To find out what it is read on.

Forex scalping and forex day trading systems all lose - want the proof? Read the disclaimer below you will see it or a similar one on ALL the systems sold so here it is:

"CFTC RULE 4.41 - Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown".

So you have probably gathered what the above means - the forex day trading systems you see with huge regular profits have NEVER been traded. They have been simulated on past data - knowing where prices went.

Well that's really hard! Could you do it?

Of course you could - anyone could and you could become a millionaire on paper, alas you can't spend imaginary profits.

Its obvious why day trading is doomed to failure and that's quite simply the time span is to short and there is no reliable data to work with, prices can and do go anywhere in a few hours or a day.

You may as well toss a coin as it's simply luck that will determine whether you win - but keep in mind luck doesn't last forever and you will lose eventually.

People buy these systems because there a good story, so is James Bond but I don't believe its real. Anyone buying one of these mechanical trading systems (if there still tempted) should ask themselves one question:

If the vendor can make so much money with no effort, then why is he selling it for a few hundred bucks or less? The answer is - he knows it doesn't work but knows there will be another naïve, greedy or lazy trader who will buy it.

Don't make this mistake.

Forex Trading Coupon – Deposit & Trade $100 get $25 rebate

If you want to make money in forex trading, you can but you must have reliable data and that means forex swing trading, or long term trend following. Do your homework, get the odds on your side and you can make money.

Leave forex day trading to the losers in forex trading and concentrate on being a winner. I have never seen a forex vendor tell anyone this day trading secret - Wonder why!

Forex Trading Tip - 2 Simple Powerful Ways to Increase Your Profits

If you want to trade forex and want regular profits then following these simple tips can change an average or losing trader into a trader earning triple digit profits. Most forex advice would not agree with them but that's no problem 95% of traders lose! Let's look at them and how they can change your profit potential.

1. Understand the 80 - 20 Rule

We have covered this in greater detail in our other articles but in brief it postulates that 80% of our results come from 20% of our efforts.

This is true in many areas of life and is true for most traders in forex , they simply over trade and lose. The lesson is cut - you're trading down and only take the best high odd opportunities.

Many traders think they need to trade all the time like day traders, or always need to be in the market, just in case they miss a move.

Well traders that are in the market all the time and don't tend to win they tend to get a wipeout for their troubles.

The high odds trades don't come around very often.

When they do you can execute your trading signal - but not until conditions are ripe to enter.

To give you an example, I know a trader that trades less than once a month and makes triple digit annual profits.

High trading frequency does not mean you will make more money in forex trading, on the contrary it improves your chances of losing.

2. Do NOT Diversify

You here a lot about diversifying cuts risk and all manner of technical equations are bought out to support the view - but its not so.

Diversification in most cases does not cut your risk but simply dilutes your profit potential dramatically. If you have a small account under $50,000 dollars you don't have the luxury of diversifying anyway, so don't bother - you will end up risking so little your guaranteed to lose, as normal volatility hits your stop.

If you see a good trade, load it up and risk as much as you can afford.

If you have the odds on your side then hit it and have the courage of your conviction to trade it for all its worth.

FINALLY

These are simple tips but they make total sense they make you focus only on high odds trades and they make sure that's all you focus on without the distraction of other marginal ones.

Try these two tips, there simple and they will help you enjoy currency trading success.

Forex Day Trading - The Major Critical Mistake That Make Day Traders Lose!

If you are considering forex day trading then you need to read this article first. Why? Because, day traders have been making the simple critical error for a number of years its obvious yet traders still make it and its this.

Day trading does not work anymore.

We all have the same information at the same time and all moves in short term time frames are random. We will look at this more in a moment but let's first give you the reality check on all those trading systems that claim big gains.

They all make big claims but there not real gains there in hindsight on paper and you will always see a disclaimer. Tell me would you trust any system with this on it:

"CFTC RULE 4.41 - Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown".

I wouldn't but thousands do - this disclaimer allows you to make up anything you want and say hey it's just a simulation!

What good is that? - We need to make money going forward and don't have the luxury of knowing the closing prices.

Also why on earth would you trust someone saying how great their system is when they haven't had the courage to trade it for themselves. Of course if it worked then you wouldn't, even need to sell it judging by the track records the vendor would be rich beyond their wildest dreams - yet they offer you these riches for $100 or so bucks UMM.

You cannot tell where short term prices are going and that's a fact and that's why you never see a day trader make real gains - Your going to lose so don't try. If you want to trade short term use a forex swing trading system.

Moves are short term a few days to around a week, you get plenty of action and it can be very profitable. You will find lots of swing traders who make money and no day traders.

To win you need to get the odds on your side and that means trading a longer term time frame. If you have not discovered swing trading check it out.

Day traders tend to be lazy or arrogant or think currency trading is easy - well its not that's why 95% of traders lose all their money (100% in the case of day traders!) and of course you wouldn't expect it to be with the rewards on offer

Fact is you need to get the right forex education and get the odds on your side and you can't do that in a random trading environment.

Forex day trading will see you lose because you can't get the odds on your side, so try swing trading and you can get the odds on your side and enjoy forex trading success.

7 Advantages Of Trading Forex

Foreign Exchange market, abbreviated FOREX or FX, is the largest financial market in the world. Forex traders include many financial institutions, such as large banks or central banks, as well as governments, currency speculators, and multinational corporations. The average daily trade currently exceeds $3 trillion.

Although Foreign exchange trading can be confusing for newbie's, the market still lures many people in because it has numerous advantages when compared to other markets like stocks or commodities. Forex trading is somewhat different from stock exchange markets and there are opportunities for those who take part in it. Do not be tempted to jump into trading forex before you have a clear understanding of how the market works.

So how does the forex market work? Here are the key features of forex that differentiate it from other trading markets:

(1) Forex trading does not happen at one location but through use of the telephone and networks, although there some main trading centers in major cities all over the world. Foreign exchange brokers conduct business from their office via a microphone that is connected directly to a phone line. The brokers voice is continuously being transmitted to dealing banks' speakers. To have a better feel for how this is done, visit www.forexvoice.com and you will hear brokers calling the bid/ask prices. Currencies are quoted in pairs, for example EUR/USD. A trade in forex is equivalent to buying one currency while at the same time selling another. The sell quote is displayed on the left and is the price at which you can sell the base currency. The sell quote is also referred to as the market maker's bid price.

(2) Forex is extremely liquidity. The large number of traders on the forex market and their diversity makes forex unique. The exchange rates, which represent the basis of the forex market, can be influenced by a great variety of factors, hence the opportunity for speculations that exists on this market more than on any other financial market. Although the forex market has low margins of profit by comparison to other fixed income markets, its large trading volumes allow for profits to be considerably high.

(3) Forex trading hours and the geographical dispersion are unique. Forex trades virtually for 24 hours each day from 5pm EST on Sunday until 4pm EST Friday. A trader can choose to trade whenever it is convenient for him or her. You even have the possibility of using auto-trading on many trading platforms.

(4) Another characteristic specific to the forex market is that it lacks a central regulatory agency. There are some countries that regulate their dealers. You should only do business with regulated dealers. Otherwise, you may wake up one day and find out that your dealer has gone under taking your account with it!

(5) Forex provides the opportunity to trade with leverage, hence higher profit or loss. In the stock market, you could use margin to achieve a leverage of 2:1, while in forex market leverage of 100:1 or 500:1 are available.

(6) You can open an account with as little as $25 to start trading with. With most brokers/dealers, you can open a demo account and practice for as long as you like without paying a dime.

(7) There are free real time quotes and sophisticated charting programs for forex. An excellent example is Metatrader that you can download for free with tons of technical analysis and expert advisors to show you how to trade forex.

Just as in any other market, trading forex along with its exclusively high profit potential, carries a high risk that must be understood. It is possible to gain success only after good training including a familiarization with the structure and kinds of forex, the principles of currencies price formation, the factors affecting prices alterations, trading risks levels, and money management. You also need sources of information necessary to account for all these factors. You need techniques to analyze or predict market movements as well as trading tools and rules. In future articles we will discuss some of the pitfalls beginners should look out for before starting forex trading.

9 Common Forex Trading Orders - Use them To Protect Profit And Prevent Loss

When trading forex, there are several order types that the retail trader can place in the market place to protect themselves from adverse market conditions and to capitalize on opportunities that the market often provide. We will start with the basic orders that should be available in any trading platform. For beginners, you should keep to the simple types until you get comfortable with your trading platform. Never force yourself to take any trade for the sake of playing with order types.

It can be said that all orders in the market place boils down to Buy or Sell orders. Remember that when trading currency pairs you are selling one currency and simultaneously buying another. Here are some of the common order types:

(1) Buy Order - Place this order when you anticipate that the market will rise. Often, you have to provide some parameters with your buy order. For instance, do you want to buy the currency pair at the price it is currently trading at, or do you have a particular price in mind? What if your order cannot be filled at the price you are specifying, what price range is comfortable to you? This is called slippage. For example, the GBP/USD is trading at 2.0190 and you anticipate that it will go up higher; you can place a buy order to buy at 2.0190. However, there is no guarantee that you will get in at that price, many brokers will require that you specify a slippage. Continuing with our example, suppose, you are comfortable buying as low as 2.0185 or at most at 2.0195, then you would specify a slippage of 5 pips. This is for your protection. Suppose just before your order becomes active, their is a news event, that makes GBP/USD to drop down 50 pips, are you still willing to buy? - maybe the trend has now changed downwards, your answer may be no. In addition, you must specify the time range when the order will be active. Your buy entry price should be dictated by your trading strategy or system.

(2) Sell Order - Place this order when you anticipate that the market will fall. Sell order have the same kinds of parameters we discussed under Buy Order.

(3) Market Order - You want to get in or out of the market at the current prevailing price. Execution is typically guaranteed, but price is not. A market order ensures that you will get into or out of the market.

(4) Limit Order - An instruction to execute an order if a market moves to a more favorable level (i.e. an instruction to buy if a market goes down to a specified level or to sell if a market goes up to a specified level. Execution is typically not guaranteed. Your broker will use their “best efforts” to get your order filled. This order can be used to enter or exit a position.

(5) Stop Order - An instruction to execute an order if a market moves to a less favorable level (i.e. an instruction to buy if a market goes down to a specified level, or to sell if a market goes up to a specified level. A Stop Order is often placed to put a cap on the potential loss on an existing position; which is why Stop Orders are sometimes called Stop-loss Orders. Never trade without placing a Stop-loss order. A trade you think has all the right ingredient for success may turn into a fat loss right before your eyes. Always protect yourself so that you can be alive to trade another day.

(6) Trailing Stop Order - A trailing stop order is similar to Stop Loss order. The only difference is that you are already in profit and you want to protect your profit. Trailing Stop Order then allows you to configure your stop order to continue to follow the price movement in real-time by specifying the distance in pips you would like your stop to move. For example, you have a long USD/JPY position, which you bought at 111.50 and you set a Stop Order to sell USD/JPY at 111.10, in case USD/JPY starts to fall. This Stop Order will close your position with a 40-pip loss if USD/JPY drops to 111.10. However, suppose USD/JPY moved up to 111.90. You can move your Stop Order to sell at 111.70 which will luck in a profit of 20 pips for you in case USD/JPY were to stop its upward movement.

(7) Good till Canceled Order (GTC) - As mentioned earlier, when you place an Order, you must specify for how long the Order is to be valid. The GTC Order is a very common type of Order; it remains valid, 24 hours a day, until you cancel it, or it is executed. It is the trader's responsibility, not the dealers, to remember there is an open order.

(8) Day Orders - Day Orders are good until 23:00 CET time.

(9) Order Cancels Order (OCO) - Also known as One Cancels Other. After entering the market, a limit order to protect profits, and a stop-loss order to limit losses can be placed. When either the limit or the stop order is executed, it will cancel the other order automatically. For example, you sold EUR/USD at 1.2290, looking for a short-term move to 1.2260. However you decide that if EUR/USD moves above 1.2310 you want to cut your loss, therefore you put on a Limit Order to buy EUR/USD at 1.2260, and a Stop Order to buy EUR/USD at 1.2310 on an OCO basis. This order will close your position with a 30-pip profit if Limit Order is reached first or with a 20-pip loss if Stop Order is reached first. Once one of the orders is executed, the second order is automatically cancelled.

There are other types of Orders available to traders. However, keeping your trading simple is perhaps one of the best secrets of success in forex trading. Making money is what matters, not how complex your order structure is. A rule of thumb is that if you do not understand what the order you are placing really mean, do not place it. It can hurt you really badly.

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How To Prepare Yourself To Succeed In Forex Trading

One of the best ways to check out Forex trading and see if it is truly something that you like and feel that you can make money in is to open a Forex demo account. Demo trading is an indispensable aspect of every retail trader's career. You will be setting yourself up for failure if you jump into forex market without practice as you can blow your account in a flash. You probably have heard that 90% of retail traders loose their account value within one year. You wouldn't want to risk your money on something that you know nothing about. So operating a demo account allows you to learn the business without losing money.

Most Forex brokers provide this service at no cost to retail traders with the hope that the trader will convert their demo account into live account after they have gained confidence. Opening a demo account typically take a few minutes. You should not have to give your personal information or pay anything to a broker to obtain a demo account. With a demo account you can trade the forex markets using the same state-of-the-art software packages that professional Forex traders around the world are currently using to make real-time, live currency trades.

With a demo account new traders can familiarize themselves with their brokers trading platform. They learn how to place buy and sell orders, as well as how to set stop orders, take profit, and make price projections. You will feel the same emotion just as if you are risking your hard-earned money - well almost. You will be confronted with the problem of managing losses probably more than the elation of winning. And you can also experience the same dynamic market actions and go through the same process of making decisions based on breaking news, reacting to charting patterns, and tracking your performance the same way professional Forex traders do.

The most effective way to accomplish the goal of becoming a successful forex trader is to trade with a really good set of trading strategies. You must have a plan of what to do when specific trading environment develops. When will you buy or sell, what conditions will make you fold the trade and take a loss, what is your target objective, and why are you taking this trade are some of the pertinent questions you must provide answers to before entering a trade. Any demo software you choose will most likely have the necessary technical indicators you need. Once you have downloaded the software you can then set up your demo account and start drawing trend lines, marking support & resistance levels, monitoring moving averages, or monitoring the news and reacting to the volatility that follow. Then you can follow your plan and document your trading results.

You should continue to practice until you can demonstrate a string of profitable trades, probably punctuated with losses. The probability of winning consistently in live trading when you've lost consistently in demo trading is very slim. On the other hand, be warned that making big gains in a demo-account does not guarantee profits in live trading. Visit my blog often for demonstration of how to achieve consistent winning trades.

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Making Money From Forex Market - Understand Its History To Predict The Future!

The Forex market is the largest liquid market in the entire world, with currencies amounting to about $ 1.4 trillion traded daily. The advancement of technology in telecommunications and banking has paved the way for a faster and more unpredictable foreign exchange market.

In earlier times, trade involved exchanging of goods to other goods, for example, spices to meat and cloth to jewelry. The onset and availability of international transportation created a venue for international trade wherein vast amounts of goods and people were being shipped. The end result of this transportation genius turned out to be a global economy that can no longer employ goods-to-goods trading because it is this makes fair trade highly unlikely, if not impossible.

Before World War I, gold and silver in the form of coins were already the most widely-used means of payment. The trading practice was highly dependent on the gold reserve of different economies around the world. As a result, governments and countries can easily change the value of their currency should a gold reserve be discovered. The paper money soon became the *primary representation* of the gold reserve and stability of an economy.

The implementation of numerous foreign exchange agreements and policies, and the foundation of the IMF (International Monetary Fund), the World Bank, and GATT (General Agreement of Tariffs and Trade) in the 1940s allowed for a fairer and more stable global foreign exchange practices.

Today, these institutions are the responsible for the control of foreign exchange rates that are influenced heavily by the eight major currencies which are USD (US Dollar), EUR (Euro), GBP (British Pound), AUD (Australian Dollar), JPY (Japanese Yen), HKD (Hong Kong Dollar), and the CHF (Swiss franc).

Fibonacci Forex Trading Technique Leonardo Pisano, better known by his nickname, Fibonacci, was an Italian mathematician born in Pisa in the 12th century. He is known to have discovered the Fibonacci numbers, said to be based upon observations of the Great Pyramid of Gizeh in Egypt. Fibonacci Numbers are a sequence of numbers where each successive number is the sum of the two previous numbers.

e.g. 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, etc.

It is the ratio of the Fibonacci sequence that is significant, rather than the actual numbers in the sequence. The quotient of the adjacent terms in the series possesses an amazing proportion, roughly 1.618, or its inverse 0.618. This proportion is known by many names: the golden ratio, the golden mean, PHI, and the divine proportion. The dimensional properties that adhere to the ratio of 1.618 occur repeatedly in nature. Examples are as various as mollusk shells and the shapes of gallaxies containing billions of stars.

Fibonacci jumped into the technical mainstream late in the bull business. Futures traders had it all to themselves until real-time software moved it over to the equity markets. Its acceptance exploded as retail traders experimented with its math and discovered its many virtues.

Fibonacci ratios describe the communion between trend and countertrend markets -- 38%, 50% and 62% retracements form the primary pullback levels. Apply these percentages after a trend in either direction to predict the extent of the countertrend swing. Stretch a grid over the most obvious up or down wave, and see how percentages cross key price levels.

Convergence between pattern and retracement can point to excellent trading opportunities. Keep in mind that retracements work poorly in a empty space. Always examine highs, lows and moving averages to confirm the importance of an absolute level.

Animosity between retracement and the underlying pattern generates babel instead of profit. Move on to a fresf chart when nothing lines up right. This aberration generates most of the whipsaw in a price chart. Additionally, strong phasing between Fibonacci and pattern exposes highly foreshadowing reversals at accented asking prices.

Let's look at a couple tricks to amend your Fibonacci skills. Add these twists and turns to your toolbox and apply them to your next trade.

First Rise/First atrocity marks the first 100% retracement of a trend within your time frame of activity. It provides an early adaptation warning after a new high or low. The 100% retracement violates the major price direction and terminates the trend it corrects. From this level, the old trend can re-create itself if it breaks through the old 38% level. More often, traders will use that level to enter low-risk positions against the old trend.

Parabolic movement tends to occur between the 0%-to-38% and 62%-to-100% Fibonacci levels in all trends. This affinity offers a great agent for finding the big moves when searching for trades. Watch for bottlenecks to form at the 38% or 62% level. Then use a simple escape or breakdown approach when price moves past it. The next advance can be alcaic, with price moving like a magnet back to an old high or low. Of course, the strategy only works when you can find these levels in advance.

Many traders can't figure out where to start a Fibonacci grid. Here's a trick to help you place it where it'll do the most good. The absolute high or low in a price wave isn't the best starting point for a grid most of the time. Instead, look for a small double bottom or double top within the bottleneck where the trend began. Accent one end of the grid over this second high (or low), instead of the first. This will capture a specific Elliott Wave that conforms to the trend you're trying to trade.

The Ideal Forex Trading Plan When entering the foreign currency exchange market known as Forex, an investor should have a plan. Forex is the oldest, safest and most lucrative investment market in the world.

The Forex Investor is in control of his portfolio at all times. There are few fees in Forex Trading and there is no threat of insider trading.

In order to be successful in Forex Trading, an investor will begin by educating himself on the many variables that are inherent to Forex. He should enroll in a reputable course in Forex online and familiarize himself with the currency market by setting up a demo account on one of the many online sites. A demo account does not require any capital, but it does train an investor in how to approach Forex trading.

A Forex investor must learn to maximize his profits and minimize his losses. He can do that by learning to analyze corporate and governmental press releases and economic forecasts. An investor must seek out and incorporate sound investment strategies and learn how to read charts and graphs pertaining to the currency trade.

Forex trading has the highest volatility in the investment market, and it is tempting to just jump into the trading and make decisions based on the spikes and dips in currency values, but a successful Forex trader knows that he must never buy or sell using his emotions as leverage. He never trades out of fear or greed.

To be successful in Forex, a trader should stick to a strategic plan that adheres to what was successful in past trading and what makes sense according to reputable strategists.

Forex Currency Trading System - A Basic Guide If you are about to start doing it yourself and get into foreign exchange, make sure you have the right system to succeed.

Making money is fairly easy if you get the timing right. The right currency trading system helps you get the right timing. By definition, a trading system is well known for its use to invest money so you can make more money. The Forex exchange to be precise is all about investing money for a different currency, to make money and profits.

Forex is dependent only on the success of the stock markets.Using a Forex trading system can give you many advantages

1) in which you could invest in your own currency rates,

2) your money can be changed to another currency, and

3) can invest with a foreign company right from your own country.

So that you know, a currency Forex system was initiated by world-renowned investors, multinational corporations, and worldwide currencies.

Currency exchange Forex online system may have the same results as in a currency offline Forex trading system. However in a trading system online, access is definitely faster and you can see trade changes faster than offline systems. Also, in an online system, you could invest, trade, move investments and withdraw money faster. In addition, systems currency swap Forex can build wealth to potential investors willing to learn about their investments and whom to trust as their brokers to have other decisions.

However, making up your mind on the kind of Forex system to trust can be a decisive factor for your company. Typically in the treatment of any type of investment, whatever you want to meet other traders have met at another time. Thus, when the currency Forex trading system agent cant be contacted in person, by telephone, e-mail or fax, it is possible that you are working with a false company. A society that currently uses Forex trading systems currencies and offers many opportunities for global investments should contact you at different times of the trade.

Also, having to invest and work with a currency system Forex company that puts your money first and listens to whatever you need is a good thing. However, if they call you with suggestions opposing your decisions at regular intervals, it can get irritating. So it is advised to avoid doing business with such a currency system Forex business. Always remember that to cope with any type of investment, you should understand that you need time to learn the ropes before you get in.

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Sometimes, a currency trading system Forex agency will call and ask you for money, because it could help you get involved in the scene, and here you have to be careful. Any good agent will give you time to make decisions without pressure. So look for one you are comfortable with investing.

Lastly, when you are sure you have a good agent, you will be able to work relaxed and feel your money is secure.

[Forex Trading Coupon – Deposit & Trade $100 get $25 rebate]

Online Forex Trading And Day Trading Online Forex trading is a very hot trend these days, but you need to know one thing. Day trading is a very good way to lose money. Why? There are many risks involve with Forex day trading and with currency exchange as a whole. The volatility of the currency trading market is very high. This is one of the most important aspects of the Fx trading world. Trillions of dollars exchange hands each day and the market goes up and down.

Are you considering day trading? This is one of the best ways to lose money as we said above. Forex day trading does not work because the data is not reliable. Also volatility is random in the online Forex trading world. Traders trade hundreds of millions of dollars each day and if you try and predict what all these people will do in this short time span you are going to have a bad time. Also your investment is not going to be good. Many of you could have seen many Forex trading systems with excellent records of gains. Of course you have seen them, but they are not telling you the truth, as we are going to explain later on.

Many people might say they have seen online Forex trading systems with great tracks records of profits. But let us tell you something. They know the closing price. The Forex broker that is telling you this does not trade with real dollars. Many times what you get is one of these things: CFTC Rule 5.61.. Simulated or hypothetical results have limitations. These results do not represent actual trading. These are not like actual performance records. Many times the results are over compensated for the impacts of the market, for example, lack of liquidity. These trading programs are designed with the benefit of hindsight. There is no guarantee that any account will achieve the losses or the profits of any of these simulated accounts.

Online Forex trading systems that make huge claims will never end up succeeding in the real trading world. Do you want to lose your money? Just join these Forex brokers. You need to trade the odds over a longer term if you want to make money here. Currency trading is a tough game even if you have reliable data. You need to know a lot about the Forex world if you want to make money here.

The Top Four Forex Brokers

This article contends that the best forex brokers are: Saxo Bank, GAIN Capital, GCI Financial Ltd., and CMS Forex. CMS Forex accepts no commission, demands a small amount of only $200 to establish a mini account, provides users with a Free Demo account, provides leverage as high as 400:1, and has a 3 to 4 pip spread on major currencies.

Saxo Bank's ForexTrading.com offers 24 hour online trading, streaming news from three major providers, detailed analysis from in-house experts, direct online chat to dealers, and a secure trading environment.

GAIN Capital gives its asset managers robust technology, wholesale dealing spreads, consistent liquidity, fast execution, and access to a wide range of sophisticated tools. GAIN Capital's proprietary trading technology today supports over $60 billion in monthly trade volume. GAIN Capital's FOREXTrader has streaming prices in 14 currency pairs, real time profit and loss account information, sophisticated risk management tools, a variety of simple and complex order types, and full reporting capabilities.

Professional dealing practices and a service-oriented approach has earned GAIN Capital a reputation as a world class provider of foreign exchange services. Client and partners from over 110 countries currently rely on their technology, execution and clearing services, and administrative tools.

For individual investors, GAIN Capital operates FOREX.com, which offers advanced, yet easy-to-use trading tools along with lower account minimums and extensive educational resources.

GCI Financial is one of the world's largest online brokers offering commission-free trading in Forex. GCI Financial offers Internet trading software, fast and efficient execution, and the low margin requirements. GCI Financial's free trading software gives the investor the edge in execution, market information, and account management.

GCI Financial offers forex and indices on an online dealing platform. In their forex trading platform the trader can add and remove instruments from the ""dealing prices"" window to fully customize the trading.

Automatic Forex Trading Systems - How Can They Help You To Make More Money?

Every forex trader is interested in 1 main thing: how to make more money trading currency. There are many trading strategies that you can use, a lot of tricks to employ, and you can also hope for a little bit of luck. However, there is one thing you can do which will increase your chances of making more money on the forex market and that is to use Automatic Forex Trading Systems.

How can an Automated forex trading system help you make more money? There are 3 ways which are directly related to what these software do:

1. Help you make wiser trading decisions. We all know that the forex market is a difficult one. It's difficult to make the right trading decisions with any consistency. And each mistake can cost you dearly. Automatic forex trading systems can help you to make better decisions. That way you'll minimize your losses and maximize your profits.

2. Automatic forex trading systems can help you make faster decisions and more transactions. We're only human and we can't do twenty things at the same time. But on the forex market, opportunity knocks at twenty different places around the world at the same time. You can't be on top of all that, but an automatic forex system can do it better.

3. The final way in which an automatic forex trading system can help you make your money is to do some of the trading for you. Of course, not every software does this, and it's best that you know how to operate your software completely, but just imagine how your software can make transactions for you while you sleep, or during your work hours. This isn't magic, you will need to know how to use your system, but there are some excellent software out there.

In this day and age, it's impossible to make real money on the market without some kind of automatic system. Get one for yourself and start making more money.

FOREX 101: Make Money with Currency Trading

For those unfamiliar with the term, FOREX (FOReign EXchange market), refers to an international exchange market where currencies are bought and sold. The Foreign Exchange Market that we see today began in the 1970's, when free exchange rates and floating currencies were introduced. In such an environment only participants in the market determine the price of one currency against another, based upon supply and demand for that currency.

FOREX is a somewhat unique market for a number of reasons. Firstly, it is one of the few markets in which it can be said with very few qualifications that it is free of external controls and that it cannot be manipulated. It is also the largest liquid financial market, with trade reaching between 1 and 1.5 trillion US dollars a day. With this much money moving this fast, it is clear why a single investor would find it near impossible to significantly affect the price of a major currency. Furthermore, the liquidity of the market means that unlike some rarely traded stock, traders are able to open and close positions within a few seconds as there are always willing buyers and sellers.

Another somewhat unique characteristic of the FOREX money market is the variance of its participants. Investors find a number of reasons for entering the market, some as longer term hedge investors, while others utilize massive credit lines to seek large short term gains. Interestingly, unlike blue-chip stocks, which are usually most attractive only to the long term investor, the combination of rather constant but small daily fluctuations in currency prices, create an environment which attracts investors with a broad range of strategies.

How FOREX Works

Transactions in foreign currencies are not centralized on an exchange, unlike say the NYSE, and thus take place all over the world via telecommunications. Trade is open 24 hours a day from Sunday afternoon until Friday afternoon (00:00 GMT on Monday to 10:00 pm GMT on Friday). In almost every time zone around the world, there are dealers who will quote all major currencies. After deciding what currency the investor would like to purchase, he or she does so via one of these dealers (some of which can be found online). It is quite common practice for investors to speculate on currency prices by getting a credit line (which are available to those with capital as small as $500), and vastly increase their potential gains and losses. This is called marginal trading.

Marginal Trading

Marginal trading is simply the term used for trading with borrowed capital. It is appealing because of the fact that in FOREX investments can be made without a real money supply. This allows investors to invest much more money with fewer money transfer costs, and open bigger positions with a much smaller amount of actual capital. Thus, one can conduct relatively large transactions, very quickly and cheaply, with a small amount of initial capital. Marginal trading in an exchange market is quantified in lots. The term "lot" refers to approximately $100,000, an amount which can be obtained by putting up as little as 0.5% or $500.

EXAMPLE: You believe that signals in the market are indicating that the British Pound will go up against the US Dollar. You open 1 lot for buying the Pound with a 1% margin at the price of 1.49889 and wait for the exchange rate to climb. At some point in the future, your predictions come true and you decide to sell. You close the position at 1.5050 and earn 61 pips or about $405. Thus, on an initial capital investment of $1,000, you have made over 40% in profits. (Just as an example of how exchange rates change in the course of a day, an average daily change of the Euro (in Dollars) is about 70 to 100 pips.)

When you decide to close a position, the deposit sum that you originally made is returned to you and a calculation of your profits or losses is done. This profit or loss is then credited to your account.

Investment Strategies: Technical Analysis and Fundamental Analysis

The two fundamental strategies in investing in FOREX are Technical Analysis or Fundamental Analysis. Most small and medium sized investors in financial markets use Technical Analysis. This technique stems from the assumption that all information about the market and a particular currency's future fluctuations is found in the price chain. That is to say, that all factors which have an effect on the price have already been considered by the market and are thus reflected in the price. Essentially then, what this type of investor does is base his/her investments upon three fundamental suppositions. These are: that the movement of the market considers all factors, that the movement of prices is purposeful and directly tied to these events, and that history repeats itself. Someone utilizing technical analysis looks at the highest and lowest prices of a currency, the prices of opening and closing, and the volume of transactions. This investor does not try to outsmart the market, or even predict major long term trends, but simply looks at what has happened to that currency in the recent past, and predicts that the small fluctuations will generally continue just as they have before.

A Fundamental Analysis is one which analyzes the current situations in the country of the currency, including such things as its economy, its political situation, and other related rumors. By the numbers, a country's economy depends on a number of quantifiable measurements such as its Central Bank's interest rate, the national unemployment level, tax policy and the rate of inflation. An investor can also anticipate that less quantifiable occurrences, such as political unrest or transition will also have an effect on the market. Before basing all predictions on the factors alone, however, it is important to remember that investors must also keep in mind the expectations and anticipations of market participants. For just as in any stock market, the value of a currency is also based in large part on perceptions of and anticipations about that currency, not solely on its reality.

Make Money with Currency Trading on FOREX

FOREX investing is one of the most potentially rewarding types of investments available. While certainly the risk is great, the ability to conduct marginal trading on FOREX means that potential profits are enormous relative to initial capital investments. Another benefit of FOREX is that its size prevents almost all attempts by others to influence the market for their own gain. So that when investing in foreign currency markets one can feel quite confident that the investment he or she is making has the same opportunity for profit as other investors throughout the world. While investing in FOREX short term requires a certain degree of diligence, investors who utilize a technical analysis can feel relatively confident that their own ability to read the daily fluctuations of the currency market are sufficiently adequate to give them the knowledge necessary to make informed investments.

Forex Scalping - How to Find a Winning Forex Scalping System

Forex scalping is a short term method of day trading and forex scalpers are looking to take small profits regularly by timing moves on hourly charts. The idea is to only take small profits but get lots of them, to build profits over time and earn a big consistent income. There are lots of forex scalping systems for sale but how do you pick a winner?

The first thing you need to do, is look at the track record of the scalping system presented to you and check for a disclaimer. If you see the one below (or one with a similar wording), you need to forget the system and look at others. Here it is read it carefully:

"CFTC RULE 4.41 - Hypothetical or simulated performance results have certain limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown".

Basically, the above means the forex scalping system has not been traded and the vendor has simulated the track record in hindsight. A disclaimer like this, tells you nothing about the profitability of the system, as of course if we all knew tomorrow's price today, we would ALL be rich!

Making money in hindsight is easy, but we don't have that advantage in the real world.

Now you may be thinking well that's obvious enough - I Will just find a real time track record of forex scalping profits.

Get ready for a long search then! Why?

Well I have been searching for 25 years and not found a real time track record and the reason is:

Forex scalping doesn't work over the long term, because the logic it is based upon is fundamentally flawed.

The logic is, you can predict where prices will go in just a few hours - but of course you can't do this.

Volatility in short time frames is simply random.

Volatility can go anywhere in a few hours (and does) so, all that happens is stops get hit and you end up with lots of small losses. Because you are not running profits to cover them, you are simply destined to lose.

You can't win long term, as even if you are lucky - luck doesn't last forever!

Vendors know it's a good and appealing story - but that's all it is.

You never see a real time track record of gains and you have to wonder why a vendor if he really believes forex scalping works, doesn't have the track record to prove it.