

# Forex Trading

Strategy Guide

Get on the  
forex train  
!!

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# Introduction

In the world of Forex trading most traders are continuously searching for the holy grail of systems that will make them a millionaire in a week. Like the search for the Fountain of Youth, that system has never been found.

Trading is all about discipline and risk management. Traders who can survive the initial phase of their trading career without losing a lot of money will eventually become profitable.

This eBOOK is aimed at intermediate and beginner traders who are struggling to make money in FOREX trading.

The book provides some fundamentals used in FOREX trading followed by 3 simple and highly profitable strategies.

This is a part of a series of books and training courses we plan to create on trading in general and FORX trading in special.

We hope you learn and enjoy !

# Index

Forex Trading Basics

Support and Resistance foundation

Chart patterns that work in FOREX

Trading Strategy #1 : SRT Combo

Trading Strategy #2 : RSI Mirror

Trading Strategy #3 : ALMA + CCI

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# What exactly is currency or Forex trading

- In a nutshell you are buying and selling currencies based on where you believe their value will change to at a later time. Essentially you are trading money
- let's say you believe the value of US dollar will go up, you buy the US dollar and when it appreciates you sell it making a profit on the increased value
- let's say you believe the US dollar will decrease in value, you will then short the US dollar meaning selling it on the market at the current price and buying back at a later date making a gain on the depreciation

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# How is Money Made ?

Money is made in two ways. Going long or going short.

- **Going Long** : This is when you expect a currency to appreciate in value, meaning you would go long the pair. Also known as buying. To keep it simple going long or buying means you want the currency pair to go up.
- **Going Short** : This means you are selling a currency pair also known as shorting. Again, to keep it simple shorting means you want the pair to go down. Meaning you want it to devalue.



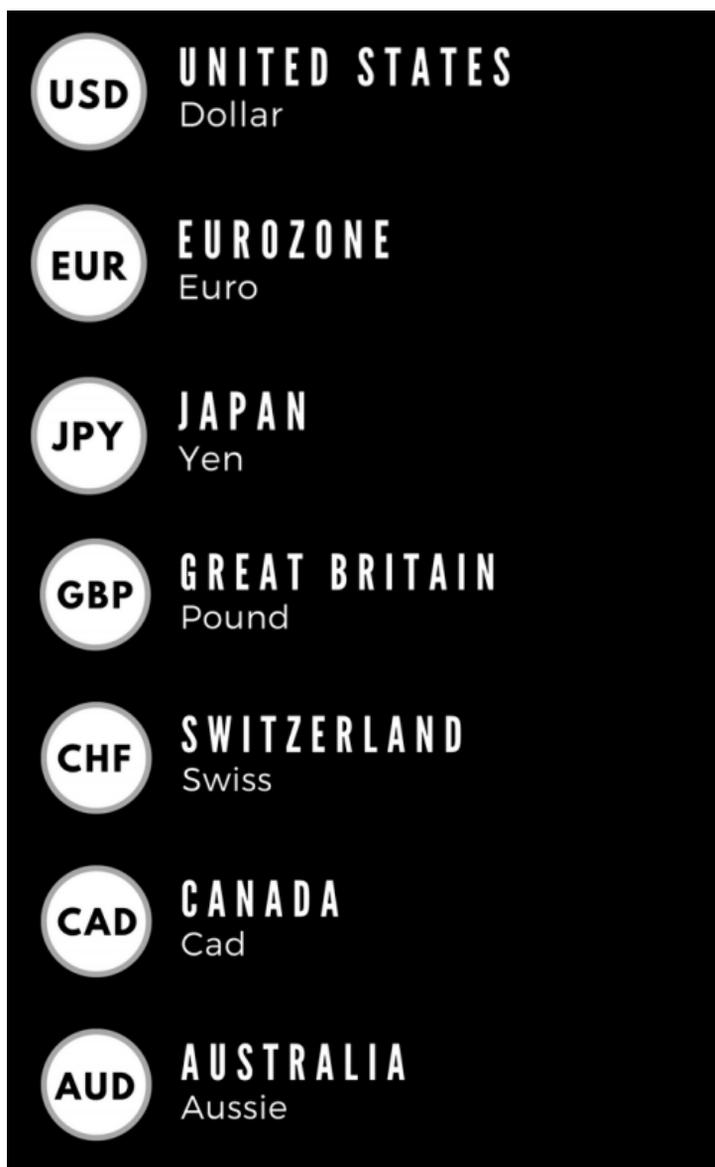
# Why trading currencies is better than stocks ?

- **No commissions.** There are typically no clearing fees, no exchange fees, no government fees, and no commissions. FOREX works off a bid/ask spread and the costs are contained therein. Some brokers who use the electronic communications network (ECN) transaction model, however, also may charge a small lot fee.
- **High liquidity.** With an average of over \$3 trillion in transactions daily, it is easy to execute even very large orders in foreign exchange. Online brokers most often offer instantaneous fills on retail orders.
- **No fixed lot size.** The standard lot size in retail FOREX is 100,000 units. Most brokers offer mini-lots of 10,000, and some let you trade as few as 100 units! The variable lot size can be an excellent money management tool for the trader. It also allows the new trader to gradually increase trade size as his or her knowledge and profits rise.

# Why trading currencies is better than stocks ?

- **A 24-hour market.** There is no opening bell in FOREX! You may trade from late Sunday afternoon (U.S. time) to late Friday evening. You may come and go as you like, and trade for as long a time or as short a time as you wish.
- **Online access.** All retail FOREX is conducted online, via the Internet. You will trade from a broker's trading platform, which typically includes not only real-time prices and the ability to place buy and sell orders but also a variety of trading tools such as charts and indicators. Most brokers allow clients to call in orders by phone if the need arises.
- **Low margin, high leverage.** Perhaps the most attractive element to FOREX trading is the ability to trade leverage ratios of from 10:1 up to 400:1! This means that you may control 100,000 USD with from \$10,000 to as little as \$250. With high leverage, a very small move may result in a 100 percent profit—or loss.

# Which are Popularly Traded Currencies ?



# What a currency pair quote looks like ?

## WHAT A CURRENCY PAIR & QUOTE LOOKS LIKE

**USD / CAD = 1.2878**

Base Currency    Quote Currency



## WHAT YOU HAVE TO THINK IN YOUR HEAD

**1 USD = 1.2878 CAD**

When you go long a pair, you are buying the base currency and selling the pair currency simultaneously. You will make money when base currency goes up or pair currency goes down.

# What is a PIP ?

USD/CAD

1.2886



4<sup>th</sup> decimal place = 1 pip

USD/JPY

105.73



2<sup>nd</sup> decimal place = 1 pip (JPY Pairs)

- A 'PIP' stands for a percentage point
- On all pairs it is the 4<sup>th</sup> decimal point
- For Yen crossed pairs it is the second decimal

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# Important Things before we move ahead

- **Trading is not Gambling :** Trading is about taking calculated risks after reading the charts and understanding what the market is trying to tell you. There should be no guesswork involved in trading !
- **Managing Risk:** Trading is about making money consistently day after day, week after week , month after month. You do not want to risk everything on one trade expecting to hit a huge home run. Managing your risk on **each trade** is the most important part of trading.
- **Longevity :** You want to stay in the market for long. If you can do that without blowing up your account, chances are , you will make money!

# When you lose you **Lose Small** and when you win you **Win Big !**

This is easier said than done but trading is all about this simple Mantra!

Whoever has managed to do it has become a successful trader.

We will try our best to give you simple trading strategies which help you to achieve this.

## **Let's get started !**

Before we go to the trading strategies , we need to learn two important things.

1. Support and resistance foundation
2. Some important chart patterns that work in Forex.

# Thank you for downloading this eBook

We hope it helped you in your trading endeavor !

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