Title:
What Are The Order Types Used By Forex Traders?

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Summary:
When you first open your trading station software, you will find that there are a number of ways to enter the market or, said in another way, there are a number of ways to place an initial order to buy or sell any currency pair.

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Article Body:
During the last decade, Forex trading has become one of the most attractive business opportunities to ever hit people's interest around the world. Every day people from many walks in life is actively considering entering the profitable world of the currency markets due to its accessibility and trading characteristics.

One of the first things you will do once you decide you want to enter and learn about the forex markets will be to choose your forex broker and then download the free trading platform software from your broker website.

When you first open your trading station software, you will find that there are a number of ways to enter the market or, said in another way, there are a number of ways to place an initial order to buy or sell any currency pair.

One of these types of orders is what is called a “Market order”; this is an order to buy or sell a currency pair at the market price considering the instant that the order is received and processed (which is usually within seconds of hitting the "OK" button on your trading platform). When a market order is placed, you are simply saying "I'll buy or sell the currency pair at whatever price it is at when my order gets processed."

There is a different way to enter the market that is called an “Entry order”; this is an order to buy or sell a currency pair when it reaches a certain price target; which you should determine by using your knowledge of technical and fundamental indicators. In theory this can be any price. You could set an entry order for the low price of a time period, or the high price of the same time period'; it all depends on your intentions, to sell or to buy. As an example, one usual recommendation is that you should always set an entry order to be the same price as the 'open price” of the time period. When you place an “entry order” to buy, for example, you are simply saying "I want to buy this currency pair at a given future price and if it never reaches that price, I won't purchase the pair."

Stop and Limit orders are two different ways to exit a trade, automatically (i.e., without closing out your position via the click of your mouse or manually), after the trade is entered. And they are widely used as safety locks so you won't end losing everything in a bad trade. In short, you must always use stops and limits when trading the forex markets.

A “stop order” is used to stop losses. A “limit order” (recommended if you can't monitor your open trade) is used to redeem profits. Where these orders are placed, in relation to your open trade, depends on the direction of the entry order, this is; if you buy or sell.

Remember; a “stop order” is always placed below the current market value of that currency pair when you are in a long (buy) trade. And a “limit order” is always placed above the current market value of that currency pair when you are in a long (buy) trade.