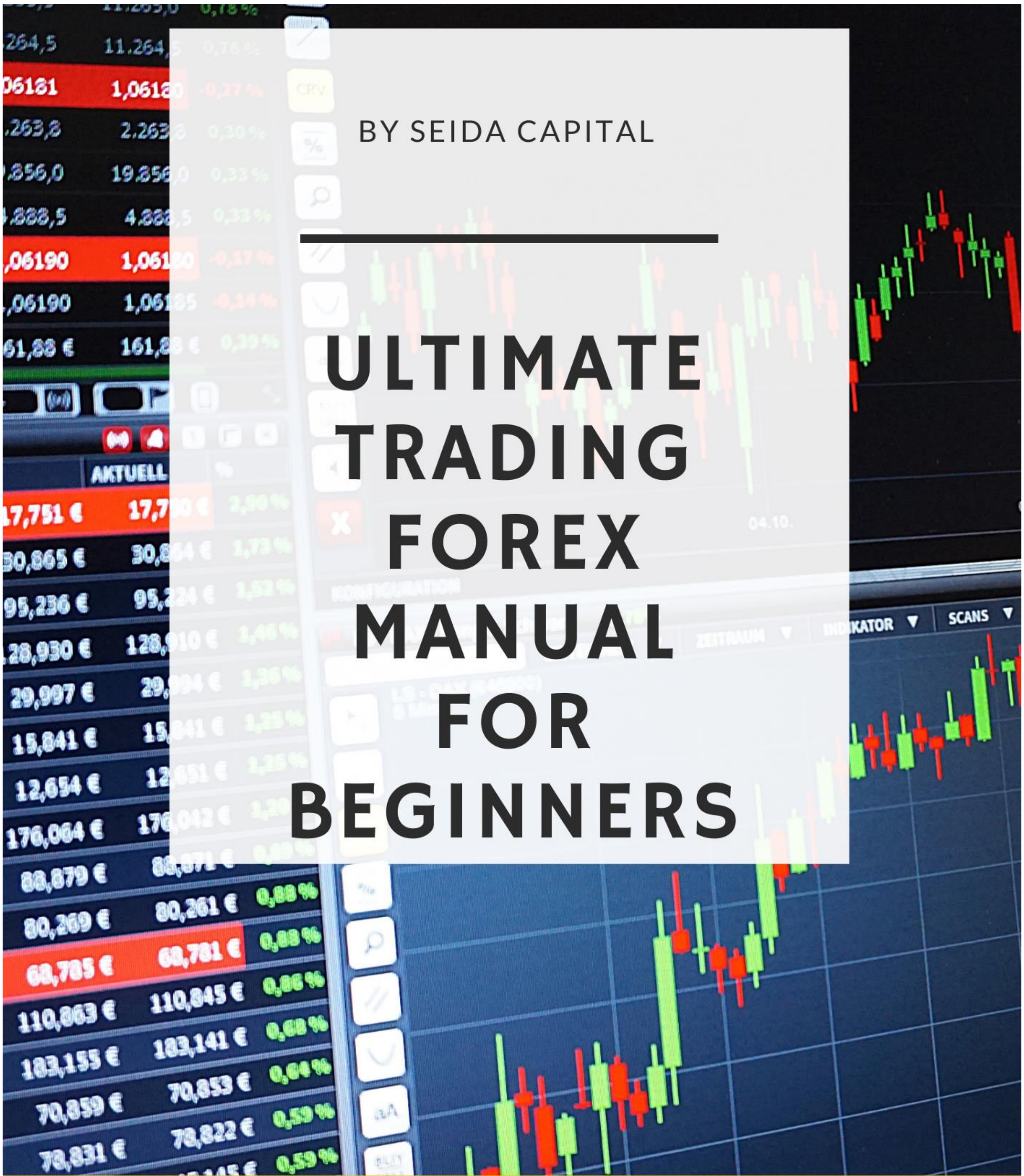
BY SEIDA CAPITAL

ULTIMATE TRADING FOREX MANUAL FOR BEGINNERS



Book for anyone who wants to start to trade forex but don"t know anything about trading"

An easy-to-follow guide on how to start to trade forex markets and achieve your dreams.

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Part 1: Basic Things to Know

What are the Forex Markets?

The Forex Markets are **global financial markets** where the currencies of different countries are traded (bought & sold)**.**

Forex stands for "**Foreign Exchange**" and the **Foreign Exchange** market are needed globally so that countries can buy & sell goods & services from each other even when each state uses different currencies.

The same term is used when you exchange one kind of money for another for example when you're visiting Europe and you must exchange your local currency for Euros to make transactions wherever you are in Europe.

The **Foreign Exchange Market** is where that exchange happens on a global basis and where the **Exchange Rates** are set by the buyers and sellers of all the currencies.

Exchange Rates are basically the exact amounts of how much of 1 currency you can get for another for example if you had 1 US Dollar in August 2020 you would be able to get 106 Japanese Yen in exchange because the exact exchange rate for the US Dollar and the Japanese Yen was 106.02.

The Forex Markets are open **24 hours** a day for **5 days** a week (weekends excluded). These financial markets are the biggest in the world with more than $4 Trillion being traded on them every day.

Currency Quotes are traded on **3 trading sessions** every day, namely the New York Session, the London Session and the Asian Session.

Currency Quotes

What are **Currency Quotes**?
Currency Quotes are currencies put in **pairs;** they show very important information about the currencies they represent. It's vital for people interested in forex to know the **Symbols** of each different currency for example the Symbol for the Dollar is USD and the symbol for the Canadian Dollar is CAD.

We give a full list of different Currencies and their symbols at the end of this manual.

As currency quotes are written in pairs, one of those pairs is called the **Base Currency** (put on the left) and the other is called the **Quote Currency** (put on the right)**.**

Next to a currency quote is a number which represents the exchange rate which is basically how much of the **Quote Currency** you need to you need to buy **1 unit** of the **Base Currency.**

In the example below we can see that the currency quote EURUSD has the symbols of 2 currencies, the Euro & the US Dollar. The exchange rate next to the currency quote is always a number , this number represents how much of the quote currency you can get for 1 unit of the base currency meaning that you need **1.288 USD** (US Dollars) to get **1 EUR** (Euro).

When you **BUY** a currency quote, you're buying the **Base Currency** and Selling the **Quote Currency** and when you sell a currency quote, you're doing the opposite.

So, in the above example when you Buy the EURUSD Currency Quote You're buying the Euro and Selling the US Dollar at price of the exchange rate number.

Why Trade on The Forex Market?

The Forex Markets are different to other financial markets,
they have fewer rules
you pay less money to access them.
Ordinary people should trade on the forex market because you can trade anytime you wish to and in
trading on these markets it is easy to get in or get out.
What has made it easy for people to trade has mostly been the low barriers of entry into the forex markets.

How Do You Make Money in Forex?

You make money by buying currencies that are going to **increase in value** and selling currencies that are going to **decrease in value.**

Let us describe an example
, let's say your local currency is the US Dollar and you want to make a profit by buying Euros,
you see that the exchange rate for Euros and US Dollars is 1.288 you want to buy 200 Euros because you think the exchange rate or the value of Euros is going to increase to 1.500 , how would you make a profit ?

Action	EUR (Euros)	US Dollars (US Dollars)
You buy 200 Euros with the 1.288 exchange rate meaning each Euro is 1.288 Dollars.	**200 You get 200 Euros**	**1.288 x -200 = 257.6 You give 257.6 Dollars**
Exchange Rate Increases to 1.500 after 3 weeks	**1**	**1.500 (To buy 1 Euro you need 1.300 Dollars)**
After 3 weeks you sell 200 Euros with 1.500 as the exchange rate	**-200 You give 200 Euros**	**1.500 x 200 =300 You get 300 Dollars**
Profit	**0**	**300 - 257.6 = 42.4 as profit**

Part 2: Forex Concepts & Technology

Who Trades the Forex Markets?

- **Small banks:** a large percentage of currency is traded in the interbank market. Banks of all sizes trade currency with each other through electronic networks.
- **Central banks or reserve banks**: they are extremely important players in the forex market. Interest rates of central banks influence currencies to a larger extent.
- **Hedge funds or investment companies:** Investment managers trade currency for large accounts such as pension funds and endowments.
- **Corporations:** companies that import and export goods conduct forex transactions to pay for goods and services.
- **Individual investors or retail traders**: that's me and you. The volume of trades made by retail traders is extremely low compared to that of banks and financial institutions.

How Do You Trade on the Forex Markets?

To make money on the forex market through trading it you need to know whether the exchange rate or price of a currency quote is going to increase or decrease.

This needs one to **analyse** the currency pair so that you know whether you need to sell it or buy it. The following are 2 ways of analysing:

Technical Analysis

Technical analysis is when a forex trader uses tools, software's, or any object found on a trading platform to forecast future movement of currency prices.

Technical analysts focus on charts of price movement and various analytical tools to evaluate a Currency's strength or weakness and forecast future price changes.

An example of software used by technical analysts to analyse the market is an indicator. An indicator is a trading tool used to predict future price movements of currencies.
Examples of indicators are:

- Oscillators
- Stochastics
- Moving average
- RSI
- MACD

Fundamental Analysis

Fundamental Analysis is when we use economic events to analyse the market and predict future prices of currencies.
The some of the most popular reports used in financial are:

- **Non-Farm Payroll (NFP)**
  - is a monthly report reported by the US government to represent the employment and unemployment stats in the US?
  - Check the report on forexfactory.com or Investing.com on last Friday of the month at 12:30 GMT.
  - **How to use it:**
    - Compare the actual number with the previous number.
    - If Actual number is greater than previous number,
      - buy USD and sell other currencies
      - e.g. Buy USD/CAD.

  And if Actual number is less than previous number,
  sell USD and buy other currencies e.g. Sell USD/CAD.

- **Purchasing Managers Index (PMI)**
  - is an indicator of the economic health of the manufacturing sector.
  - Compare the actual number with the previous number.
  - **How to use it:**
    - If Actual number is greater than previous number,
    - buy USD and sell other currencies
    - e.g. Buy USD/CAD.

- **The Consumer Price Index (CPI)**
  - is a measure that examines the weighted average of prices of a basket of consumer goods and services,
  - such as transportation, food and medical care.
  - **How to use it:**
    - Compare the actual number with the previous number.
    - If Actual number is greater than previous number,
    - buy USD and sell other currencies
    - e.g. Buy USD/CAD.
    - Same vice versa

Sentimental Analysis

In its most basic definition, defines how investors feel about a market or financial instrument.

As traders, sentiment becomes more positive as general market consensus becomes more positive.

Likewise, if market participants begin to have a negative attitude sentiment can become negative.

What Are Forex Brokers?

A broker is an individual or an organization that arranges transactions between a buyer and a seller when the deal is executed.

They basically allow traders to get access to all the different currency quotes and instruments that can be traded, in exchange for that every trader pays them a small commission on each trade called **Spread**.

The following are tips to look to when choosing a broker:

1. **Choose a broker that charge a low spread as commission.**
   a. The spread is calculated in pips, it is the difference between the price at which a currency can be purchased and the price at which it can be sold.
   b. The lower the spread the more profits on trades.

2. **Choose a broker that does not manipulate spread.**
   a. Spread manipulation is when a broker increase spread after you've opened a trade or when the price reaches your take profit.
3. **Choose a broker that does not manipulate the charts.**
   a. Charts manipulation is when you see a different chart from the one that is seen by other traders.

4. **Choose a broker that is regulated by credit and financial authorities**
   a. This is so that you can withdraw your earning when you are done.

Here are the Best internationally regulated brokers:
1. Avatrade
2. Exness
3. HotForex
4. GlobalForex
5. CMTrading

Trading Platforms

There are numerous trading platforms one can choose as a trader and most brokers allow you to make accounts on all legitimate platforms.

It's very important that you know how to **navigate a trading platform** and doing certain tasks on them such as opening charts, accessing your account and executing a buy or sell trade just to name a few.

To be able to access trading platforms you need to have an operational smart device such as a Mobile Android or IOS device or a computer.

Here are the best trading platforms you can use:

1. Plus500
2. Metatrader 4 & 5 (MT4 & MT5)
3. IQ Option
4. Expert Option

Part 3: Practicality

What is NOT True about Forex?

The Forex industry has a lot of people and businesses who spread misinformation in order to use and trick people who don't know any better so it's vital for your own financial and personal wellbeing that you recognise these parties and their false facts so you can avoid them.

Here are examples of **false facts** and **misinformation** about the forex markets:

- Forex can make you rich quickly.
- You can't lose money trading in the forex markets.
- You can make money from Forex without experience and basic knowledge.
- Trading Robots can make you millions without you knowing about how Expert Advisors work.

The Psychology Behind Trading

It's an understatement to note the importance of the right kind of **psychological, mental and emotional behaviours** in being successful at trading the forex markets.

Traders who disregard what their trading psychology have a very high risk of losing money and not being successful in trading the forex market.

There thousands of books, slideshows and tips on what kind of psychology to have when trading but most of them fall short on explaining how to be aware of your trading psychology.

A persons trading Psychology is, in basic terms, the behaviours and feelings that arise in traders when they trade that either assist or harm their trading success and it can be applied in all type's financial markets.

The First step in having good trading psychology is to **Journal each trade you make**

1. **Noting why and how you made each trade**
2. **Figuring which thoughts and feelings persuaded you to make each trade.**

Once you understand your own trading psychology then you can modify and change to resemble psychologies which assist in trading success.

The following are behaviours that can be used to build an effective and successful trading psychology:

- **Use risk management regardless of how confident or fearful you feel**
- **Do not look for a trading opportunity or analyse when your distracted or feeling an intense emotion e.g. anger, elation etc**

❖ **Try to main as neutral and as objective as you can be when evaluating your trading performance**

Risk Management & A Trading Plan

Trading in the forex market is always risky so **Risk Management** is an essential part of being a successful forex trader.

Risk Management is the process of evaluating how much money you're going to use to trade and how much of it you're willing to lose if your trades are not profitable.

This is a very effort intensive part of trading as it needs traders to calculate important aspects such as **A.**

How much of your whole investment amount you're willing to risk in Forex trading **B.**

How much profits you want to gain from your trading & **C.**

The acceptable balance between expected Profits and expected Losses.

These aspects are realised only when considering the value of **Pips** and the use of **Lot Sizes**.

A Pip is a very small change of currency pair in the forex market.

It's a unit we use to measure a small movement of currency price, we use pips as a counting tool to measure how far a currency pair has increased or decreased.

A Lot is something we use to determine the value of each pip we gain or losing when we're trading , the higher the lot size the higher the value of each pip of a currency pair and thus the more you risk on the trade.

A Lot size can be imputed & adjusted when you place a trade.

Risk Management is applied in the following ways:

A. Determining the maximum percentage of your account that you're willing to Lose

(Preferably no more than 15%)

B. **Figuring out how many Pips of profit do you want to gain in trading by firstly using this equation to find the value of each pip**.

Value of each Pip (in the base currency) = (Decimal Place of the Currency Quote x Lot Size)/Exchange Rate of the Currency Quote

C. **Choosing a ratio of profits to losses that respects how much you're willing risk**. **(Preferably 1: 4 with Losses: Profits)**

Have A Plan!

Risk Management does not work unless you have a **trading plan** which is basically a detail step by step plan on where you want your trading to lead you.

A trading plan has the following components:

- **A Goal** – a set and defined amount of money you want to have gained.
- **A Time Period** – How much time you'll need to gain the amount of money you're aspiring to get.
- **A Time-Line Breakdown** – How much you need to be gaining on a Daily, Weekly and Monthly Basis to achieve your Goal.
- **A Strategy -** Methods of analysing & trading and methods of behaving which are going to help you get to your goal.

Part 4: Terminology & Currencies

Important Terminology

Meta Trader 4 (MT4) is a is a trading platform developed by MetaQuotes Software for online trading in the forex, contract for differences (CFDs) and futures markets. MT4, as it is commonly known, can be downloaded at no charge directly from the MetaQuotes web site (metaquotes.net) or through dozens of online forex brokers.

Quote is the price of a currency pair.

Pip is a very small change of currency pair in the forex market. It's a unit we use to measure a small movement of currency price. A pip is the third and fourth numbers after the comma in the currency price. The fifth number after the comma is a fractional pip or pipette. Ignore it. Lot size in short is the price of a pip or pip value. In general, any group of goods or services making up a transaction is a lot size or volume. In the financial markets, a lot represents the standardized quantity of a financial instrument as set out by an exchange or similar regulatory body. For exchange-traded securities, a lot may represent the minimum quantity of that security that may be traded.

Long is buying a currency in forex with the hope that it will rise in value.

Short is selling a currency in forex with the hope that it will fall in value.

Indicator is a tool that is used by technical analysts in forex to analyse and understand the market. Spread is the difference between the buy (also called bid) price and the sell (also called ask) price. It's a commission that is paid by the retail trader to the broker for trading currencies. It is calculated in pips.

Stop loss is a way of managing a loss in the forex market.

Take profit is the point where the retail trader wants to close the order and pocket profits.

Swap is the amount charged by the broker for leaving a trade or an order to run into a new day.

Margin is when the retail trader takes a short-term loan from the broker. The loan is equal to the amount of leverage the investor is taking on. Before the investor can place a trade, he or she must first deposit money into the margin account. Leverage Investors use leverage to significantly increase the returns that can be provided on an investment. High leverage allows traders to use big volume or lot size on their trades and make high profits and low leverage allows traders to risk low on their trades. Support is where the price sets low of the day in the charts.

Resistance is where price sets high of the day in the charts

Most Traded Currency Pairs

Currency Symbols

USD	**US Dollar**
EUR	**European Euro**
GBP	**Great British Pound**
CAD	**Canadian Dollar**

AUD	**Australian Dollar**
NZD	**New Zealand Dollar**
CNY	**Chinese Yuan**
CHF	**Swiss Frank**
RUB	**Russian Rouble**
DKK	**Danish Krone**
NOK	**Norwegian Krone**
MXN	**Mexican Peso**
ZAR	**South African Rand**
SGD	**Singapore Dollar**
AED	**UAE Dirham**
KWD	**Kuwaiti Dinar**
BRL	**Brazilian Real**
THB	**Thai Baht**
INR	**Indian Rupee**
NGN	**Nigerian Naira**
JPY	**Japanese Yes**
ETB	**Ethiopian Birr**
EGP	**Egyptian Pound**
XPF	**Pacific Franc**
KRW	**Korean Won**
BTC	**Bitcoin**
XAG	**Silver**
XAU	**Gold**

Part 5: Terminology & Currencies

Knowing is not the same as doing. I am confident that if you start this path and you learn more information such as this you will be well on your way to earning a skill that that is lucrative, easy and worthwhile.

If you want to earn with what you already know join Seida Capital for advisory, more content and Trading signals.

We give you insight into the level that a master trader operates at. You will also get access to exclusive trading technology that are only accessible to the select few master traders.

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139
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