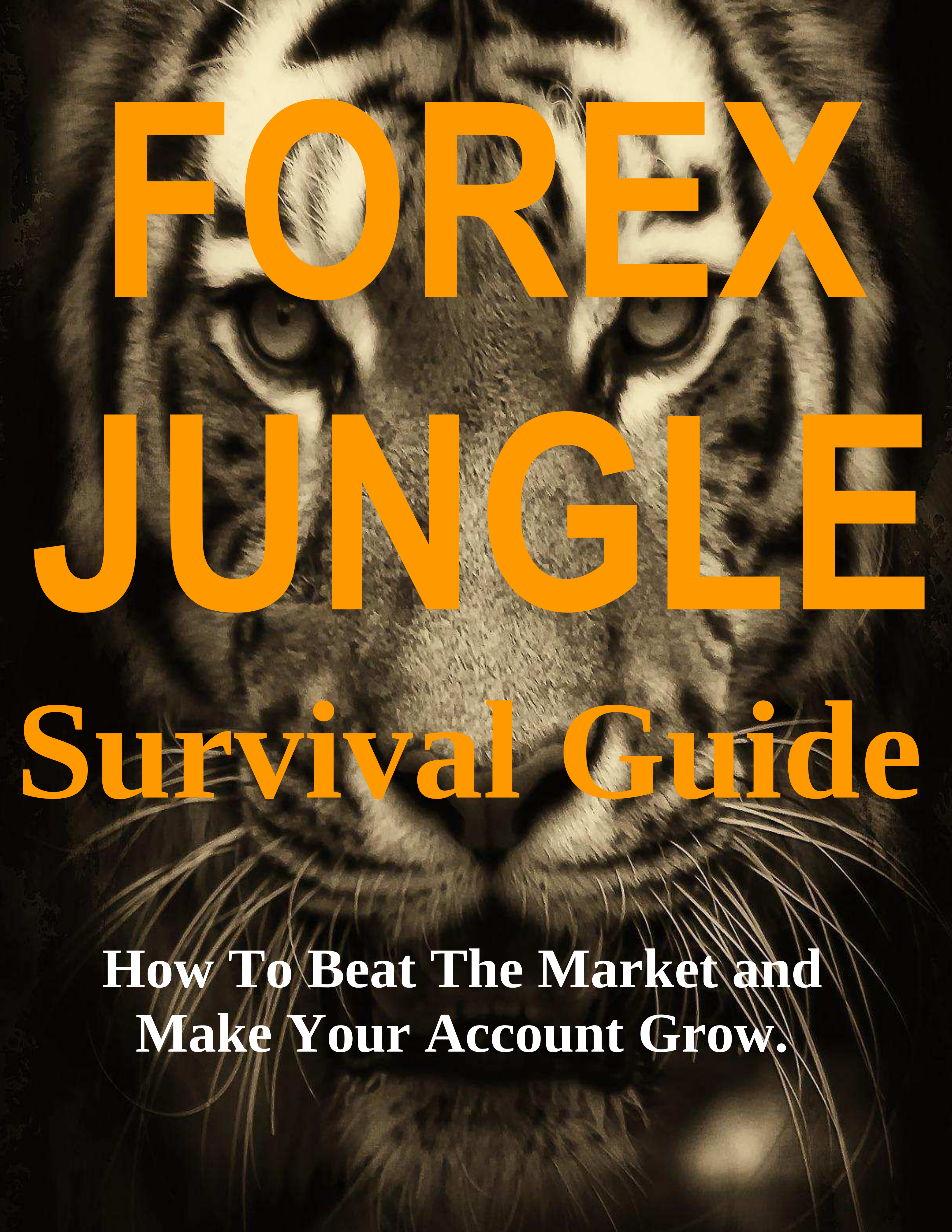


FOREX JUNGLE

Survival Guide

How To Beat The Market and Make Your Account Grow.

Contents:

Introduction.

Welcome to our e-book "Forex Jungle Survival Guide". In this e-book you will learn the most effective Forex tricks that will help you stay in the game and let your trading account grow. Written by professional traders, the e-book includes only valuable top materials to guarantee you a successful start in financial markets and have the most chances to survive in the wild and exciting world of Forex trading.

Forex trading is full of obstacles, traps and tricky temptations. Only the strongest survive here and our goal is to equip you with the most powerful tools that will help you stay on the right path and trodden your way to profits.

Chapter 1. What is Forex and How Much You Can Earn Here?

What is Forex

Forex is a foreign exchange market where traders buy and sell currencies and other instruments. They make income on the difference of the prices that keep on changing all the time.

The biggest difficulty in Forex is to predict which of the currencies will rise and which will fall in price. But there are certain ways that can help you make close assumptions about the coming changes and therefore make better predictions.

Despite of all modern technology trying to predict the market with 100% accuracy is not possible. Therefore any Forex trader (beginner or professional) is risking his or her money when trading the Forex market.

Forex trading as any other business requires some investment. The good news is that today you can start with as little as a few hundred of dollars or even less. The best start for a beginner would be around $500-1000, but you can also make your first funding as little as $100 to feel the market and gain your first experience.

How much can you earn in Forex?

One of the most difficult questions that traders ask is how much you can earn in Forex. It is impossible to say exactly how much you can earn here because your profits depend on so many factors. With so many things influencing your trading, one of them is a simple LUCK.

Although luck sometimes may be a reason of your success in trading, your overall trading success is strongly dependent on your trading skills and experience.

The earnings in the currency market can range from 1% to 100% a month. The earning percentage is calculated from the total amount initially invested in your trading account. So let’s say if you have deposited $100 you may increase your trading account from $101 to $200 by the next month or decrease it in case if you had losses.

Let's try to calculate how much you can earn in the Forex market.

By making these calculations we assume that you are an experienced and profitable trader that I am sure this is exactly the trader you want to be and you will be such if you keep on learning and don’t give up.

Of course there are no such traders who make 100% profit all the time. Even the most profitable traders have losing trades from time to time. Let’s say that a trader makes 100% monthly profit 1-2 times a year. During the remaining months the average profit may be around 30% or less. According to this calculation, your annual profits are about 45% from the initial funding. The earned money can be withdrawn or reinvested to increase your turnover.

Don’t let the losses break you.

Before you start trading Forex, you need to understand that losses are the part of the trading game. The same as falls or injuries are the part of the soccer game. The soccer players learn to fall and in most cases after a fall, they quickly stand up and keep on playing. And if there is an injury, a player will take his time for treatment and comes back to the game later.

Of course there are tragic cases as well when a soccer player is seriously injured and cannot continue playing, and the same principle works in the Forex market. But unlike in soccer, it is only the money that you are risking here. The money comes and goes and as a Forex trader you need to be prepared for good and worse. You need to accept your falls and know how to quickly get back to the market as a stronger and more experienced trader.

Accept your losses as a part of a Forex learning process. Study them and analyze your mistakes. Losses are showing the week points in your trading strategy, market’s analysis or the trading tools you are using. Losses give you the opportunity to learn from your mistakes and become a stronger trader.

When you are get bitten, learn your lesson and use it as a chance to become stronger, experienced and cold-blooded.

Chapter 2. What is Spread and How it Influences Your Trading?

I am sure that you heard about spread. Many traders know what is spread, but only a few of them actually use the full power of the spread in their Forex trading. Using the currency spreads correctly, you can save tens and hundreds of dollars and thus increase the efficiency of your Forex trading. If you pay high spread all the time, this money goes to the broker and your deposit will keep on decreasing.

You are trading Forex in order to make money, not to pay money!

Why do we have spread in Forex?

Spread is the difference between buy and sell prices measured in pips (points).

Every time you open a new trade you have two prices, which differ from each other by a number of points that is spread. The Forex spread is similar to the currency exchanger. For example, when you buy Euro in USD the buy price might be $1.4966 and sell price $1.3095 offered by your bank. That is $0.1871 difference.

In Forex it works the same way, but the difference (the spread) between Buy (Bid) and Sell (Ask) prices is lower than in the bank. The spread is the legal income of the broker. This is the fee that your broker takes for providing you with the trading services: trading platform, money transactions, support, etc

Brokers and spread in the Forex market.

Let's make a simple calculation of how much we overpay if we trade with a broker with high spreads. Let’s say for one trading session a trader makes 10 trades for the currency pair EUR/USD, usually its spread is 3 pips. 3 x 10 = 30 pips – this is the money that a trader pays for spread disregarding of the trading results. The cost for 1 pip may very and depends on the lot size you are trading with.

Let’s say that your average profit from 1 trade is 30 pips. Means that 10 trades with EUR/USD will earn you 300 pips, and minus 30 pips spread, you will get total 270 pips profit.

If your broker has 4 pip spread for the EUR/USD currency pair, you final earning will be 260 pips with the same trading scenario.

See the difference? And what if you make 1000 transactions a month? How much spread money you can save trading with low spread currency pairs!

Also it is important to mention that there are brokers with fixed spread (not changeable) and variable spread (changes according to the market conditions).

You must be very careful trading with the brokers who offer variable spreads. At the time of the important financial news release a broker usually increases the spread up to tens and even hundreds of pips. Means that you will overpay much more spread by opening a trading position at that time.

What is the solution?

First of all we recommend you to choose the currency pairs with lower spreads, at least in the beginning of your Forex trading. Almost every broker has currency pairs with 2-3 pips.

Second make sure that your average profit per trade is higher than your spread. For example if you open a trade with 3 pips spread and close a trade with 3 pips profit, you actually don't have any gain. Because you won 3 pips and paid 3 pips spread. Your profit must be 4 pips and more in order to make your trade profitable.

Third you need to make sure that you are trading with a broker that offers the best conditions in the market. In addition to the low spreads, it is important for a trader to have and option to use large leverage, low negative and high positive swaps, high order execution, etc.

We advise you to look at the trading conditions of the world's biggest and popular Forex brokers providing with high quality services and excellent conditions for growing your money. We are talking about such companies as eToro and AvaTrade. Just click on the links to visit their websites and read terms and conditions of the brokers.

Do not underestimate the spread in the Forex Market. This little fee may make a huge difference between success and failure in the Forex market. By choosing a good broker you will save a lot of money in trading and increase your returns.

We wish you a profitable trading and tight spreads, and remember that the gains from trade are very much depends on your broker!

Chapter 3. Forex leverage. Which leverage is better?

Why all traders use and all brokers provide leverage in the Forex market? Can you trade without leverage? What leverage size is less risky and how much should be the ratio between your investment and leverage? Sooner or later these questions become relevant to any Forex trader. And in this chapter you will get your answers.

Why do we need leverage in Forex?

As you know, any Forex broker provides its clients with leverage. It can vary from very small leverage (1:1, 1:2, 1:10) and high (1: 100, 1: 500, 1: 1000). With the help of the leverage a broker is helping you buy more currency. For example if a standard lot is 100,000 units, a trader should have at least $100,000 to open a trade. Thanks to the leverage, a trader may use only a small part of his own money and the rest is the leverage.

If you invest $1000 per trade with 1:100 leverage, you are opening a trading position with the volume of $100,000. $1,000 is your money and the missing $99,000 is offered to you by a broker.

What are the benefits for using leverage?

Leverage is helping you increase your trading volume and at the same time your profits. Let’s say your trade made you 10% profit. If you trade with only $1000 volume, you earn $100. If you trade with $100,000 volume, 10% profit will earn you $10,000. Impressive, isn't it?

But be carefully in case if the market goes against you. Your losses might be also high in case of using high leverage. That's why high leverage is extremely profitable and at the same time more risky.

The broker also has its benefits for offering you the leverage. By increasing your trading volume, you pay more spread. After your trading position is closed the broker is automatically taking back the money it "borrowed" you as leverage.

In case of your loss, you can lose only the money you invested into the trade. Technically you cannot lose the money offered to you with the help of the leverage. So in the example above, when you invested only $1000 of your money to trade with $100,000 volume, you can lose no more than $1000.

In case if your loss is close to your invested amount you will get a margin call by your broker. This is a signal your broker makes to warn you that you need to either close your trade or add more funds in order to keep it.

If you don't react the broker will automatically close your trade when your loss reaches -$1000. According to that example your maximum loss might be up to 10%. You must take this into your account when choosing the leverage you are trading with.

In general leverage is very beneficial for traders, especially if you don't have much funds in your trading account. For novice traders we would recommend avoiding high leverage. Don't be greedy, learn the market first, find your approach and gain trading experience. A leverage of up to 1:50 would be good for a start.

To sum it up, leverage in Forex trading is an indispensable factor that allows you to use small deposits in order to trade with high volumes. If you use the leverage correctly and carefully you can significantly increase your profits.

Start making profs! Remember that your profits depend not only on the leverage, strategy and skills, they also highly dependent on your broker!

Chapter 4. How to Read Forex Charts.

Understand the currency quotes

Forex charts are the integral part of online trading that's why you must know to read Forex charts and use them to understand the market. Forex charts may help you a lot in predicting the market and if you don't know how to work with them, your trading might not be very successful.

Here you will learn how to read Forex charts and use this knowledge to improve your trading by predicting the market with higher accuracy.

Let's start from the basics. The currency pair quotes are always displayed the same way. For example for the currency pair EUR/USD, EUR is the base currency and USD is secondary. You will never see it the opposite way. Therefore, if the EUR/USD chart shows that the current price is 1.2077, it means that 1.2077 is the price of Euro in US dollars.

The amount of the base currency is the size of your trade. For example, if you are buying 100,000 EUR/USD, you will trade with 100,000 Euros.

How to read Forex charts

In order to read Forex charts correctly you need to know the following 5 principles:

1. Buying a currency pair, you expect that it will go up on the chart and you will get profit. Means that you need the base currency to become

stronger against the secondary one. If you are selling you will make profit in case if the graph goes down. In this case the base currency pair will become weaker in relation to the secondary one.

2. Pay attention to the time frame of your chart. In order to determine the entry point of your trade, many traders are using different time frames. This can be a thirty-minute or four-hour chart or one day chart frame. The time frame depends on the trading strategy you are using.

3. Almost all Forex graphs display a sell (Bid) price. Remember, you buy for the ask price, which is the highest out of two prices different by spread, and sell for the bid price – the lowest. So if you are using the chart in order to determine the price of exit or enter, you sell for the price displayed on the chart, but when you buy you buy for the price you see + spread. For example if the price you see on the chart is 1.330 this is your sell price, the buy price would be 1.330+ 3 pips (spread) = 1.333

4. Usually every Forex chart shows the current time. You need to make sure that your trading chart shows your time zone. Especially it is very important if you are using the news trading strategy (that we will talk about in our next lessons). In this case you need to know exactly when the news is released and your charts' time should be very accurate.

5. The chart type you are using may influence your trading. There are line, bar and Japanese candle stick charts. Line chart shows the general direction of the market and it can hardly be used effectively in your trading. We recommend using either bar or candle stick charts. The candle stick charts are much easier to understand from the visual point of view. As each candle displays the price's behavior during the certain time of the candle's formation. The rising price is indicated by the green or blue color of the candle, while the falling price usually colors the candle in red.

5 Killer Chart Patterns that Give the Maximum Profits.

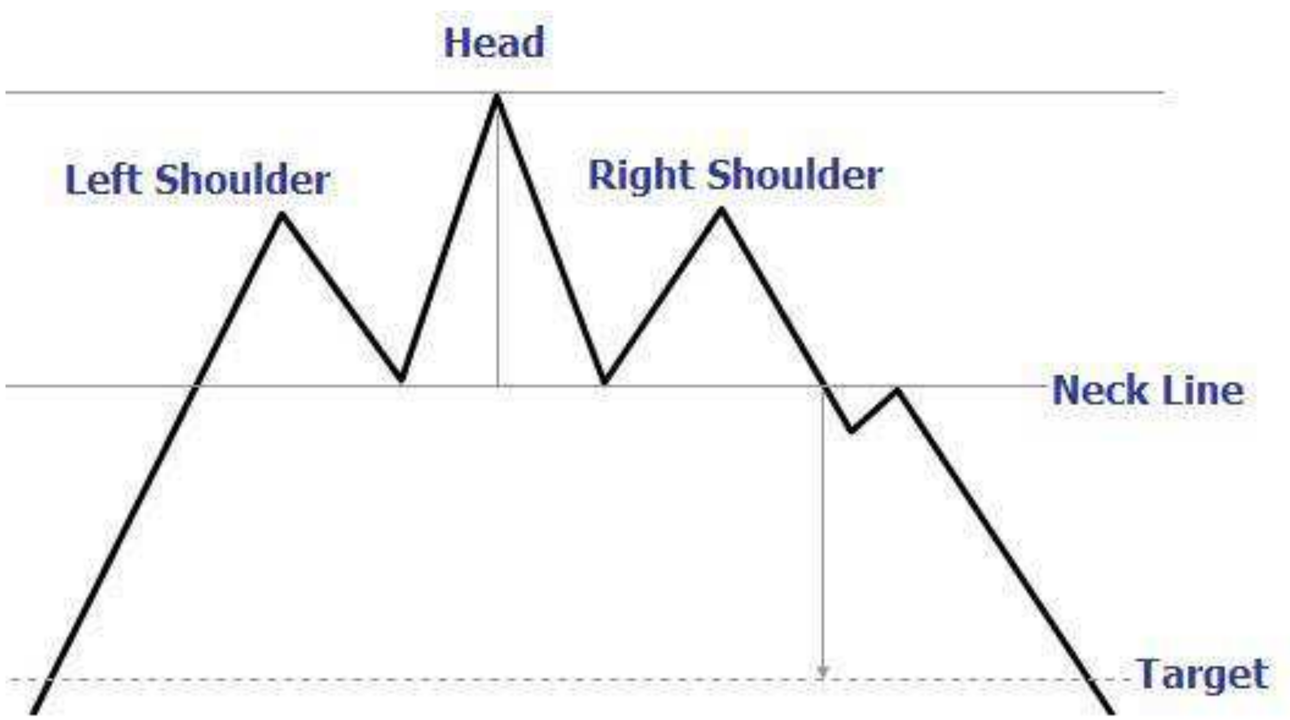
Chart patterns are visually distinctive configuration of the price bars on a chart (better seen on the candle stick charts), which is repeated periodically due to the typical behavior of the market and its participants in similar conditions.

The chart patters you will learn here work the same for different financial markets, instruments and timeframes. Due to their effectiveness in predicting the market's movements they are widely used in technical analysis of the Forex market.

Chart patterns have 2 main functions. They help you determine the possible direction of the price and calculate the strength or the target of this movement.

1. Head and Shoulders

This pattern usually takes place after a long rising trend and indicates its reversal.



After a long rising trend the pattern will look like 3 tops where the middle top (the head) will be higher than the other 2 tops (shoulders). Accordingly this pattern will have 2 bottoms usually at the same level – the neckline.

How to trade:

Ideally the shoulders' tops are symmetrical, but in reality the right shoulder may be slightly above or below the left one as well as wider or narrower. Lower second top shoulder increases the likelihood of the trend's reversal.

The neckline generally has a small upward movement, but may also be horizontal or inclined downwards. The last confirms the weakness of the market and increases the possibility of the price going down.

This chart pattern is considered complete and signals for placing a sell trade only after the price breaks down the neckline.

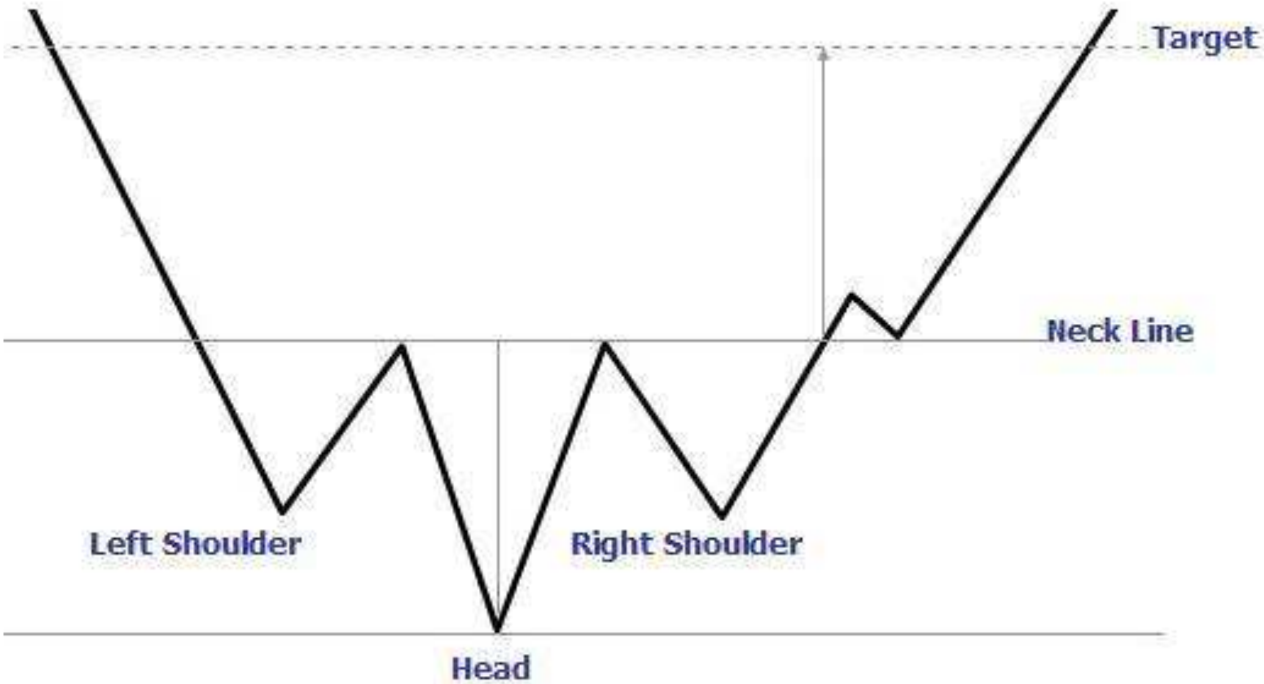
It is possible that the price will return to the neckline (which becomes a resistance line) and then develops a downtrend.
The longer the patterns was shaping (a month or more), the higher its reliability.

Once the price breaks the neckline or rebounds from the neckline this is the time to open a sell position.

Your take profit target with the head and shoulders pattern should be equal to the distance from the top head level to the neckline level. You should measure this distance from the neckline breakthrough down.

2. Reverse Head and Shoulders.

This pattern works the same way as the previous one but in opposite direction.



It usually forms after a long down trend and is displayed with 3 bottoms where 2 are lower bottoms (shoulders) and 1 higher bottom – the head.

The Reverse Head and Shoulders pattern has 2 tops – the neckline.

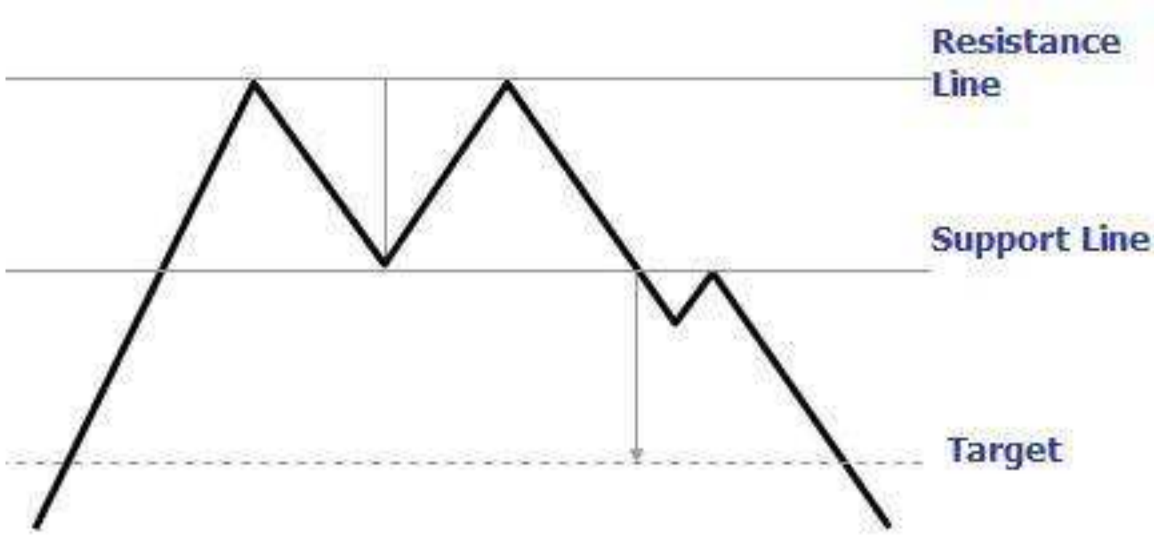
How to trade:

Once the price breaks the neckline upward, this is the signal for a buy trading position. The price may return to the neckline and rebound back forming a rising movement.

You can enter the market immediately after the price breaks the neckline or rebounds from it upward. Your profit take target should be calculated by the distance between the neckline and the head's top.

3. Double Top

The principle of the Double top pattern is similar to the Head and Shoulders chart pattern. The difference is in its structure.



The Double Top pattern is usually formed after a long upward trend and has 2 tops and 1 bottom. This pattern signals about the trend reversal.

The second top may be a little bit higher or lower then the first one. If it is lower, the probability of the coming downtrend is much higher.

How to trade:

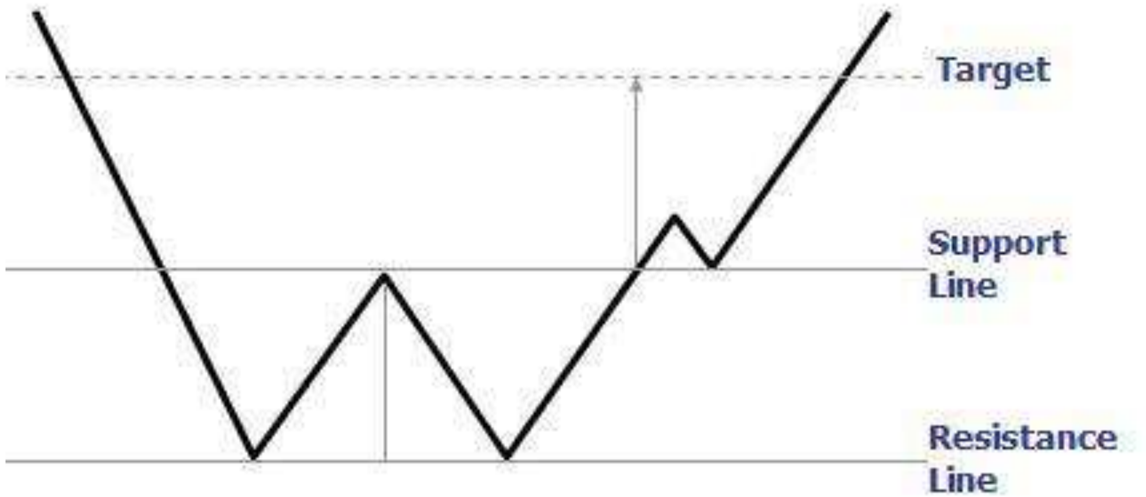
By drawing the support and resistance lines using the top and the bottom picks, you can watch the market to break the support line. This breakthrough is a signal for a downward movement and this is the time to open a sell position.

The price may return to the support line and rebound from it backwards forming a strong movement down.

Your take profit goal should be equal to the distance between the support and resistance lines of the pattern.

4. Double Bottom.

The Double Bottom pattern is similar to the Reverse Head and Shoulders pattern and works as the exact opposite to the Double Top pattern.



The Double Bottom pattern has 2 bottoms and 1 top. It usually forms after a long down trend and signals about its reversal. The second bottom might be higher or lower than the first one. In case if it is higher, the signal for the possible upward movement is stronger and more reliable.

How to trade:

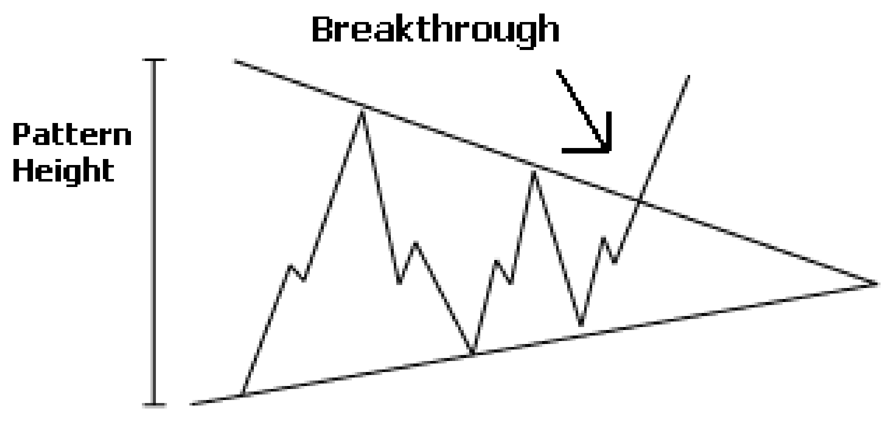
Draw a support and resistance levels using the 2 bottoms and 1 top picks. Once the resistance level is broken and the price is heading upward, this is a signal for opening a buy position.

As in previous patterns, the price may rebound to the resistance level and then return back to its rising movement. Open your trade for buy after the resistance level breakthrough or the rebound.

Your take profit target should be measured by the distance between the resistance and support levels of the Double Bottom pattern.

5. The Triangle.

The Triangle pattern can be recognized when the price is constantly moving up and down by shortening its distance with each move. It shows the fight between sellers and buyers until one of the sides wins.



By drawing the support and resistance levels connecting the tops and the bottoms of the pattern it will take a form of a triangle. The triangle can be symmetrical, ascending and descending.

After one of the lines is broken a strong trend is usually taking place.

In case of the Descending Triangle you have more chances to expect a downtrend after the support line is broken.

The Ascending Triangle signals about the possible uptrend.

If you find the symmetrical triangle on a chart you must watch it until one of the lines is broken and it can be either up or down.

How to trade

The Triangle patterns are usually very reliable patterns. You can make high profits if you catch the new trend very early. As a trend generated after a triangle pattern is usually very strong it can last for a while offering you a great opportunity to significantly increase your balance.

As mentioned earlier you open a trading position in the direction of the market once one of the triangle's lines is broken. If the upper line was broken, you open a buy position. If the lower line is broken you place a sell trade.

Although the forming trend might be long, we recommend you to be on a safe side and place your target take profit on the distance equal to the pattern's height – the distance between the highest picks of the beginning of the triangle pattern.

Make sure that the charts you are using allow you to draw the lines and are convenient for reading them. Below is a list of the brokers offering advanced trading charts that will help you analyze the market and recognize its patterns.

Chapter 5. Economic Calendar. The Most Important Events that Influence The Market.

Economic calendar is one of the most important tools in Forex trading. It is the number one tool for fundamental analysis of the market and the basis of many Forex trading strategies, like trading on the news strategy.

An economic calendar shows the number of the most important schedule economic and financial events taking place in different countries.

As a Forex trader you must be updated about the coming economical events in the certain country as its release may influence the market and make a mess for a while. For example if you are trading currency pairs involving USD (EUR/USD, USD/JPY) you need to watch the news release about USA economy, etc.

What economic factors influence the market:

The most important economic events and news are:

Discount rate – the interest that Central Bank charges for credits to other banks.

Gross National Product – the total cost of the products produced by a country for the certain period of time.

Balance of Payment – shows the relation between import and export. Its value can be positive or negative.

Consumer Price Index (CPI) – Inflation index. Shows how the price for products and cervices has changed during the certain period of time.

Unemployment rate – reflects the percentage of unemployed people in a certain country.

These are only a part of the factors that influence the market. Usually each economic calendar shows the importance of the news and events.

In general every good Forex broker provides its customers with all needed tools for trading including a detailed economic calendar. The brokers we listed here for you offer a good economic calendar that you can use in your trading.

Alternatively you can use an economic calendar on the site ForexFactory.com. There you will find a very detailed and free of charge economic calendar that is very easy to use.

Chapter 6. Trading On the News Forex Strategy.

How can you trade on the news and earn 50-100% a month? Trading on the News is one of the most profitable trading approaches in the Forex market.

Trading on the major economic releases allows a trader earn a decent monthly income, the main thing here is to fully understand the strategy.

Every trader may apply the news trading strategy regardless of his or her experience, knowledge and deposit amount. In any case, after obtaining some experience in news trading, each trader may accurately get out of the complex and unusual situations in the market. Such situations may sometimes take place in the Forex market at the time of news release.

In this chapter you will learn:

- The best strategy to trade on the news.
- The right way to trade on the news.
- Risks management - Stop Loss and TakeProfit levels.
- A list of news that have the strongest impact on the market.
- Main pitfalls of news trading
- The best brokers to trade on the news

The main principle of the news strategy

The main principle of the news trading strategy is placing of the two pending orders: BuyStop and SellStop + StopLoss and TakeProfit before the news release. You should do it within a certain time and at a certain distance from the current price. Now let’s look at this strategy in details:

Placing the orders before the news release

You should place the pending orders 5 minutes before the actual news release: BuyStop, SellStop at a distance of 25 pips from the current price. At the first stage you put the order in some distance from the price because after the news is released the price may make chaotic leaps. Therefore keeping a safety distance will help you avoid unnecessary losses.

How to put StopLoss when trading on the news? The StopLoss order is placed immediately at the time of making the pending orders at the minimum level that is 3-5 pips depending on the broker. The TakeProfit is located at the same time as well and is placed on the level of 10 to 40 pips depending on the type of the news and their strength.

For example let's look at the NonFarmPayrolls news. From my personal experience the NonFarm news makes an average movement of 70 pips, the price moves minimum 20 pips and a maximum of 110 pips in the first 5 seconds. If you calculate the distance for your orders, the pending order must be set max 15 pips from the price, and the TakeProfit at a distance of 30 pips, that is 47 pips from the current price, taking into account that the spread is 2 pips: 15 + 30 + spread = 47 pips.

IMPORTANT! When placing the orders you need to pay a big attention to the level of TakeProfit. It must be placed in a distance of 35-50 pips from the current price when trading on the NonFarme news. ALWAYS set up the TrailingStop for both orders. The TrailingStop may not always work out, but in some situations it saves from losses.

As mentioned above the pending Buy and Sell orders must be placed in the market at about 5 minutes before the news release. For example if the NonFarmPayrolls release is going to be at 15:30, means that at 15:25 the pending orders should already be in the market at a distance of 25-30 pips from the current price. After few minutes both orders must be drew in closer to the current price, thereby reducing the distance of a 25-30 pips to 10-13 pips by the time of the news release. So at the time of 15:29:45 your both pending orders have to be placed at a distance of 10-13 pips from the current market price.

What timeframe should you use? When preparing to the news release, you can select a timeframe of 5 to 30 minutes on your chart. The main thing is to use a real time graph or chart that shows current prices of the market.

When your orders are in place and you are ready, it is not a good time to relax. In three cases out of ten the price may have a false jump of 20-30 pips 10-30 seconds before the news release. This event is not that terrible, because you have placed a stop loss and the worst case would be a loss of

3-5 pips. It is important to mention that the main impulse of the price that we need to catch is going to be exactly at 15:00:00 – a second to second. If there is a delay, it is a problem of the broker rather than a delay in the market or the news release.

News release time and its pitfalls.

Usually the market has a very strong reaction on the news releases. The price jumps immediately and during this short time there is little what depends on you. The main thing is that the price reaches your TakeProfit and the order is closed with profit automatically. But there are force majeure, at which you must act quickly, and most importantly you must know what to do:

1) If one of your pending orders has worked out and the price didn't reach your TakeProfit but your position is positive, you have 3 options: a) move your stop loss to zero waiting for the market to reach your take profit level. b) Close your position with a current profit. c) Move the stop loss to the level of 5 pips under the current price and wait for the price to reach the take profit level.

2) If there has been a slippage, the price jumped and the order was opened above your TakeProfit (yes, this also happens), your only option is to close your trade instantly, even if it is in a minus. Even if the price goes back and reaches your TakeProfit, you will still have a loss, because TakeProfit is a system command to the broker to close the order.

3) If the price is not moving and your trading platform is frozen – this is a great moment for you. Some traders may feel devastated, but a smart trader takes an advantage of it. When trading on the news you should always have few open charts from different providers.

Once your platform is frozen look on one of the charts or platforms that is working and see where the price is going. Once you identify the direction of the market, immediately place an order in the "right" direction - Buy or Sell with a TakeProfit order for the current price that you see in a working platform. It is up to you to choose the amount of your trade. When your platform "wakes up" the order will be closed immediately with the maximum profit.

4) If the news release didn't affect the market and the market didn't show any reaction within 5-10 seconds after the release, you should delete all orders. There is nothing more to wait.

A list of news that you should trade

All the economic news that you want to monitor and apply to your news trading strategy, can be found in the Forex economic calendar. All economic news and events that you find in the economic calendar have 3 types of data: the previous data value, analysts' forecast for the coming release and the actual data that appears after the publication of the actual values. The news and events that influence the market can be divided into two types - values (GDP, indexes, etc.) and speech (statements by heads of government). Values (numbers) influence the market immediately after their release and the length of a candle may be from 10 to 120 pips.

What influences on the strength of the market's reaction and whether it is possible to predict where the price will go? The reaction of the market caused by the news depends on the numbers indicated above. As we mentioned earlier an economic calendar usually shows three types of data for each news release. But the most important data that you need to pay attention to is the "Forecast" and "Actual". The higher is the difference between those two numbers, the stronger will be the reaction of the market, its movement and your profits.

Important news may move the market to 50-80 pips but if the forecast and the actual numbers are not different on the time of the release, there may not be any movement at all.

The news of the Central banks Interest rates may create some very interesting situations. For example there is a forecast that rates will change from 0.75% to 0.5% and the forecast has been realized, then the market will not make any movements or will make a weak reaction. But if according to the forecast the interest rate is not changing but actually it was changed, then hold tight on your chair :), your TakeProfit lever will be reached with 100% probability.

A Government Speech may also give a good profit, but there is one thing, no one knows which phrase or word will affect the market. Means that during the speach the market may make a sudden jump that you cannot predict. The market's reaction to the Prime Minister's or President's speech of a country may be different and chaotic, that is not always suitable for trading using the news trading strategy.

News trading FAQs:

What deposit size is required for news trading? The size of the deposit does not matter, but do not forget about your goals and the reason you started trading Forex. If you want to make good money you should start with $2000 or higher.

What trading volumes should you use? There is no certain standard of volumes if you trade on the news. It all depends on the type of news, your experience and your risk management. For example, with a deposit of $5,000 and the leverage of 1: 400 you can open your trades with the volume of 5 - 10 lots.

How to choose a broker for trading on the news?

In order to trade on the news successfully you need a proven and reliable broker. Some Forex brokers don't like news traders, because they cannot manage with very short trading positions that last few seconds. Below you can find our recommended broker for news trading:

Chapter 7. Currency Pairs.

There are tens of different currency pairs available for trading in the Forex market. The most popular choice of traders is such currency pairs as EUR/USD and GBP/USD. But there are also lots of other currency pairs and commodities that you can trade too. So what would be the best instruments for trading in the Forex market and which of them you should avoid?

There are 3 main groups of currency pairs:

Major currency pairs (Majors)
Cross pairs (Crosses)
Exotic pairs (Exotics)

The major currency pairs (Majors)

The major currency pairs are those pairs that include US dollar (USD) and a currency pair of one of the most important country in the world:

EUR / USD - EUR / USD
GBP / USD - British Pound / US Dollar
AUD / USD - Australian Dollar / US Dollar
NZD / USD - New Zealand Dollar / US Dollar
USD / JPY - USD / JPY
USD / CHF - US Dollar / Swiss Franc
USD / CAD - US Dollar / Canadian Dollar

The above currency pairs are the easiest instruments for trading except for USD/CAD. USD/CAD is hard to predict using a technical analysis and is more suitable for scalping during the American trading session. Also, I would advise beginners to stay away from trading USD/CHF and USD/JPY. USD/CHF usually has weak movements and USD/JPY requires a little more careful analysis than the other "majors" and often makes some unexpected ticks, such as central bank’s intervention.

Cross pairs (Crosses)

Crosses are those currency pairs that don't include the USD. As a rule they are less active than the majors and are more complicated for analysis and trading.

AUD / USD - Australian Dollar / Canadian Dollar
AUD / CHF - Australian Dollar / Swiss Franc
AUD / JPY - Australian Dollar / Japanese Yen
AUD / NZD - Australian Dollar / New Zealand Dollar
CAD / JPY - Canadian Dollar / Japanese Yen
CHF / JPY - Swiss Franc / Japanese Yen
EUR / AUD - Euro / Australian Dollar
EUR / CAD - Euro / Canadian Dollar
EUR / CHF - Euro / Swiss Franc
EUR / GBP - Euro / British Pound
EUR / JPY - EUR / JPY
EUR / NZD - Euro / New Zealand Dollar
GBP / AUD - British Pound / Australian Dollar
GBP / CHF - British pound / Swiss franc
GBP / JPY - British Pound / Japanese Yen
NZD / JPY - New Zealand Dollar / Japanese Yen

Of course, not all of these cross pairs should be used in trading. For a trend trading strategy the most preferable cross currency pairs would be those with JPY, with the exception of CAD/JPY and CHF/JPY.

Namely: AUD/JPY, EUR/JPY, GBP/JPY and NZD/JPY. However, I do not recommend beginners to trade with the cross currency pairs for the same reason as the USD/JPY.

Japanese Yen has a lot of surprises and without significant experience in technical analysis, it doesn't worth taking a risk trading the crosses.

Exotic pairs (Exotics)

The exotic currency pairs are those pairs that include a currency pair of some minor countries. Such as: USD/RUB, USD/MXN, EUR/DDK and others.

Usually the exotic pairs have high spreads and it is very hard to analyze and predict them. Only few traders are trading the exotic currency pairs. If you are a beginner trader, I recommend you to stay away from them, trading exotics is a waste of time and money.

Commodities

Commodities are also presented in the Forex market but they are usually separated from the currency pairs. Commodities include the precious metals and such goods as sugar, coffee, rice, oil, etc. The most common traded commodities are Gold and Silver:

XAU / USD - Gold / US Dollar
XAG / USD - Silver / US Dollar
XAGEUR - Silver / Euro
XAUEUR - Gold / Euro

I usually trade only XAU/USD. The intersection with the Euro is less liquid and I also try to avoid Silver due to its high cost for 1 pip.

What are the best currency pairs for trading?

For a beginner:

EUR/USD, GBP/USD, AUD/USD and NZD/USD

For an advanced trader:

EUR/USD, GBP/USD, AUD/USD, NZD/USD, USD/CHF, USD/JPY, EUR/JPY, GBP/JPY, AUD/JPY and XAUUSD (gold).

Also I would like to add that you don’t need to trade many currency pairs in the beginning. Many traders are concentrating on only one instrument and manage to make good money. You should focus on something specific – one instrument and get to know its behavior. When trading multiple currencies at the same time, you give each graph less attention and you may miss some important details in the analysis. However, when using a portfolio of different currency pairs you can generate more profits due to a large number of transactions. But there is no need to hurry, start small and gradually grow your portfolio along with your trading experience and skills.

Chapter 8. Forex Trading Platforms.

Today The Foreign exchange market - Forex is the largest and fastest growing market in the world. In order to earn money in Forex you only need three things: patience, knowledge and skills.

But let's start from the very beginning and look at what helps people with all these three qualities make money in the Forex market. What is the main tool for trading Forex? Of course, this is a trading platform.

What is a Forex trading platform?

A Forex Platform is a computer program, designed to give you an access to the Forex market, and includes a variety of tools for productive activity of a trader.

A trading platform may be a software that you install on your computer or an online interface where you can log in from any computer anytime. The only requirement for using a trading platform is a good internet connection. Ideally, a Forex trading platform should include all features that modern technology provides: an ability to analyze the market and fast executions. Simply put, a Forex trading platform is your personal mini-market at your home.

The main qualities of a good trading platform:

- Security
- Quickness
- Functionality

It is important to notice that the functionality in this case is the main component. The reason for that is very simple and obvious. Technology is always developing and since today the market develops technologies and technology is developing the market, we get a direct correlation between a trader and his technical tools that allow him to reside "in the jet." What else can give you a direct access to all the necessary information, if not the functionality of your trading platform?

So, the main functions of a Forex trading platform are:

1. The first and the most important that is the essence of the Forex market is **the currency pairs and their rates**. A trader must be able to see the latest quotes of currency pairs any time he or she enters the trading platform.

2. **Monitor the world economic news**. As we know, the market is very sensitive to what is happening in the world, so economic news is a mandatory item in the functionality of any Forex platform. Why do you think so many business leaders begin their day with a newspaper and try to keep abreast of all the latest news? It is because politics and economics have a direct impact on the market itself.

3. **Ability to monitor a status of your trading account**, as well as **open and close positions**, making buy and sell trades.
4. **Charting capabilities** for making a quick technical analysis of the market.

Different Types of Trading Platforms.

There are a lot of different platforms for Forex trading: SmartTrade, DealBook, TradeMaster, Currenex Classic, MetaTrader, Webtrader, etc.

How to choose your ideal trading platform? The main thing to consider here is the technical capabilities of the platform you choose. Unfortunately, today most trading platforms are outdated, because they were created some time ago. Below you can review the most popular and technologically advanced Forex trading platforms:

MetaTrader

Thanks to its functionality and convenience, a MetaTrader platform has a great reputation among both beginners and professionals in the Forex market. MetaTrader is a trading software that must be installed on your computer and is automatically connected to your broker via internet. Many traders start using a MetaTrader platform after they gain some trading experience and skills due to its advanced features and possibilities that may be unclear for novice traders.

The basic functions of a MetaTrader platform:

- Monitor economic news online;
- Instant update of the currencies quotes changes.
- Make quick technical analysis using the charts;
- Includes all necessary tools and indicators to trade on the market;
- The opportunity to develop your own trading strategies that allow you to automate your trading: select a strategy and the program will trade 24 hours a day while you are busy with other things;
- Other special modules like trading advisors and signals, that will assist you in choosing what to trade and when.

Top brokers that provide a MetaTrader platform: AvaTrade

WebTrader

WebTrader is an online based trading platform. Recently its popularity has grown significantly due to its user friendly interface and the ability to log in from any computer as it doesn't require a software installation.

A WebTrader platform is a great solution for novice Forex traders. It provides all necessary trading tools including economic calendar and convenient for technical analysis charts. Many beginner traders start their first Forex experience with a WebTrader. Professional traders use it as well as long as it answers their trading needs. As mentioned above, the main advantage of a WebTrader platform is the fact that it is an online platform and can be accessed from anywhere and anytime.

Top brokers that provide WebTrader: eToro

Mobile Trading Platforms:

Recently the mobile trading started gaining some popularity among Forex traders as well. The modern technology allows to develop stunning, functional and convenient mobile trading applications that you can use to trade on the go.

But regardless of all its functionality I would never move 100% of my trading to mobile. Still there are certain advantages of accessing your trading account from a computer than your mobile.

A computer has a larger screen that allows you to see a bigger picture of what is going on in the market when analyzing the charts. As the main principle of trading is analysis of the market and making a prediction. Unfortunately a mobile trading platform will limit your view to a small screen of your smart phone and affect your trading accordingly.

On the other hand mobile trading has its own advantages. It allows you to access the market and trade when you don't have a computer available.

Sometimes there are such situations when an unexpected good trading opportunity came up and you don’t have a computer around you. In this case Mobile Trading platform might be of a great help.

Social Trading Platforms:

The social trading platforms were designed for social trading. Social trading is a service provided by some brokers that allow you to see how the other traders are trading and copy the most successful ones. This system works great for newbie Forex traders and also those traders who don’t want to spend time analyzing the market and figuring out what to trade. Instead you can just link your trading account with other profitable traders and just watch your account grow.

Social trading is very similar to account management, when you let a professional trader to trade for you. But the main advantage of the social trading is that you see in live how the other good traders are trading and copy their trades. A social trading platform lets you monitor your account online and you don’t pay anything for this service.

eToro OpenBook as the first and the most advanced social trading platform

eToro was the first Forex broker who brought social trading to the masses and therefore made Forex trading open and transparent for others. Thanks to eToro you are not a lonely trader anymore. Using eToro Openbook platform online traders can get social, discuss their trading strategies, market’s analysis, and opinions. You can chat with other traders online, find new friends, follow the most successful traders and automatically copy them absolutely for free.

eToro went as far as they could to help Forex traders increase their profits and avoid loosing your money. When visiting a trader’s profile you can see what currencies a trader is trading, what is his profit, what is his risk level and much more.

According to the latest eToro's updates, those traders who use their social trading feature have 62% more profitable trades! The numbers don't lie and if you wish to have a better chance in the Forex market, you can put part of your trading portfolio to eToro's social trading platform OpenBook.

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