

Title:

Buying And Selling In The Forex Market

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398

Summary:

Today I would like to talk with you about a few very important rules of investing in the Forex market. If you follow these rules, you will most surely come out on the winning side in the long run.

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Article Body:

Today I would like to talk with you about a few very important rules of investing in the Forex market. If you follow these rules, you will most surely come out on the winning side in the long run.

Rule number 1 is never risk more money than you can afford to lose. No trader is perfect, you are going to have losing trades. There is no system you can learn that wins all the time. So expect to lose some money.

Rule number 2 is to cut your losses short and let your winners compound to greater gains. The secret to not losing your shirt is to use stop loss orders consistently and not let your emotions rule your trading. It's better to lose a little and get out of a trade than to hope that things will turn around and suffer a devastating loss. If you are using the proper techniques and strategies on how to trade, you can usually tell right away if your trade is going in the right direction. If it's not, get out of the trade. There are always more opportunities to get into the market and try again. So be a smart trader, not an emotional one.

Rule number 3 and probably the most important rule in trading Forex is to always use stop loss orders. Before you even consider starting any trade, you should have a good idea in your mind of the point at which you think a trade might be going in the wrong direction and set your stop loss order there, along with your entry order. This way you automatically prevent a potential loss from going too far. Stop loss orders are free. They don't cost you anything and they may save more than your piece of mind.

Rule number 4 is to know what your exit point will be before you get into a

trade. There are many good reasons for this. It's easy to get sidetracked when you are doing live trading and get caught up in all the excitement. Chances of making bad decisions go up dramatically if you do not have a predetermined exit point.

Rule number 5 is to know when to quit. Don't become a gambler with your money. If you start having a streak of bad luck, get out of live trading and go practice with a demo account until you gain back your confidence.