BECOME A SUCCESSFUL TRADER WITH WESTERNFX.COM

westernfx
REAL TIME TRADING

What is Forex?

Forex or FX, stands for Foreign Exchange, 24 hours a day international market. Forex Trading is trading currencies from different countries against each other. Forex is the world's largest market, with a daily trading volume of over 5 trillion USD!

Why Trade Forex?

1) Convenient Market -

You can access forex market 24 hours a day from any part of the world. Currencies are traded worldwide in the major financial centers of London, New York, Tokyo, Zurich, Frankfurt, Hong Kong, Singapore, Paris and Sydney - across almost every time zone. Which means when the trading day in the U.S. ends, the forex market begins a new in Tokyo and Hong Kong. As such, the forex market can be extremely active any time of the day, with price quotes changing constantly. All you need a computer with internet connection to master the forex market whenever there is scope for placing a trade at your convenience. The emergence of the internet makes things possible for average investors to buy and sell currencies easily with the click of a mouse through online brokerage accounts.

2) Easy to concentrate -
Unlike the stock market, a smaller market compare to forex market where several thousands of stocks to choose for trading is not easy to catch up. On the other hand Forex market a huge market of 5 trillion dollar has almost few major currency pairs and metals are very easy to analyze.

3) Huge Liquidity
Forex market is the largest financial market of the world with daily trading turnover of 5 trillion dollar’s liquidity. Every second produces such a huge volume of trades from around the world that you can find the buyer/seller available anytime you want. Extreme liquidity and the availability of high leverage have helped to spur the market's rapid growth and made it the ideal place for many traders. Positions can be opened and closed within minutes or can be held for months.

4) Nobody can control the market -
Because of the huge size of forex market nobody can control it. Even financial institutions like Banks do not have such a big fund to pull the market for long period of time. So a client with little amount of fund can make money from the market.

5) Leveraged Market -
Forex market is the highest leveraged market in the world. You do not have to be a billionaire to become a forex trader. Because of high leverage you can start trading even with 50$ only.

6) Profitable -
The unique possibility of forex market is any kind of movement is an opportunity to place a trade and get profit. It will not pain you to know if the prices going up then only you buy it like a stock. You do not need to worry if a currency getting stronger or weaker against other currency with in a pair, you have the chance to buy or sell of your choice accordingly it goes up or down.

Trading Instruments

Currency

Mostly traded pairs -

- EURUSD,GBPUSD
- USDCHF, USDJPY
- USDCAD, GBPCAD
- CHFJPY, GBPJPY
- EURCHF, GBPCHF
- EURCAD, EURJPY
- USDNZD, AUDUSD
- AUDNZD, EURNZD
- NZDJPY, GBPNZD

Beside of these there are few minor and some exotic currency pairs are traded.

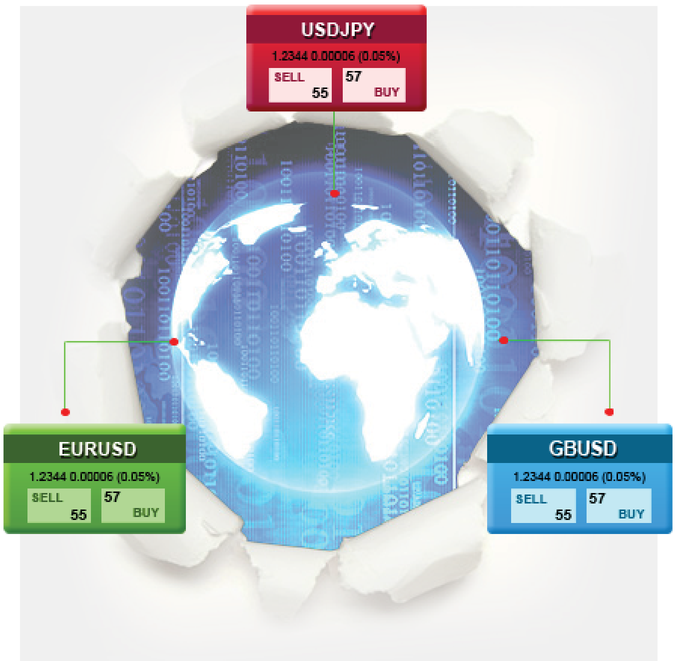
Metal

- Spot Gold (XAUUSD)
- Silver (XAGUSD)
- Platinum
- Pladium

CFD

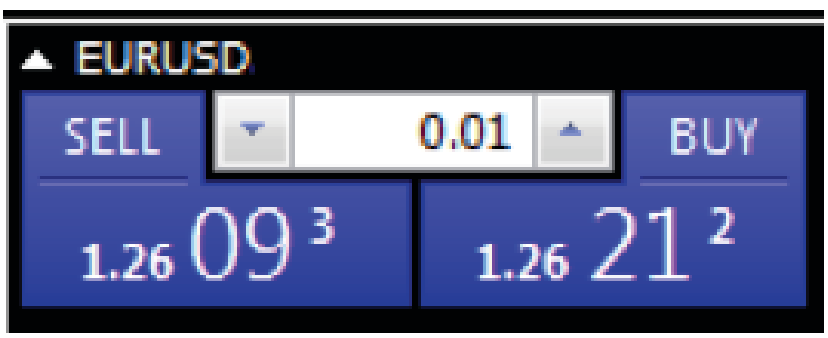
- Oil
- Wheat
- Corn
- Indexes

TECHNIQUE USED TO TRADE FOREX



The Technique is similar to stock trading. A stock trader will buy a stock if they think its price will rise in the future and sell a stock if they think its price will fall in the future. Similarly, a forex trader will buy a currency pair if they expect its exchange rate will rise in the future and close the order after gaining certain profit. A forex trader sell a currency pair if they expect its exchange rate will fall in the future and close the order after gaining certain profit.

When buying or selling a currency pair, there are buy and sell price available for each pair. As an example we can follow the figure down.



This means you could sell the EURUSD at 1.2609 or buy the EURUSD at 1.2621.

The bid-ask spread

The bid-ask spread is simply the difference between the price at which a dealer will buy a currency and the price at which the dealer will sell a currency. In other words, the bid price is the price that the dealer is willing to pay or "bid" for a currency, while the "ask" price is the price that the dealer wants for a currency. The figure above, **sell/bid price is 1.2609 or buy/ask price is 1.2621. So the spread is (1.2621-1.2609) which is 12 (spread).**

Using leverage on trade- All most all online brokerage offer leverage.

As an example you have 500$ in account and leverage offered is 1:100. This means you can open position of 500X100 = 50,000 unit of currency.

Volume or lots- There are 3 sizes of lots/volume.

1) Micro lot = 0.01
2) Mini lot = 0.10
3) Standard lot = 1.00

Calculating PIP - PIP is the price difference of the two positions.

As an example, you open a sell order position at 1.3030 and close it at 1.3025. So the price difference is (1.3030 - 1.3025) is 0.0005. The value on 4th decimal position is 5 which means the price decreased by 5 pips.

Relation between PIP and LOT - The lot value in USD are as follows:

1) The pip value for the volume 0.01 is 0.10$ in USD
2) The pip value for the volume 0.10 is 1.00$ in USD
3) The pip value for the volume 1.00 is 10.00$ in USD

To find the relation between PIP and LOT/Vol, we can follow an example-

As an example, you open a sell order position at 1.3030 and close it at 1.3025 with volume 0.01 (pip value is 0.10). So the market moves 5 pips in your favor which mean you get a profit of (5X0.10) = 0.50$. If you open the above position with vol/lot 0.20 (pip value is 2$) your profit will be (5X2) = 10$. If the position is opened by vol/lot 3.00 (pip value is 30) the profit will be (5X30) = 150$.

Relation between Leverage and LOT - We need to understand required currency unit for certain volume/lot.

1) Volume/lot 1.00=100,000 currency unit
2) Volume/lot 0.10=10,000 currency unit
3) Volume/lot 0.01=1,000 currency unit.

To find the relation between Leverage and LOT, we can follow an example-

As an example, for the equity 1000$ and leverage 1:100, the maximum currency unit you can consume is 1000x100 = 100,000 currency unit which is equivalent of 1.00 lot. If 0.60 lot is already opened, 0.40 lot can be opened further based on equity.

RISK WARNING- Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor.

We provide general trading ideas, market observations or other information related forex trading. It is provided exclusively to allow you to make your own investment decisions and does not subject to advice. We give no representation, warranty or guarantee as to the accuracy or completeness of such information or as to the tax consequences of any Transaction including without limitation to loss of profit which may arise di use of or reliance on such information.

Contact Us

E - support@westernfx.com
W- www.westernfx.com