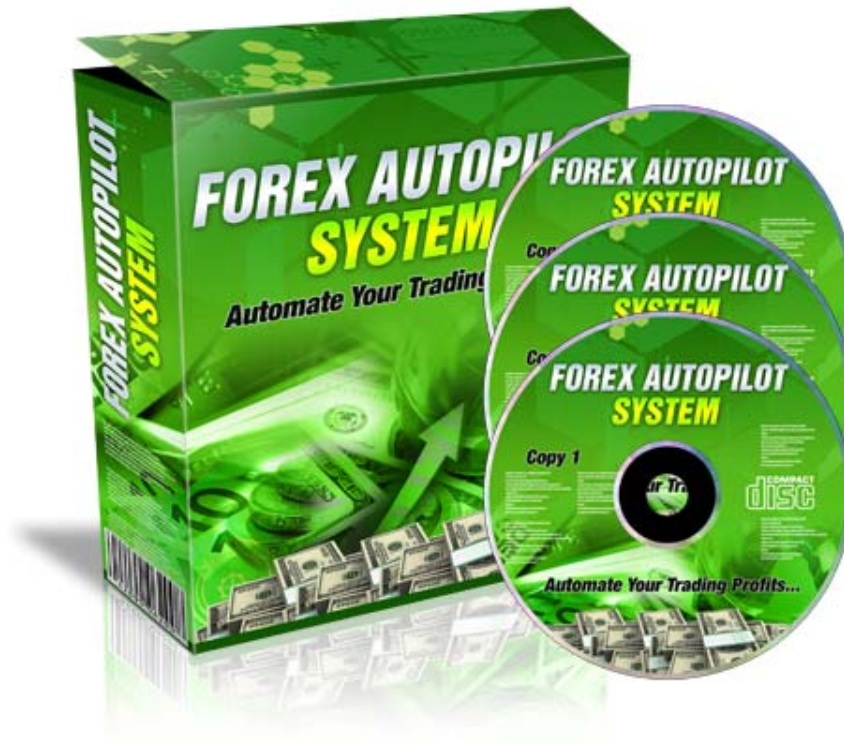


Forex Crash Course

By: Mark Copeland



Forex Crash Course is sponsored by [Forex Autopilot System http://forex-autopilot-system.com](http://forex-autopilot-system.com) , [Global Trading Inc.](#),

Overview

Hi fellow entrepreneurs,

My name is Mark Copeland and you can access to this page because you signed up for the free crash course on forex from my website <http://forex-autopilot-system.com> .The purpose of the course is to provide you some basic knowledge about forex trading and how you can make money out of it.

Ok, here we can start.

This small course will comprise of 4 lessons as following:

Lesson 1: What is forex?

Lesson 2: Why trade forex?

Lesson 3: Order Types

Lesson 4: How to choose a good broker?

Lesson 1: What is forex?

Forex market

The **foreign exchange (currency or forex or FX) market** exists wherever one currency is traded for another. It is by far the largest financial market in the world, and includes trading between large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions. The average daily trade in the global forex markets currently exceeds US\$ 2 trillion.

Buying/Selling

In forex market, currencies are always priced in pairs and trades result in simultaneous buying of one currency and selling of another. The objective of currency trading is to buy the currency that increases in value relative to the one you sold. If you have bought a currency and the price appreciates in value, you must sell the currency back in order to lock in the profit.

Quoting Convention

Currencies are quoted in pair. The first listed currency is known as the base currency and the second is called the counter or quote currency.

Currencies are quoted using five significant numbers, with the last placeholder called a pip. The quote includes a “bid”/ “ask” price.

For example, a EUR/USD quote 1.3045/1.3048. The different between the bid/ask price is sometimes called “spread”, which is the cost that trader must bear to establish a transaction.

Fundamental or Technical Analysis

The two basic approaches to analyze the currency market are Fundamental Analysis and Technical Analysis. The fundamental analyst concentrates on the underlying causes of price movements, while the technical analyst studies the price movements themselves.

Fundamental analysis focuses on the following factor: economic, social, political, geopolitical forces. Fundamental analysts look at various macroeconomic indicators such as economic growth rates, interest rates, inflation, unemployment...

Because of the complexity of fundamental analysis (that requires traders to have very deep understanding about the economic factors), technical analysis is more favorably chosen by traders to analyze currency movement.

Technical Analysis

Technical analysis is the study of past financial market data, primarily through the use of charts, to forecast price trends and make investment decisions. In its purest form, technical analysis considers only the actual price behavior of the market or instrument, based on the premise that price reflects all relevant factors before an investor becomes aware of them through other channels. The most basic concept of technical analysis is that markets have tendency to trend. Being able to identify trends in their earliest stage of development is the key to technical analysis.

How to trade in forex market?

First you must open an account with brokers, then you trade online or through brokers. As one of the most important factors in trading forex is charts, you need to have computer with software installed such as:

Chart software: There are many different types of charts completed with sets of technical indicators, and they come in a multiple of different time frames 1,5,10,15,30, 60 minutes, 4 hours, Daily, Weekly, Monthly timeframes. Different traders use different time frames depending on their strategies.

Electronic Deal Station (Trading Terminal): used to access the currency pairs for placing your trade orders. Also provides dealing rates, account balances, new providers...

Lesson 2: Why trade forex?

Why Trade Foreign Currencies?

There are many benefits and advantages to trading Forex. Here are just a few reasons why so many people are choosing this market:

No commissions. No clearing fees, no exchange fees, no government fees, no brokerage fees. Brokers are compensated for their services through something called the bid-ask spread. No middlemen. Spot currency trading eliminates the middlemen, and allows you to trade directly with the market responsible for the pricing on a particular currency pair.

No fixed lot size. In the futures markets, lot or contract sizes are determined by the exchanges. A standard-size contract for silver futures is 5000 ounces. In spot Forex, you determine your own lot size. This allows traders to participate with accounts as small as \$250. Low transaction costs. The retail transaction cost (the bid/ask spread) is typically less than 0.1 percent under normal market conditions. At larger dealers, the spread could be as low as .07 percent. Of course this depends on your leverage and all will be explained later. A 24-hour market. There is no waiting for the opening bell - from Sunday evening to Friday afternoon EST, the Forex market never sleeps.

This is awesome for those who want to trade on a part-time basis, because you can choose when you want to trade--morning, noon or night. No one can corner the market. The foreign exchange market is so huge and has so many participants that no single entity (not even a central bank) can control the market price for an extended period of time.

Leverage. In Forex trading, a small margin deposit can control a much larger total contract value. Leverage gives the trader the ability to make nice profits, and at the same time keep risk capital to a minimum. For example, Forex brokers offer 200 to 1 leverage, which means that a \$50 dollar margin deposit would enable a trader to buy or sell \$10,000 worth of currencies. Similarly, with \$500 dollars, one could trade with \$100,000

dollars and so on. But leverage is a double-edged sword. Without proper risk management, this high degree of leverage can lead to large losses as well as gains.

High Liquidity. Because the Forex Market is so enormous, it is also extremely liquid. This means that under normal market conditions, with a click of a mouse you can instantaneously buy and sell at will. You are never "stuck" in a trade. You can even set your online trading platform to automatically close your position at your desired profit level (a limit order), and/or close a trade if a trade is going against you (a stop loss order).

Free Demo Accounts, News, Charts, and Analysis. Most online Forex brokers offer 'demo' accounts to practice trading, along with breaking Forex news and charting services. All free! These are very valuable resources for poor and SMART traders who would like to hone their trading skills with 'play' money before opening a live trading account and risking real money.

Mini and Micro Trading: You would think that getting started as a currency trader would cost a ton of money. The fact is, compared to trading stocks, options or futures, it doesn't. Online Forex brokers offer "mini" and micro trading accounts, some with a minimum account deposit of \$300 or less. Now we're not saying you should open an account with the bare minimum but it does makes Forex much more accessible to the average (poorer) individual who doesn't have a lot of start-up trading capital.

Lesson 3: Order Types

Here I am explaining about the most popular Order Types that are used in forex trading

Market Order

The market order is the most frequently used forex trading order. It usually assures you of getting a position (a fill). The market order is executed at the best possible price obtainable at the time the order reaches the forex trading pit.

Limit Order

The limit order is an order to buy or sell at a designated price. Limit orders to buy are placed below the market; limit orders to sell are placed above the market. Since the market may never get high enough or low enough to trigger a limit order, a trader may miss getting filled if he or she uses a limit order. Even though you may see the market touch your limit price several times, this does not guarantee a fill at that price.

Stop Orders

Stop orders can be used for three purposes: One, to minimize a loss on a long or short position. Two, to protect a profit on an existing long or short position. Three, to initiate a new long or short position. A buy stop order is placed above the market and a sell stop order is placed below the market. Once the stop price is touched, the order is treated like a market order and will be filled at the best possible price.

Stop-Limit Orders

A stop-limit order lists two prices and is an attempt to gain more control over the price at which your stop is filled. The first part of the order is written like the stop order. The second part of the order specifies a limit price. This indicates that once your stop is triggered, you do not wish to be filled beyond the limit price. Care should be taken when considering stop-limit orders--especially when trying to exit a position, because of the possibility of not being filled even though the stop portion of the order is elected. There is no stop-limit order without a second price.

Time Triggers

Specify a time for your limit and market orders to go live.

Example: If you wanted to place a buy order based on the release of some news event. Specify the order parameters as you would, check the time parameter box and enter your specified time.

Trailing Stop

Ride a currency's price trend, profit from its movement, and limit your downside risk without constantly monitoring prices. Trailing stops move your stop price with the price of the currency and are server-sided, protecting you in the event you lose Internet connection.

Lesson 4: How to choose a good broker?

Before trading Forex you need to set up an account with a Forex broker. So what exactly is a broker? In simplest terms, a broker is an individual or a company that buys and sells orders according to the trader's decisions. Brokers earn money by charging a commission or a fee for their services. You may feel overwhelmed by the number of brokers who offer their services online. Deciding on a broker requires a little bit of research on your part, but the time spent will give you insight into the services that are available and fees charged by various brokers. Is the Forex broker regulated? When selecting a prospective Forex broker, find out with which regulatory agencies it is registered with.

Besides, a good broker will provide you the following:

1. Low Spreads. In Forex trading the spread is the difference between the buy and sell price of any given currency pair. Lower spreads save you money.

2. Low minimum account openings. For those that are new to Forex trading and for those that don't have millions of dollars in risk capital to trade, being able to open a micro trading account with only \$250 (we recommend at least \$1,000) is a great feature for new traders.

3. Instant automatic execution of your orders. This is very important when choosing a Forex broker. Don't settle with a firm that re-quotes you when you click on a price or a firm that allows for price slippage. This is very important when trading for small profits. You want what we call a WYSIWYG (pronounced wiz-ee-wig) broker! This means you want instant execution of your orders and the price you see and "click" is the price that you should get...WYSIWYG = What You See Is What You Get!

4. Free charting and technical analysis Choose a broker that gives you access to the best charting and technical analysis available to active traders. Look for a broker that provides free professional charting services and allows traders to trade directly on the charts.

5. Leverage Leverage can either make you super rich or super broke. Most likely, it will be the latter. As an inexperienced trader, you don't want too much leverage. A good rule of thumb is to not use more than 100:1 leverage for Standard (100k) accounts and 200:1 for Mini (10k) accounts.

Conclusion

Here I am just providing you the most basic knowledge of forex trading. If you want to become a professional trader, it will take you a lot of time. However you can always look for solutions such as [Forex Autopilot System](#) to help you trade automatically and make money even when you sleep.

To your massive success,

Mark Copeland