

1 INTRODUCTION

The foreign exchange (Forex market) is a multi-trillion-dollar market and is the largest financial market in the world and one of the most volatile. Banks, institutions, investment management firms, wealthy investors, and retail individuals mainly participate in the forex market for the process of buying, selling, and exchanging currencies. The financial market is worth 1.93 quadrillion dollars with an average transaction of 6.6 trillion dollars every day in 2019. (James Chen, 2021). The U.S dollar is the most traded currency in the forex market while euros and Japanese yen come in the second and third place, respectively. It is found that about 70% - 80% of retail investors lose money in the currency market. (Forex Ninja, 2019).

The main objective of the thesis is to understand the price action and movement in the forex market and to develop a profitable trading strategy for retail traders and investors mainly using smart money concepts. The thesis also comprises the technical patterns and analysis used by the retail trader for trading. The study consists of analysing the advanced price action and structures in the market and trading with a smart money footprint left by institutions and banks.

The thesis also introduces the technical analysis used by the retail traders to help the new traders understand the way the majority of retail traders trade in this market. The study is primarily focused on the market structure, supply and demand, the mitigation of the level, and risk management strategies to creating a profitable strategy used by institutions and banks. The strategy will be kept simple so that the new traders can understand it easily. The research on the thesis is based on materials available on the internet and the author's experience in the field of trading the forex market. More than 70% of retail traders lose money in the forex market. This topic has been chosen because of the author's strong interest in forex trading and to help new traders get information about smart money concepts along with the strategy required for the trader to become profitable.