

Title:

Forex Trading Tips - Part 1

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470

Summary:

Part 1: These forex trading tips may be of help to the budding or hardened professional trader. Knowledge is certainly power in the markets. And after a bit of training and practice you too can reap the rewards of working the foreign exchange markets for a profit.

Keywords:

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Article Body:

The retail forex markets are certainly in a boom time. Forex dealers are popping up like rabbits. Hundreds of thousands of people like you and me are trading the markets for a nice profit everyday. Brokers are making a killing from their spreads in these deals. Forex markets are volatile and hence present great profit opportunities as well as great risks to your capital. And if you aren't careful your capital will quickly be lost by the markets. So what is the key? What is the secret to trading the forex markets successfully? We look at some **forex trading tips** in the following series of reports.

Some of the facts and measures we go through may be simple to some but may be new concepts altogether for other people. All in all every piece of information is critical to your understanding and succeeding in the forex markets, and hopefully our articles about *forex trading tips* will help you on your way.

When you trade currencies you are trading currency pairs. You always trade a currency in reference to another. Therefore, when you are looking to trade currencies, make sure you are aware which currency pair you are looking at trading with and understand how both currencies impact on one another.

Understand the bigger picture. Understand how the foreign exchange markets are influenced, and what makes them move. The forex market movements are different to stock markets in their leverage and in their volatility and nature. They are open 24 hours and because they are global, are easily influenced by news and data releases at any time of day. Any news affecting any country's economic

progress or anything about interest rates are bound to have some effect on the forex markets in their relevant currency pairs.

Be ambitious yet humble. Your trading goals need to be reasonable, not too greedy, but not too small. Some traders aim to profit from small moves - placing tight orders to take their small profits. But think about it - is this sustainable? Is your risk/return ratio worth the effort? Remember that you have to wait until the price clears the spread your dealer placed on the currency pair. If your trading system is aiming small, it would mean, more trades and more chance the trade will go sour, since a large portion (the spread) of your trade will be going to to your dealer's pockets and you aren't allowing for much movement before you take your profits (or loss). If you are new, this concept may be a little confusing, but for those of you in the know - you should definitely have a think about it if you haven't already considered it.

That's enough forex trading tips for now, come back for the next part soon.