ZERO TO HERO

BINARY OPTIONS TRAINING GUIDE

anyoption

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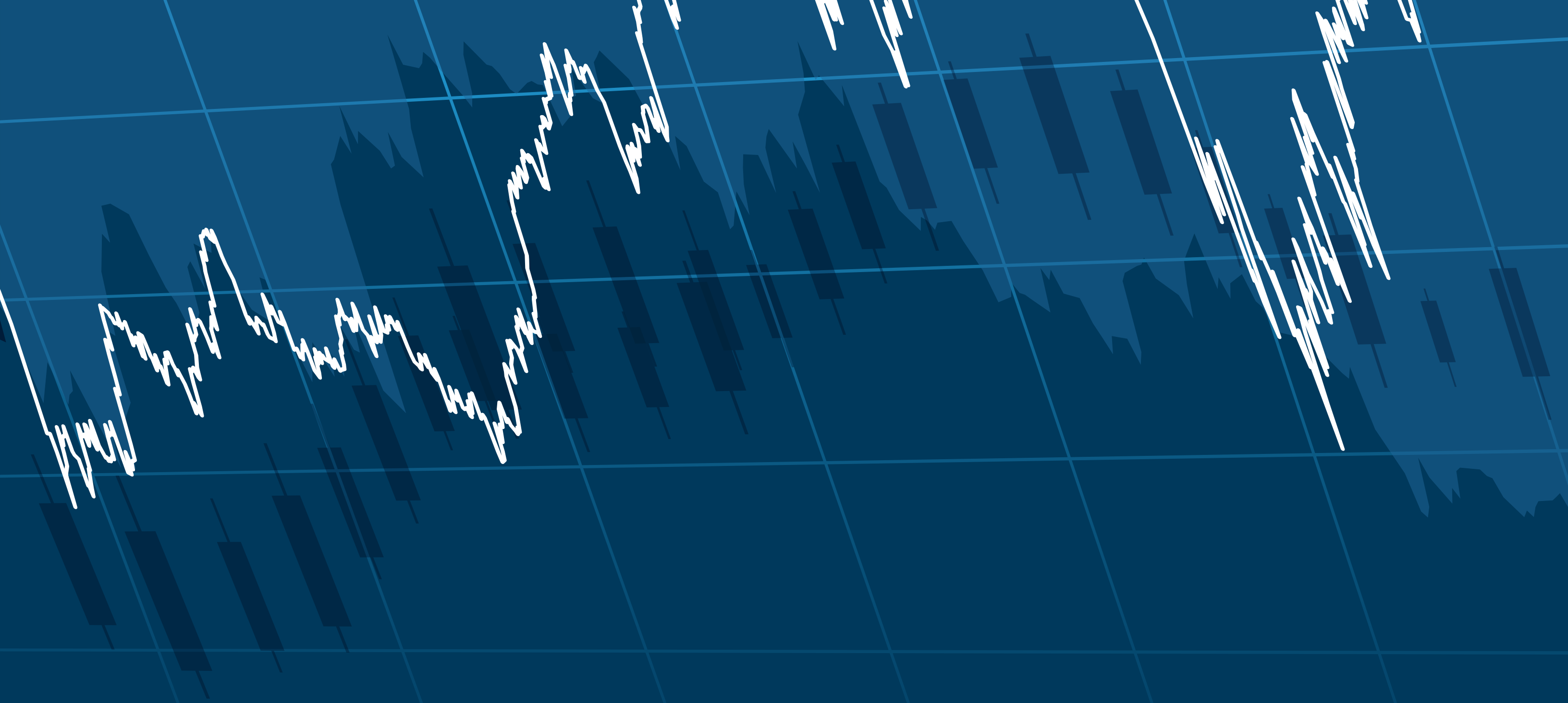
Welcome to the anyoption binary options “Zero to Hero” guide. This guide is designed to take people who are new to binary options trading and teach them, step by step, how to become knowledgeable and expert traders.

In this guide we will take you on a journey from the basics of binary option trading through to the more advanced, expert levels. When you have completed the “Zero to Hero” guide, you will be equipped with the knowledge and understanding to trade binary options like a pro.



› Chapter One

Understanding Binary Options Trading

1 - Why trade binary options in the first place?

2 - What is binary options trading?

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› Chapter One

Why trade binary options in the first place?

In this first chapter we will be delving into the world of binary options trading, providing you with the basic foundation of understanding from which you will build upon in the chapters that follow.

Why trade binary options in the first place?

Investing and profiting from stock market trading is something that many of us would like to do, but there are barriers that prevent the average layperson from doing this. The first barrier is capital. Buying stocks is not cheap. More pointedly, buying sufficient amounts of stocks to make a decent return is not cheap.

The second barrier is accessibility. That is to say that even if you have the money to buy stocks, the process of acquiring them is not so simple. Many people would have loved to buy some shares in Twitter when they went public, but the chances of them (i.e., laypeople) being able to do so are essentially zero.

The third barrier is knowledge of the financial markets. Knowing when to buy and when to sell is not as easy as it sounds and you have to rely on brokers and intermediaries to manage your portfolios. The execution of such trades is not only out of your hands in most cases, but it also costs you money in fees and commissions.

Binary options trading removes many of the barriers associated with traditional trading, the entry costs are low, you can trade options on hundreds of underlying assets, and you have total control of when you trade and what you trade.

To put it simply, the world of traditional trading is rigid, slow, and complex, whereas the world of binary options trading is flexible, fast, and easy.

What is binary option trading?

Binary option trading is a type of financial instrument whereby you make predictions about the future price of market-traded underlying assets, such as commodities, stocks, indices, and currencies. With binary options, you are simply predicting if the price of an asset will rise above or fall below a certain point, within a set timeframe.

Binary option trading differs from traditional trading in a number of ways, but most notably in the following areas:

1. When trading binary options you are not purchasing physical stock or ownership of a company.
2. Returns are fixed and pre-determined, so you know exactly how much profit you will make before you commence trading.
3. Trades are short, normally lasting from between 10 minutes to an hour, although there are also different binary option products, such as One-Touch, that allow you to take long positions on an underlying asset.
4. With binary options you can profit regardless of whether an underlying asset is rising or falling in price.
5. With binary options there are only two possible outcomes: your prediction is either correct, whereby you make a profit, or your prediction is incorrect whereby you lose all or most of your initial investment.

How do you trade binary options?

The major appeal of binary options apart from the high returns, which can be over 70%, is that it is accessible to anyone who wants to trade. You don't have to be a Wall Street tycoon to profit from options trading nor do you need massive amounts of capital to get started.

The trading process itself is straightforward and only requires that you make one of two choices: you either "Call" or "Put". You select a "Call" option when you predict that the price of an underlying asset will finish above a certain price and you select a "Put" option when you predict an underlying asset will finish below a certain price.

In the below image we can choose to a take Call or Put option on the price of oil

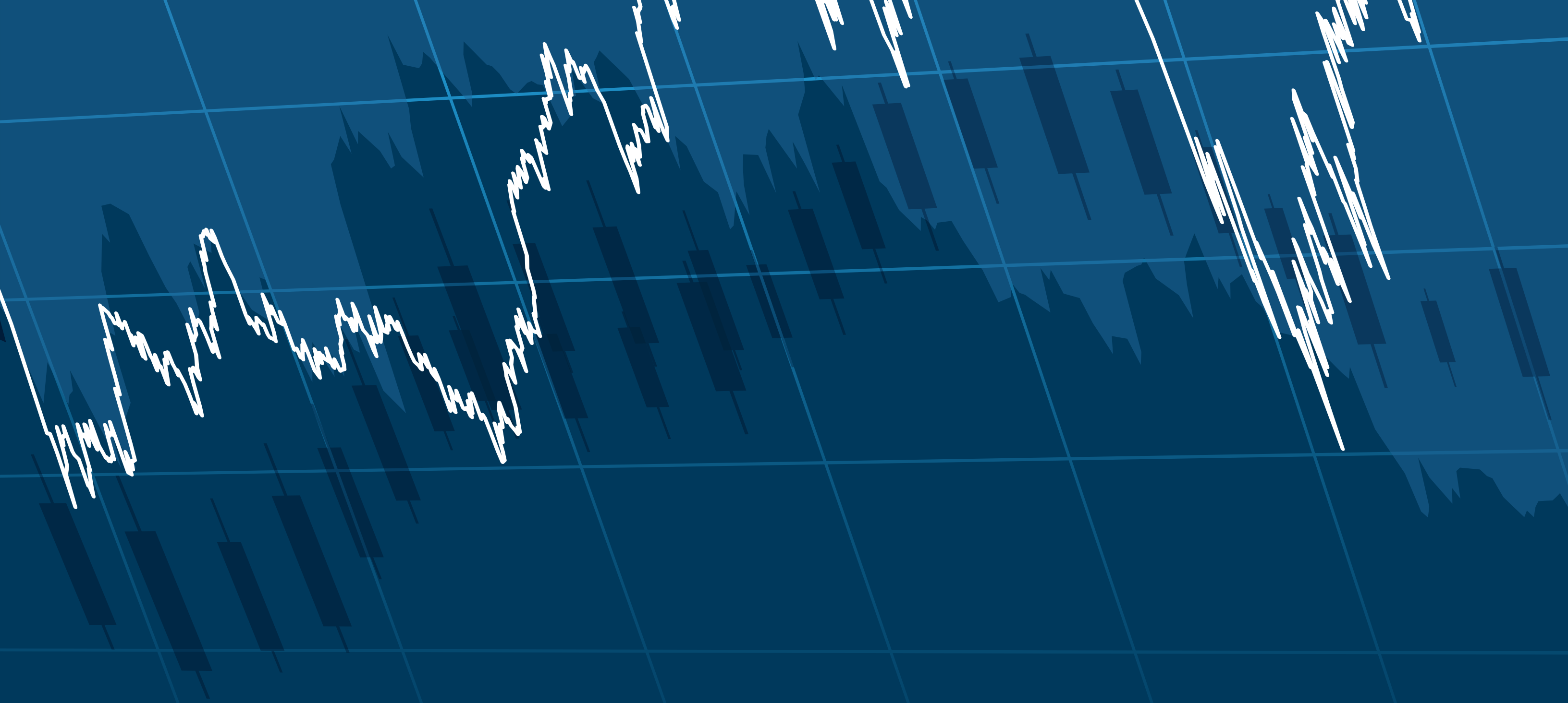
The price that we are referring to is known as the "Strike Price". This is the price that an underlying asset holds when you commence trading. If the price of the underlying asset is above or below the "Strike Price" when the trade ends ("Expires"), you will make a profit and be "in the money" or you will lose your investment and be "out of the money" depending on the prediction you made.

Here's an example using a Twitter Option. You may see that the price of Twitter stock has been rising sharply over the last hour. Through technical analysis (we will cover this in a later section of the Zero to Hero guide), however, you have determined the stock price will start to fall. When you think the price has gone as high as it will go, you can take a "Put" option with a "Strike Price" of $37.28 and an expiry time of 1 hour. After 1 hour, when the option "Expires", if the price of the Twitter stock option is below

$37.28 youi will be in the money.

Jargon associated with binary options

- “Call Option” – Predicts that an option will expire above the strike price
- “Put Option” – Predicts that an option will expire below the strike price
- “Strike Price” – The price an underlying asset holds when you commence trading
- “Expiry Time” – This is the length of time that an option is open to trade. Expiry times can range from 60 seconds to 1 week
- “Underlying Asset” – The underlying asset is the financial instrument (e.g., stock, future, commodity, currency, index) on which a derivative’s price is based.
- “In The Money” – A positive outcome (you make a profit) when a trade expires
- “Out Of The Money” – A negative outcome (you lost your investment) when the trade expires



› Chapter Two

The Mindset of Successful Traders

1. Anxiety and excitement
2. Recognizing emotions

› Chapter Two

The Mindset of Successful Traders

When trading binary options, it is vitally important that you trade from a place of detachment and rationale. The last thing that should influence your trading decisions are emotions. That said, nullifying heightened emotions or preventing emotion from creeping into your trading decisions is easier said than done. Nonetheless, as a trader this is something that you must do!

Seasoned traders know that the key to successful trading is trading with an optimal mindset and are aware of their emotional state at all times when trading.

Anxiety and excitement

Two of the most common emotional states that you will experience when trading binary options are anxiety and excitement, both of which, when not kept in check, can be a recipe for disaster.

Anxiety

– Yes, you are going to experience anxiety when trading. This is normal. However, anxiety begets anxiety and, if you are not aware of your emotional state of mind, it will prevent you from making trading decisions based on logic and rationale.

For the most part, a trader's anxiety is borne out of a fear of losing money. Nobody likes to lose money and this is especially true for traders. This fear of losing is compounded by the fact that you are "on the clock" and, depending on the way you are trading (i.e., the binary option product you are using), you may not have any control over the trade once it has been placed.

Before you enter the world of binary options trading it is important that you first come to terms with the simple fact that you will occasionally lose money, and that not every trade will go your way. Indeed, there will be times when you hit a losing streak and nothing seems to go your way. Once you have accepted this, you will be able to deal with anxiety better when it does start to creep in and raise its ugly head.

Excitement

– Just as anxiety can cause you to make the wrong decisions when things are not going your way, so too, can the excitement you feel when things are going your way!

Excitement brought on by winning is like a natural high; endorphins race through your body and you feel on top of the world. Such feelings of excitement can cause you to invest more aggressively than you normally would – in search of the biggest payouts. Trading when on this kind of emotional high can be a surefire way of depleting your trading account.

So, as you can see, trading when your emotions are driven by either anxiety or excitement can, and often do, hinder your trading efforts. To trade successfully and optimally, you have to an emotionally balanced mindset.

Recognizing emotions

Recognizing that emotions are creeping into your trading decisions is not hard. You just have to be aware of the telltale signs that your body is giving you. The signs are mostly the same be you in an anxious or excited mental state.

Telltale signs include:

- Increased heart rate
- Sweating (sweaty palms)
- Anxious or racing thoughts
- Nervous energy
- Muscle tension
- Feelings of euphoria (this is a big sign that emotional excitement is at work)

- Agitation
- Aggression

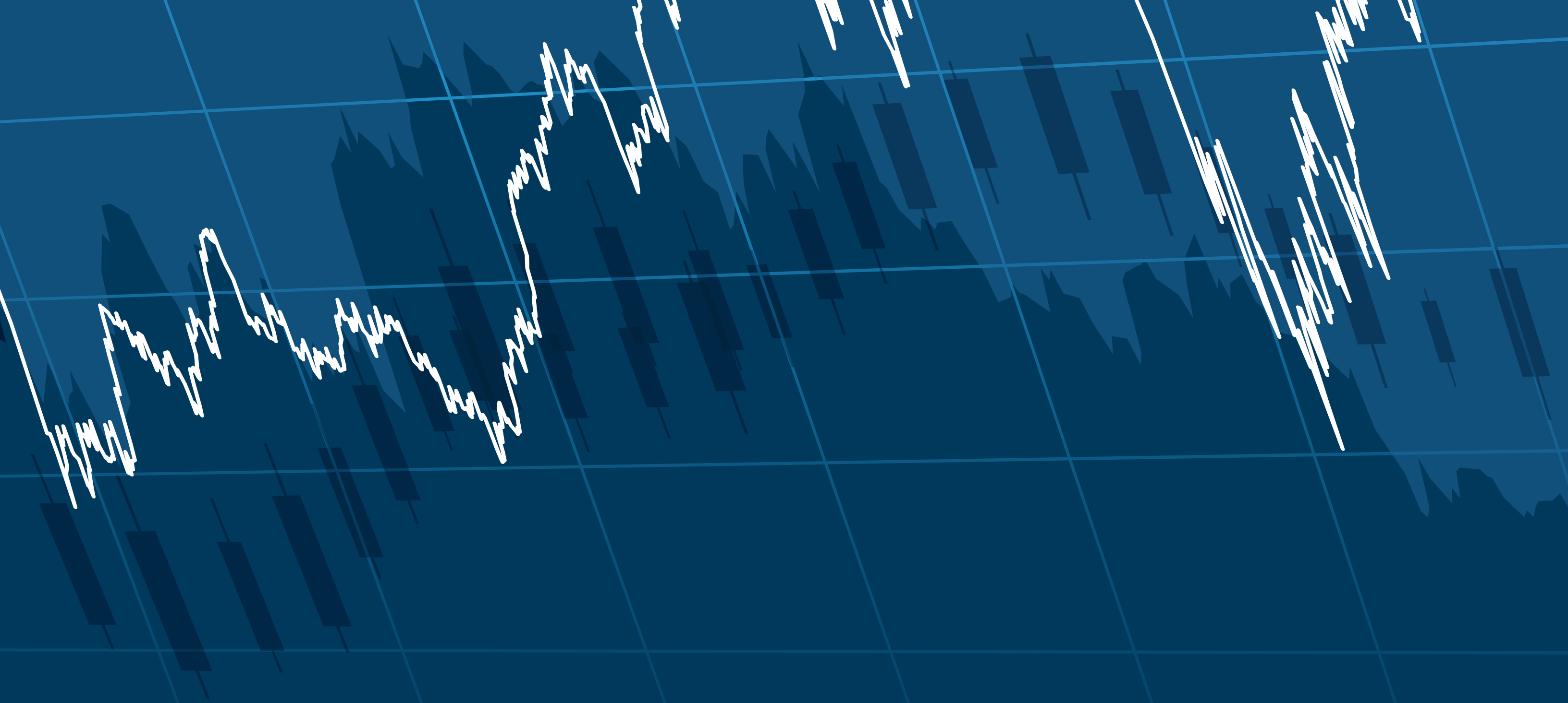
If you recognize any of the above signs, then it is time to take a step back from your computer and do something completely different; something that has a calming effect on you. For some people this could be going for a walk while for others this could be listening to music. It does not matter what you do as long as you disconnect from the trading arena and calm down.

When anxious it's good to remember this: when things are not going your way, they are not going your way and forcing the issue will not help. Your best friend when trading binary options will always be a calm and rational mind. This you can control. You have no control over the movements of the global financial markets!

When excited and everything is going your way, it can be hard to step back. However, if you find yourself making more aggressive moves than normal, then you need to check yourself and calm down. Keep this in mind: while it is great to make big profits, it hurts when you lose big investments. With options trading, slow and steady wins the race, so never invest more than your account can bear to lose.

At the end of the day, binary options trading will take you on an emotional ride. There are highs and lows, ups and downs. That said, if you let emotion dictate your trading decisions, be prepared to be on the end of more losing trades than winning trades.

The most successful binary options traders are aware of their emotional states when trading and they only trade when their minds are in optimal trading mode – balanced, relaxed, rational, and free from emotion.



› Chapter Three

Underyling Assets

1. Don’t make life difficult
2. Indices
3. Currency pairs
4. Stocks
5. Commodities

› Chapter Three

Underyling Assets

When we refer to underlying assets, we are referring to either a group of assets – commodities, indices, stocks, and Currencies – or we are referring to the individual assets that fall into one of these particular groups. For example, Oil falls under commodities, US dollars fall under currencies, the Dow Jones falls under indices and companies like Apple or Facebook would fall under stocks.

When you trade binary options, you have access to literally hundreds of underlying assets. In essence, you have the entire global market at your fingertips; for beginner traders, this can be overwhelming. Indeed, a beginner trader might compare this experience to that of a kid in a candy store. There is just so much choice that you don't know where to start, so you try a bit of everything. However, trying everything without knowledge of the underlying assets that you are trading can prove costly.

Don't make life difficult

Some markets are more volatile than others are. By this we mean that they are more prone to price fluctuations. In traditional trading, or other forms of trading such as spread betting, the more volatile the market, the greater the chance of making bigger profits. With binary options trading, however, the payout is fixed, so it makes no difference if a trade expires $100 above or below the strike price – the payout will still be the same. Given this, it makes no sense to trade underlying assets that are prone to volatility. It makes more sense to choose underlying assets that are less volatile, which thus make it easier to predict their market movements.

As a beginner, we recommend that you start trading with just one underlying asset and get to know that asset inside and out. By this we mean that you find out all the factors that can influence the price of said asset. These impacting factors, depending on the underlying asset, change in both complexity and scope.

Indices

Indices comprise a group of companies within a certain market sector or stocks that have some form of commonality. Indices provide a way of measuring the value of a section of the stock market. The value of an index is normally based on the price-weight of the individual components that make up the index. That said, how indices are valued and the type of weight measurement used can vary from index to index.

The main thing to know about indices is that they don't change direction easily and the price of an index (depending on the size) is generally only affected by major market news and events such as rate changes, jobs reports, and housing market reports. This makes it easier to predict index movements and to determine events that will trigger trend shifts.

Currency pairs

Although trading currencies is normally conducted in the FOREX market, they can also be traded via binary options, the differences being that 1) the payout is fixed when trading currencies as binary options and 2) you don't actually buy the currencies that you are trading.

Trading currencies can be lots of fun if you like edge-of-your-seat trading, as the nature of the currency marketplace is very volatile and any number of factors can affect the price of a currency, from political to social to economic. For beginner traders it might be best to give this market a pass until you are more experienced.

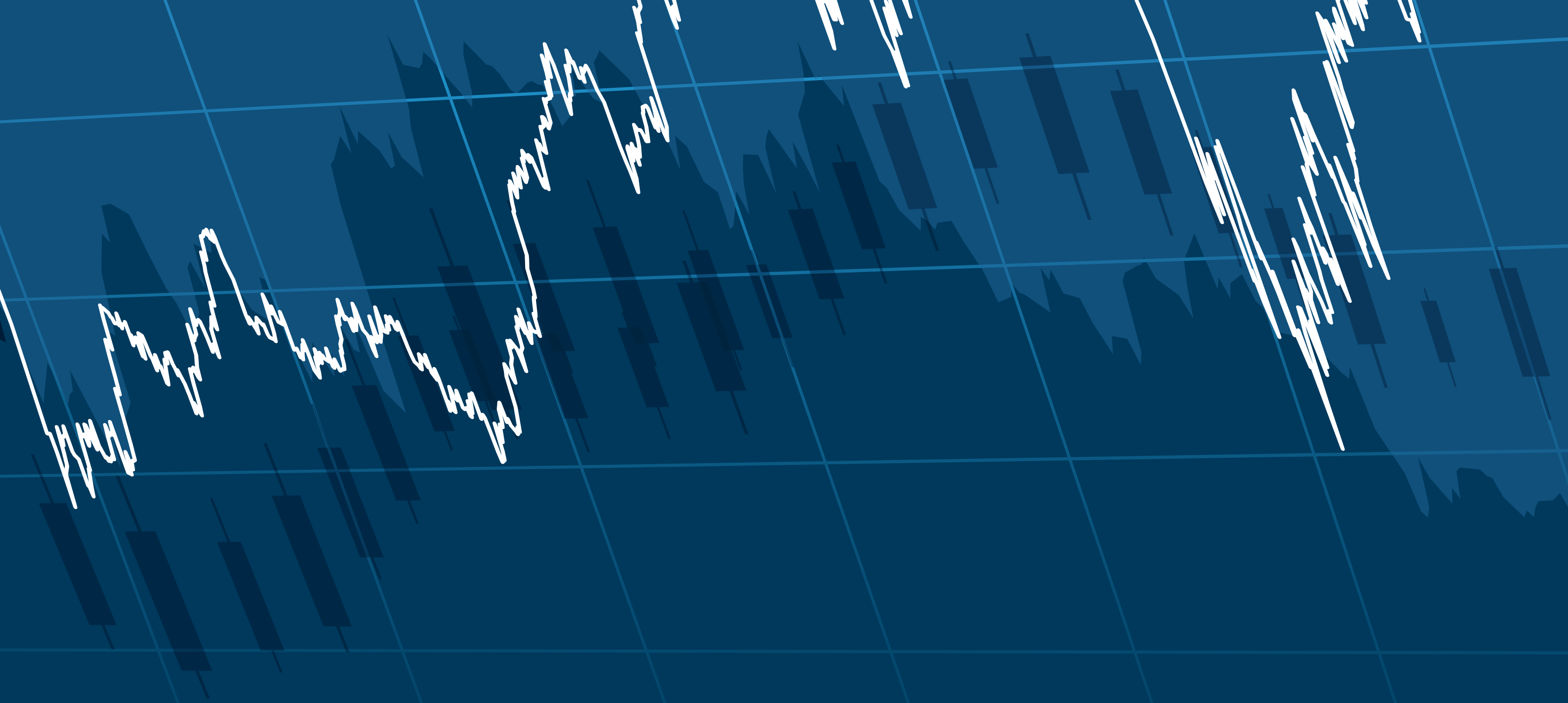
Stocks

Trading stock options is one of our favorite activities to engage in. While this market is also prone to volatility it is also one that is prone to trends, and it is relatively easy to determine when a company stock is likely to trend in a particular direction. Companies are easy to track in the news and any announcements made by a company can trigger a trend, be it an up trend or down trend. New product launches will generally trigger an uptrend, whereas a bad earnings report will trigger a down trend. If you want to trade stock options, you ought to be taking positions as soon as the news pertaining to that company is made public. With stock options, it really is a case of the early bird catches the worm (or trend).

Commodities

The commodities market can be hard to navigate as myriad of factors can influence commodity prices: political events (both global and local), supply and demand, weather, and economic events, to name but a few. If you want to trade commodities you need to watch the markets as a whole. For example, if you are interested in trading oil you need to think both global and local. While there may be one major event that you think will influence the price in one direction, you will find that there are lots of more minor events that make the price move the other way. To trade commodities you really need to have your finger on the world's economic pulse!

If you want to trade binary options successfully, you need to be informed about the underlying assets that you are trading and the factors that have an influence on their price. You should also realize that because binary options have a fixed payout there is no need to trade volatile underlying assets when you can trade less volatile underlying assets, such as indices, or underlying assets where trends are easier to predict, such as stock options.



› Chapter Four

Capital Management

1. Types of Investment
2. Passive Investment and the 5/15 rule
3. Aggressive Investment and 10/30 rule

› Chapter Four

Capital Management

In the last chapter, we discussed the importance of knowledge and knowing the underlying assets that you are trading. In this chapter, we will be discussing the importance of financial management. The fact is that no matter how much knowledge you might have, it will be of little use if you burn through your funds and lose your trading capital.

Firstly, before you start trading binary options, you have to understand that sometimes you will lose money. This is par for the course when it comes to any type of investment. Not every trade will be a winner and, when you trade, your goal should be to keep losses to a minimum while maximizing your potential for profits. One of the ways we do this is through capital management. You see, capital management is the foundation to successful trading; it is the backbone of every trading strategy.

Types of investment

There are two types of investments “Passive” and “Aggressive”.

With passive investments, the risk of loss to your trading account is minimized, but so too is your profit-making potential. This is a conservative approach to trading and it employs what is known as the 5/15 rule. Traders who use this approach are of the mindset that trading is a marathon and not a race.

Aggressive investment is where your trading account is exposed to greater loss than that of passive investment. However, with aggressive investments your profit-making potential is increased as well. Traders who use this approach want to make big profits in the shortest amount of time, but don’t think that aggressive traders throw caution to the wind. For this type of trading to be successful you still have to manage your trading account. The best, smartest traders will use the 10/30 rule.

Passive investment and the 5/15 rule

Statistics have shown that the maximum amount a trader can expose their trading account to in a single trade without harming their future profit making potential is 5%. This is where the 5/15 rule comes into play.

With the 5/15 rule, you only ever invest 5% of your entire trading account capital in a single trade and the most you ever invest across all open positions at any one time is 15%.

Example: If you have $10,000 in your trading account you can open three positions of 5% each, which equates to $500 per trade. If you have three open positions, the most you stand to lose is $1,500.

One thing to note is that although this is a very effective risk management strategy it is not foolproof; you can still burn through the funds in your trading account. If you find that you are on the losing end of multiple trades within a short span of time, use some common sense and stop trading. The 5/15 rule, when used with common sense (emotional control), ensures that you live to trade another day!

Aggressive Investment and 10/30 rule

Aggressive investing is all about gaining high returns quickly. However, this type of investing is not for everyone!

For aggressive traders, the 10/30 rule should be strictly adhered to. This is considered the maximum level of risk that a trader should expose their trading account to. The 10/30 rule follows the same lines as the 5/10 rule, only the stakes are higher – both in regards to potential losses as well as to potential profits.

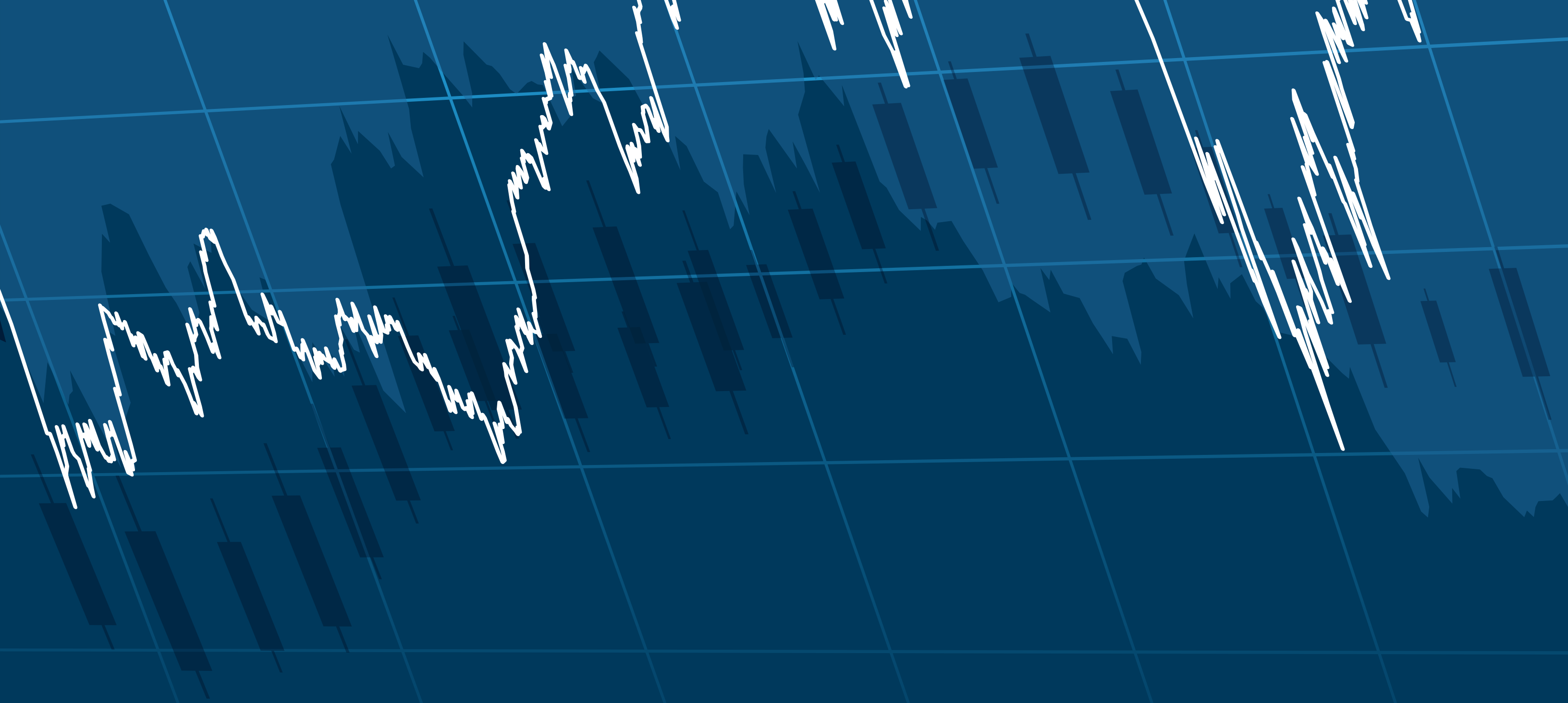
With the 10/30 rule, you only ever invest 10% of your entire trading account capital in a single trade and the most you ever invest across all open positions at any one time is 30%.

Example: If you have $10,000 in your trading account, you can open three positions of 10% each, which equates to $1,000 per trade. If you have three open positions, the most you stand to lose is $3,000.

As you can imagine, if you have a limited amount of capital in your trading account, then employing this strategy is very risky indeed. It is also worth noting that most traders use this strategy intermittently. It is considered best practice to trade for the most part using the 5/10 rule.

There are many ways to reduce the risk associated with binary options trading, or any form of trading for that matter. In our “Zero to Hero” guide we have already covered some of the areas that help you reduce this risk while at the same time increasing your potential for success. However, everything you have learned so far will do you no good if you don’t implement a capital management strategy that properly protects the funds in your trading account.

In the next chapter we will be learning about market analysis. This is where everything you have learned so far in the “Zero to Hero” guide will really start coming together.



› Chapter Five

Market Analysis

1. Fundamental and technical analyses
2. Candle Stick charts
3. The anatomy of a candlestick chart
4. Identifying trends with Candle Stick charts
5. Support and resistance

› Chapter Five

Market Analysis

Market analysis helps to reduce the risk associated with trading by helping you determine the direction that a market is moving, or will move, in. It also gives you the data needed to help determine which trading strategies to employ.

Without conducting some form of market analysis on an underlying asset before placing a trade you are really just gambling, with the chances of a successful trade being 50/50.

Fundamental analysis

– When trading binary options we don't need to delve too deply into fundamental analysis, at least not in the traditional trading sense, a little information can go a long way when options trading. This is certainly true if you like to trade stock options!

Example – If you want to trade Twitter stock options, then you don't necessarily have to conduct a lot of fundamental analysis to predict which way the stock will move. You can profit from trading on trends that develop after they (Twitter) make major company announcements such as product launches, earnings reports, changes in CEO, jobs cuts, etc.

If you want to trade a commodity such as oil, you would need to dig deeper with your analysis and consider global, local, and political factors when trying to determine its future movement.

Trading binary options using fundamental analysis, requires that you stay up to date on news that effects the assets you are trading, news that can have a direct impact on price and investor sentiment, news that can cause a market trend or strong market movement.

If making trades based on fundemntal analysis the economic calendar will be your best friend. It contains scheduled financial news releases from across the globe. Economic calendars are freely available online from news portals such as Reuters, Yahoo

Finance, and Google Finance - here you will be able to access all the scheduled financial announcments for any giving day and the impact these events are expected to have on the market.

When trading binary options using fundamental analysis, you don't need to use technical analysis. Nonetheless, for the best results it is highly recommended that you at least check a chart to make sure that what is appearing in the news is playing out in the markets. This is a more hybrid approach to fundamental analysis. You don't need to be a technician; a basic understanding of how to read a stock chart is all that is needed.

Technical analysis

– As the name suggests, this is a technical (scientific, if you will) method of determining a market movement. This form of analysis relies heavily on tools and hard data. It incorporates the use of past price changes and trading volume as well as the use of different stock charts and indicators such as the Moving Average Indicator.

Charts

There are many different aspects of technical analysis; certainly too much to cover in this piece, you could write a whole book on them! Indeed, there are many such books! Therefore, for the purposes of this guide we will solely focus on understanding and reading charts and chart patterns (Candle Stick charts). This is a core fundamental of technical analysis, a bread and butter ability utilized by technical traders across the globe, every day.

Candle Stick charts

There are three main charts used in technical analysis, Line charts, Bar charts, and Candle Stick charts.

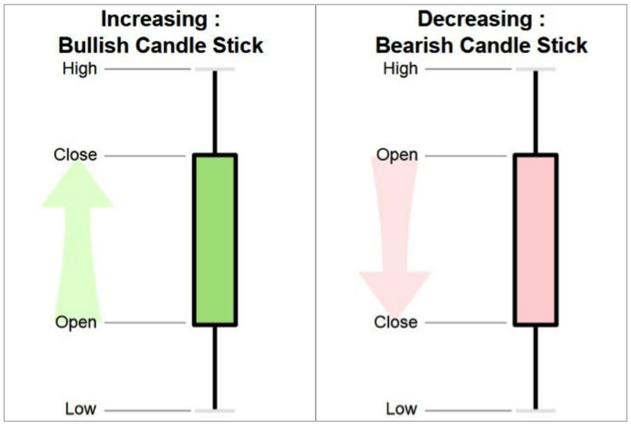
Below is an example of a Candle Stick chart

Candle Stick charts allow traders to analyze a market in a number of ways:

- We can see how an asset performs over a certain period (including historic data)
- We can view the opening and closing prices
- We can view highs & lows
- We can see if a market is/was bullish (rising) or bearish (falling), which indicates market sentiment
- We can identify trends
- We can see lines of support and resistance
- We can view trading volume

The anatomy of a Candle Stick chart

Candle Stick charts are usually Black/White or Red/Black. In theory, they can be any color.



A white or green body depicts when an underlying asset closes at a higher price than the opening price – suggesting a bullish period. A black or red body depicts where the closing price is less than the opening – suggesting a bearish period.

A wick at the top of the body depicts the highest market price during that period, and a wick at the bottom depicts the lowest market price during that period.

Identifying trends with Candle Stick charts

Candle Stick charts allow us to identify trends in the market (the direction a market is moving) and know which direction a market is trending. This means we can place “Call” and “Put” positions accordingly.

There are three types of trends “upwards,” “downwards”, and “sideways” (ranging).

When reading a chart, we identify the direction of a trend visually using “peaks” (high points), “troughs” (low points), and a “trend line” (a line we draw on the chart along the from peak to peak, and trough to trough), which helps us determine the strength of the trend and optimal entry points where we can take a position.

The following images illustrate peaks and troughs

Identifying an uptrend

An uptrend signifies a bullish (rising) market, identified on a Candle Stick chart by increasingly higher peaks and troughs.

Identifying a downtrend

A downtrend signifies a bearish (falling) market, identified on a Candle Stick chart by increasingly lower peaks and troughs.

Identifying a sideways trend (ranging trend)

A sideways trend signifies a neutral market, identified on a Candle Stick chart by peaks and troughs that hold similar price levels.

Support and resistance

Identifying trends is only one of the technical aspects that we can glean from Candle Stick charts. Another is that we can identify levels of support and resistance.

Understanding support and resistance levels is crucial as they help traders predict when trends may reverse, when prices might move upwards or downwards, and when new trends are about to begin after a breakout.

Support and resistance lines are like a floor and ceiling where an asset price tends to hold at the lowest or highest price range – over a period of time.

The support level

is the lowest price that an underlying asset tends to hit before rebounding and starting to climb back upwards. To get the support level of an underlying asset we simply draw a horizontal line along the "trough" points that hold roughly the same price level. The more "troughs" we can join in this manner, the stronger the level of support.

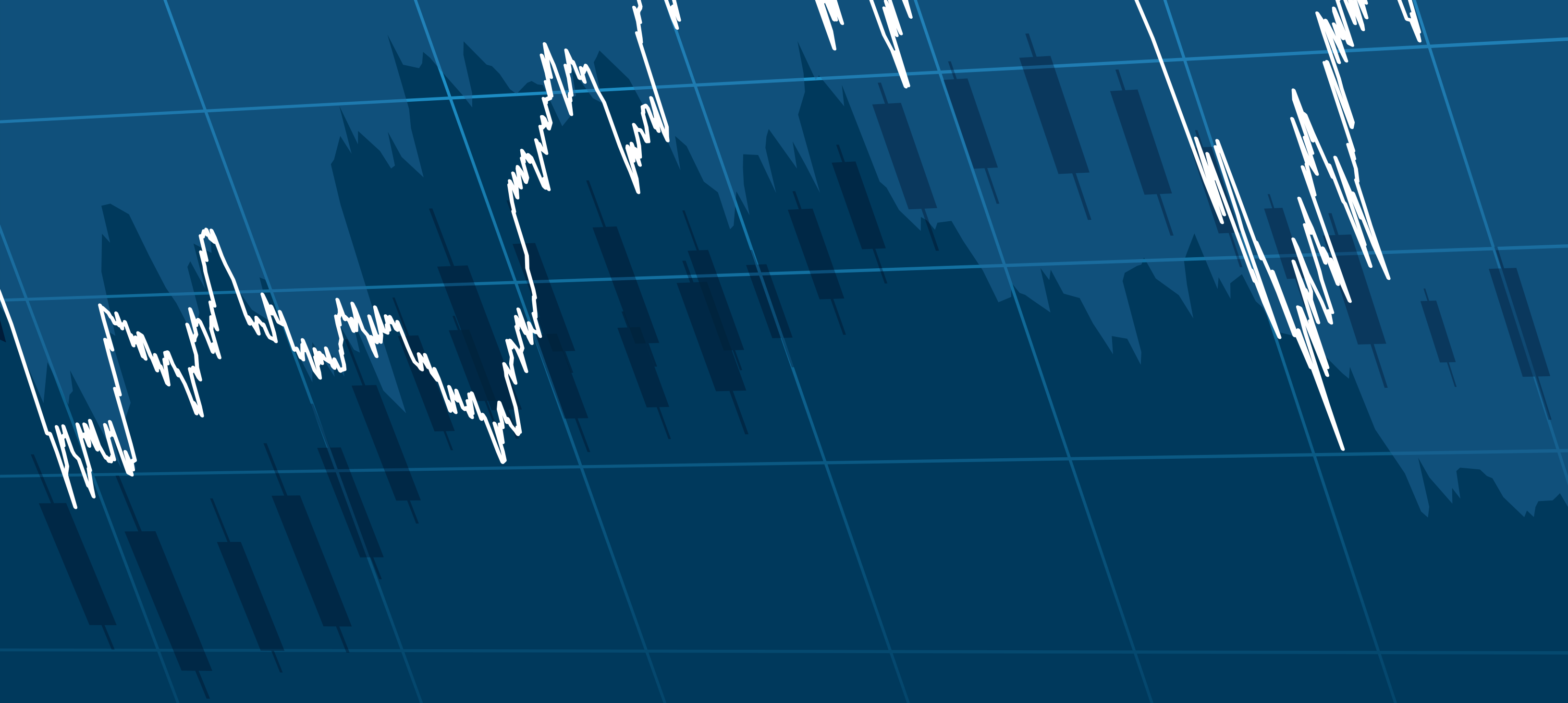
Sometimes an underlying asset will break through the support level it was holding. This can signify the start of a new downward trend.

The resistance Level

is the highest price that an underlying asset tends to hit before changing direction to move downwards. To get the resistance level of an underlying asset, we simply draw a horizontal line along the "peak" points that hold roughly the same price level. The more "peaks" we can join in this manner, the stronger the level of resistance.

Sometimes an underlying asset will break through the resistance level it was holding. This can signify the start of a new upward trend.

Tyr to digest the above information before moving on in the guide. In the next section we will be delving into actual trading strategies that will take you further along the road towards becoming a Hero trader.



› Chapter Six

Fundamental Hybrid Strategy

1. Trend trading with the news

› Chapter Six

Fundamental Hybrid Strategy

When it comes to options trading there are numerous strategies that one can employ, depending on the type of underlying assets you are trading and the conditions of a giving market at the time of trading. Indeed, there are so many different strategies and variants of these strategies that it would be impossible to cover them all in this one chapter. With this in mind, we detail two easy-to-master trend following strategies over the next two chapters.

Without conducting some form of market analysis on an underlying asset before placing a trade you are really just gambling, with the chances of a successful trade being 50/50.

Fundamental analysis

Fundamental analysis can be broad. It requires at the highest level that you perform a complete 360-degree detailed analysis of an underlying asset. Depending on the type of underlying asset, the information required to complete this analysis will differ. However, when it comes to trading binary options, we only need to know that there is a news event happening that can have an impact on the market. We then wait until the news event has been released and trade with the trend that follows.

Generally, when news, events, or announcements are released into the public domain, a trend will occur. This will be either an uptrend (positive reaction) or downtrend (negative reaction) and it is on the basis of these trends where you begin trading.

This strategy is pretty straightforward. We refer to it as a fundamental hybrid strategy because, although it is based on trading with news events, we confirm that the news event is having the expected effect on market by referring to a stock chart. Thus, it has just a slight element of technical analysis to it.

This strategy can be used when trading any underlying asset, but you will find it works most effectively when applied to stock options.

When preparing to employ this strategy you will need only two things:

1. An economic calendar, which you can find for free at nearly every financial news portal, as well as right here on our blog
2. A Candle Stick chart, which also can be found for free on most financial news portals

Trend trading with the news

(Watch the video tutorial or read the text below)

Essentially, it's the news that moves the markets. Normally the market goes up and down and has regular fluctuations, but when major news events are released the market tends to make a strong move in a particular direction. These sharp movements in the market are the perfect time for the binary options trader to make money by simply following the trend.

To employ this strategy, you don't really need to know what type of news is coming out, you only need to know that there is a news event happening on a particular day at a certain time. This could be news about a particular asset you are following , e.g., Apple's quarterly earnings report. It could also be another type of news that affects the market as a whole, such as the latest unemployment report. Most of these news events are scheduled in advance and collected into what's called an economic calendar. Economic calendars are available for free onlineand usually you can find them in the Wall Street Journal. Bloomberg.com and dailyfx.com also have them, as does myfxbook.com.

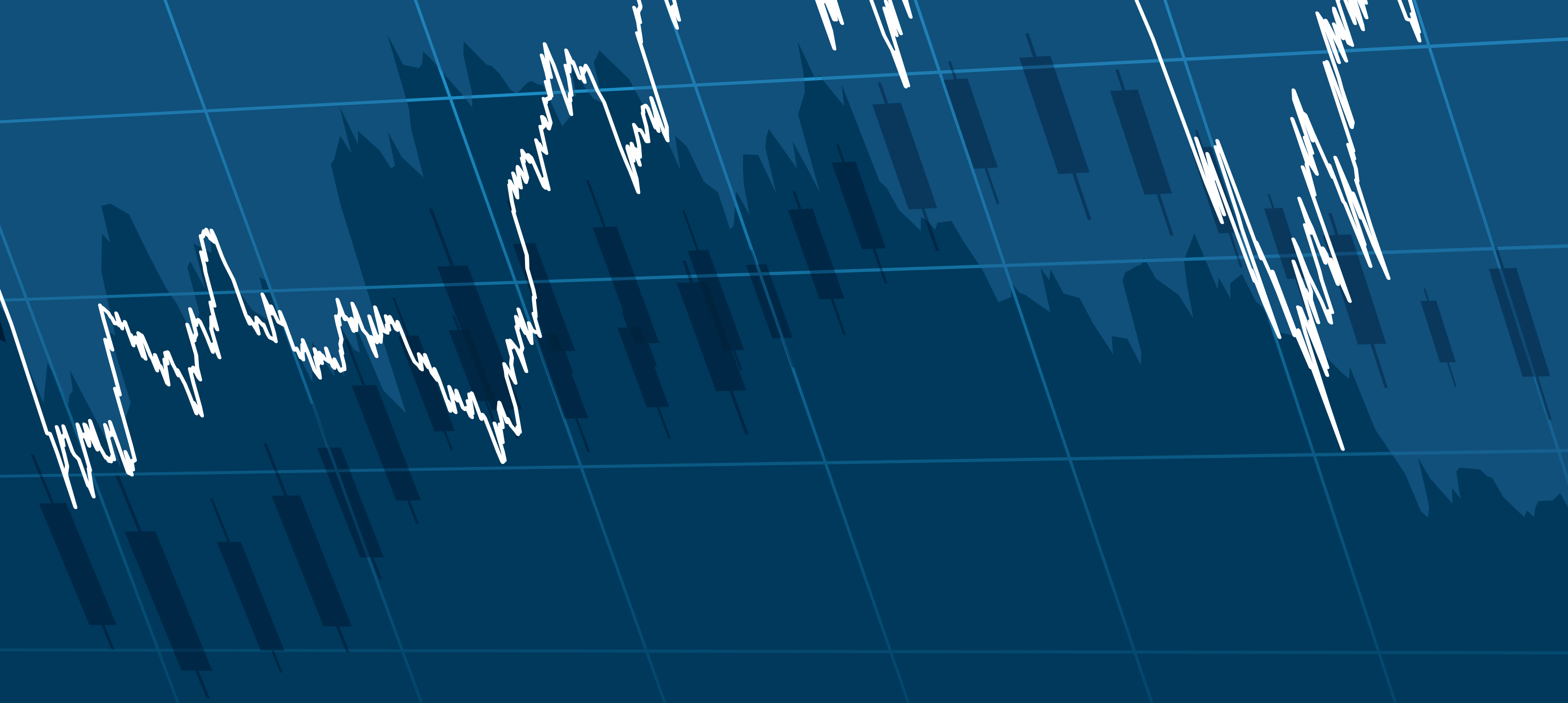
Normally an economic calendar will indicate the time an event will happen, where it will happen, the likely impact it will have on the market, the previous level, and what is expected. If, however, the news released is different than what is expected, we often see a strong move in the market and that's where you can take advantage of this strategy. This strategy works well for stocks, commodities, and currencies and it works just as well if it's a news event that you are following or something that you find in the economic calander.

What you essentially need to know is that there is an event coming up, but it's unclear whether it's going to be good or bad for the market. In other words, you don't know if the market is going to go up or down. You then schedule yourself to be available at the time the event happens, a few minutes before the event happens, then a few minutes afterwards in order to place the trade. You then track the event in your charting software. There is plenty of charting software available for free online, such as what's used in the above video from Freestockcharts.com, which allows you to track the market in real time as the event happens.

Now, the trick of this strategy is to wait for the event to happen and then track the market over a five-minute time period. Why five minutes? Because usually, following a major event, there is a lot of fluctuation in the market and there will be strong moves in either direction for a short period of time, maybe one to three minutes before the market consolidates the direction that it will be headed in. Usually after the first five minutes, the market direction will be established. It's at that point that you want to wait for your first Candle Stick to close, which gives you a good signal into what direction the market is moving. The period just after the first candlestick closes is when you ought to move over to your binary options trading platform and buy an option according to the direction.

Now that you are in the market, all you have to do is wait for your option to expire. Often there is a little fluctuation, which reflect the normal moves you have in the market, but if your options were to expire every hour, for example, once you get into the market it would expire a good 15 to 20 pips higher, way beyond the normal fluctuations that you have in the market.

The effects a news event can have on the market can last up to a day or two, but you don't want to rely on this for this strategy. What you want to do, as soon as the news event happens, is wait for the normal fluctuations that accompany a news release, which happen in the first three or four minutes. Then, once you get your first five-minute Candle Stick, you get in the market. According to this strategy, the market will continue in the same direction it's been going and it will make sure your option expires in the money. Basically the idea is that the news release pushes your binary option so far into the money that the normal ups and downs that the market has will have no effect on your option.



› Chapter Seven

Technical Analysis, Strategy

› Chapter Seven

Technical Analysis, Strategy

When developing strategies based on technical analysis, there is no need to conduct fundamental analysis first as the charts and numbers will tell their own story of how a market is performing. This is not to say, however, that technicians should disregard fundamental data gathering. Indeed, having a good knowledge of what is happening in the market from news and other sources will help solidify your trading decisions and allow you to be more confident in the strategies that you devise and implement. The same is true vice versa, if you use a fundamental approach to devise strategies!

In the previous chapter we discussed how to identify upward and downward trends using Candle Stick charts. We will now take this knowledge and apply it to a technical analysis trading strategy called trend trading.

The basic concept behind this strategy is simple: underlying asset's trend, be it upwards, downwards, or sideways, and we as traders can take advantage of these trends by trading with them. Sometimes, trends can last years and sometimes months. However, they can also appear daily and hourly, so identifying trends and riding them can be very profitable when done right.

This is a trend trading strategy using 5- and 30-minute trading charts. To take full advantage of this strategy you will need some charting software, but don't worry; it's available for free online via Bloomberg.com, Investor.com, and and Freestockcharts.com.

Trend Trading Strategy

(Watch the Video Tutorial or read the text below)

Open up your trading chart software of choice – we use Freestockcharts.com. What we are looking for here is an asset that is trending in a particular direction, and we compare it in two different time frames: a 30-minute and then a 5-minute timeframe.

Once you identify a trending asset, you need to examine it more scientifically – to do this use a "Moving Average Indicator". This indicator will be available under the Indicator menus of whatever charting software or platform you are using; add the indicator and apply.

When you apply the Moving Average Indicator, set its period to 100 SMA (Simple Moving Average). Once the moving average is applied to the chart, view the trend in both 30-minute and 5-minute timeframes. In both charts, the Moving Average Indicator should follow the direction of the trend, be it moving upwards or downwards. This is key to this strategy, namely both the 30-minute and 5-minute charts mostly moving in the same direction.

As you follow a trend the market will have its normal fluctuations; there will be upward and downward movement. To make this strategy work, it's very important that to take “Call” or “Put” positions at the right time in order to take advantage of these brief market movements. To get the best results from this strategy, take your positions as close as possible to the expiry time.

Downward Trends

– When the market is trending downwards we know its moving downwards, so look for fluctuation periods when the market comes back up and then take “Put” positions when the upward movement reaches its peak and starts to turn around and move back down.

Upward Trends

– When the market is trending upwards we know its moving upwards, so look for fluctuation periods when the market comes down and then take a “Call” position when the downward movement reaches a trough (low point) and starts to turn around and move back up.

This trend trading strategy is perfect when trading options at 60-, or 30-minute expiry times and it works very effectively with all underlying assets: commodities, indices, stocks, and currency pairs. However, it does require that you confirm a trend in both 5-minute and 30-minute charts using a Moving Average Indicator. As such, you may have to spend time reviewing different assets before you find the right set-up.

› Chapter Eight

Ready To Trade

› Chapter Eight

Ready To Trade

We have finally come to the end of our Zero to Hero journey. If you have followed all the chapters, you should now be ready to go forth and trade like a hero trader. Before you leave, take a minute to review all that you have learned. If you don't feel that you have fully understood a certain chapter of the guide, then revisit that chapter and read once more.

Chapter 1 - Understanding Binary Options Trading

In this chapter we learned the basics of binary option trading:

- The advantages of binary options over other types of trading
- What binary options trading is all about
- The Trading Process
- We also learned about the jargon associated with trading: call options, put options, strike prices, and expiry times

Chapter 2 - The Mindset of Successful Traders

A trader's mindset is key to successful trading. There is no place for emotions, as anxiety and excitement are a trader's worst enemy. In this chapter we learned how to keep emotion under control by recognizing and understanding physical and mental signals.

Chapter 3 - Underyling Assets

In this chapter we learned about the different types of underlying assets: commoditities, indices, stocks, and currency pairs, as well as about the factors that have an impact on their prices. We also learned which underlying assets are best to trade for beginner traders.

Chapter 4 - Capital Management

Capital management is key to successful trading. It allows traders to effectively manage the amount of risk they expose their trading account funds to at any one time. A solid capital management strategy ensures that you can trade without fear of depleting capital resources. In this chapter, we learned about the passive trading 5/15 rule and the aggressive trading 10/30 rule, two simple capital management strategies employed by pro traders.

Chapter 5 - Market Analysis

Market analysis helps traders predict with a degree of certainty the direction that a market will take. In this chapter we learned about the different types of market analysis, technical and fundamental, and delved deep into the more technical side of analysis: how to read Candle Stick charts and how to identify trends. We also learned about bullish and bearish markets, which cause support and resistance. This is a key chapter in the Zero to Hero guide.

Chapter 6 – Fundamental Hybrid Strategy

In this chapter we learned how to perform a fundamental analysis based strategy: Trading with the news, where we take positions on options after the release of scheduled news events from the economic calendar and then profit from the trends in the market that normally accompany such a release.

Chapter 7 – Trend Analysis, Strategy

The trend is your friend in binary options trading. In this chapter we learned how to perform a basic technical analysis trend trading strategy using 5- and 30-minute charts.

Chapter 8 - Ready To Trade

If you have followed the Zero to Hero guide from the beginning to the end then you should be confident to go forth and start to trade. You are now equipped with a full, well-rounded knowledge of binary option trading.

You now know:

- How binary options trading works
- All about underlying assets
- How to control your emotions when trading
- How to manage your capital
- How to analyze markets
- Two great strategies that will help you profit.

All in all, you have the knowledge of a hero trader. Now, it's time to put that knowledge to use!

We are here to support you every step of the way

anyoption is here to support you every step of the way in your binary options trading journey. Our 24/7 support team is always on hand to answer any questions that you might have.

As well as providing 5-star support, we also give you access to additional training in the form of our trading academy, where you will find in-depth video tutorials that cover every aspect of binary options trading. The academy's content complements what you have learned in this "Zero to Hero" guide while also providing training in additional areas.

You can also access our official anyoption blog, where you will find in-depth articles on all that is happening in the global markets. Stay up to date, with news, market reviews and more. Our blog is an excellent resource for traders who want information that can help guide their trading decisions and discover opportunities for profitable trades.

We hope you have enjoyed the anyoption.com "Zero to Hero" binary options trading guide.

Happy Trading!

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