

# Understanding What Trading Is!

---

I hope you can find some value in here to help add another source of income to your life.

# What is Trading?

---

The transfer of goods and services from one person or entity to another. With the aim to make a profit. Throughout this presentation trading is referred to the buying and selling of financial assets as we take a dive into one of the world's largest market, which is known as the Foreign Exchange or Forex for short.



# What is the Foreign Exchange Market?

---

The foreign exchange or forex market is where currencies are traded. For example, most of us that were born in the U.S. we're familiar with the U.S. dollar to be the currency we use to make a purchase, as supposed someone else that was born in Europe they would be familiar with the euro/british pound to be their currency to use to make a purchase.

Let's say I wanted to travel to Europe and upon my arrival I want to do a little bit of shopping. Well the only currency I have on me is the money I brought from my country, so in order for me to purchase goods in Europe I need to exchange my currency for theirs.

---

For me to do this I would go to a foreign exchange located in a bank, credit union, airport, or resort. After I exchange my currency to the appropriate country currency I am now able to purchase goods and services. Throughout this process of exchanging currencies I am trading the U.S. dollar (USD) for the Euro or (GBP) British Pound.

Now trading in the forex market is a little bit different than going to an exchange yourself. The same concept still applies, however you're not physically receiving any currency back as everything is done electronically.



---

With all transactions occurring via computer networks that connect traders worldwide.

The forex market is open 24 hours a day for 5 days a week starting on Sunday 5pm ET and ending on Friday at 4pm ET. Meaning that you can buy or sell a currency at any point of the day. Let's slow our roll here before we just jump into even thinking about buying or selling anything.

---

You have to know the other participants that take part in trading the currencies. This include financial institutions, investment banks, hedge funds, and retail investor/traders, which that makes you and myself a retail trader. We're classified as retail traders, because we don't have the capital to trade with like the big players I mentioned in my previous sentence.

As you go through this presentation I will go into further details on how you can get started in the forex market, but first I had to give you a brief understanding of what you're getting yourself into. I believe its best that to truly understand something new that seems so complex we learn the basics of it first.

# Overview

---

- What currencies are traded?
- What platforms to use.
- Terminology along with descriptions.



# What Currencies are Traded?

---



Currencies are traded in pairs to conduct a proper trade. These currency pairs are classified into three categories major, minor, and exotic based on their liquidity-(amount of money being traded), popularity, and economic significance.

- USD- United States Dollar
- EURO- Euro
- JPY- Japanese Yen
- GBP- Great Britain Pound
- AUD- Australian Aussie
- CHF- Swiss Franc
- CAD- Canadian Dollar
- NZD- New Zealand Dollar
- TRY-Turkish Lira
- HUF- Hungarian
- ZAR- South African Rand
- MXN- Mexican Peso
- CNY- Chinese Renminbi

Major	Minor	Exotic
EUR/USD	EUR/GBP	USD/TRY
USD/JPY	EUR/JPY	EUR/HUF
GBP/USD	GBP/JPY	USD/MXN
USD/CHF	GBP/CAD	USD/CNY
AUD/USD	CHF/JPY	USD/ZAR
USD/CAD	EUR/AUD	
NZD/USD	NZD/JPY	

---

Currencies are traded in pairs because you are anticipating based off of your market analysis that one of the country's currency is going to be stronger or weaker than the other to either drive price up or down. For example, if you're trading Euro/Usd you're anticipating for one these currencies to be stronger than the other..

Now you might ask what do you mean by that. Let's take the Euro which is the first currency in the pair or the base which the trading action will be applied to. If this currency is stronger than the U.S. dollar then it would require you to pay more in U.S. dollar to purchase the Euro, and vice versa if the U.S. dollar was stronger than the Euro.



# What Platforms to Use?

---

# Platforms to Use

---

## TradingView.Com

You can use this web platform to look at a wide range of markets not just currencies. It's free to create an account with and very user friendly.

## Brokers

- Avatrade
- Kot4x
- IG
- Forex.com

These are just a few brokers that you can go with that offer a platform for you to trade and analyze markets all in one.



# Terminology along with Descriptions

---

# Chart

We look at a chart to analyze financial metrics, which determines if the asset is going up, down or sideways.



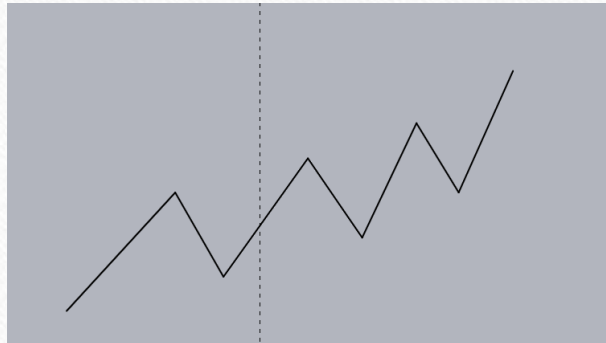


# What is Market Structure?

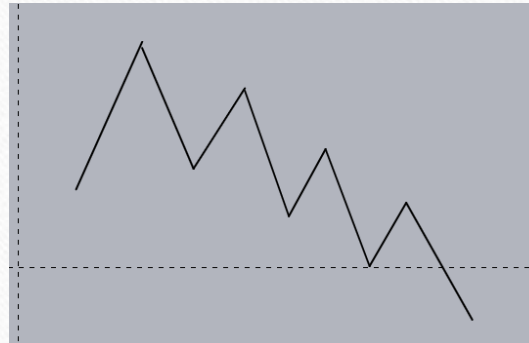
The direction in which price is going in.

---

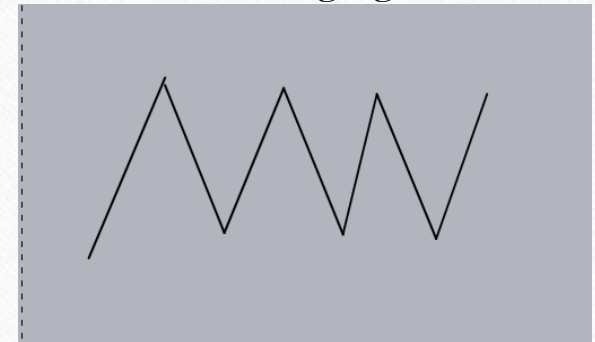
Price going up



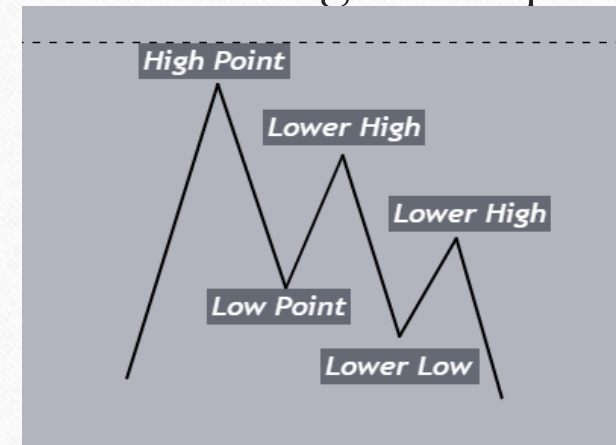
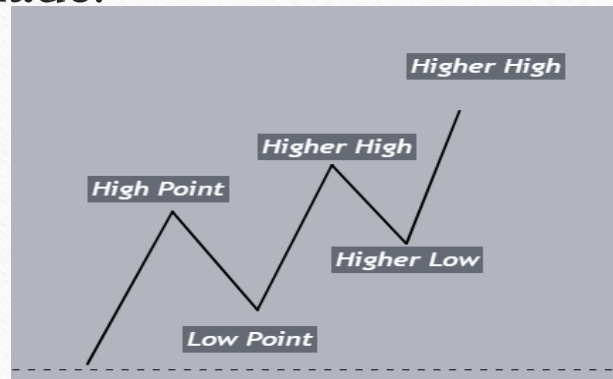
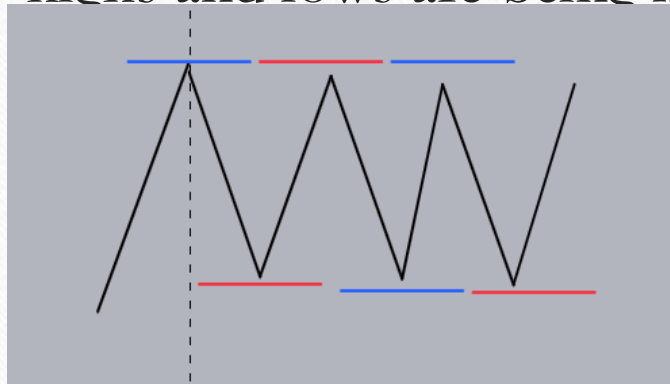
Price going down



Price Ranging



If price is rising then you want to look for higher highs and higher lows. This determines that market structure is in a bullish (rising) state. Vice Versa if price was bearish (falling) then lower highs and lower lows will be made. Now if its unclear on the structure then price is in a ranging structure meaning that equal highs and lows are being made.



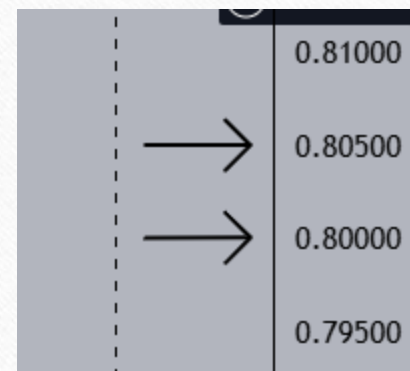


# What is a Pip?

A unit of measurement used to calculate how far price moved.

Let's say price was at 0.80000 and it moved to 0.80500 that means that price moved 50 pips.

Pips are used to calculate how far priced moved, the spread between bid and ask prices, also the profit and loss of their position.



# What is a candlestick?

A way of displaying information about an asset's price movement by using the high, low, open and close for a given timeframe.

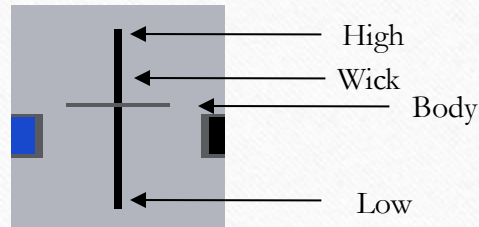
---

There are a variety of candlesticks that make up the chart that you would analyze to make a decision on a asset. You have a marabozu, doji, dragonfly doji, hammer, and shooting star.

Now all of the candlesticks can be used together to form candlestick patterns. I will get into that at a later point in time, for now having the basics is essential.

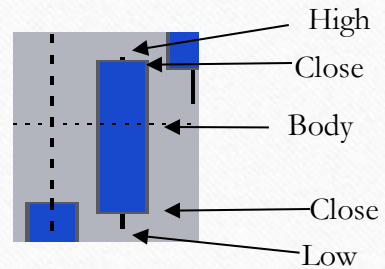


### Doji



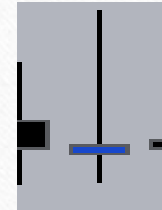
The body of the candlestick or the open and close are relatively equal in size.

### Marabozu



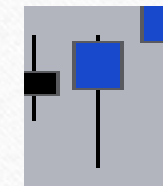
The body of the candlestick is relatively large in size. This can either be bullish or bearish

### Dragonfly Doji



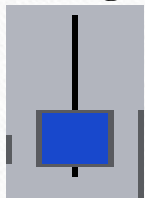
The body of the candlestick is relatively equal in size. With a long upper wick, which makes it look like a dragonfly.

### Hammer



Has a longer lower wick with the body formed near the high resembling a hammer

### Shooting Star



Has a longer upper wick with the body formed near the low. Making it look like a shooting star