GLOBAL FXORO

Anything is possible

E-BOOK

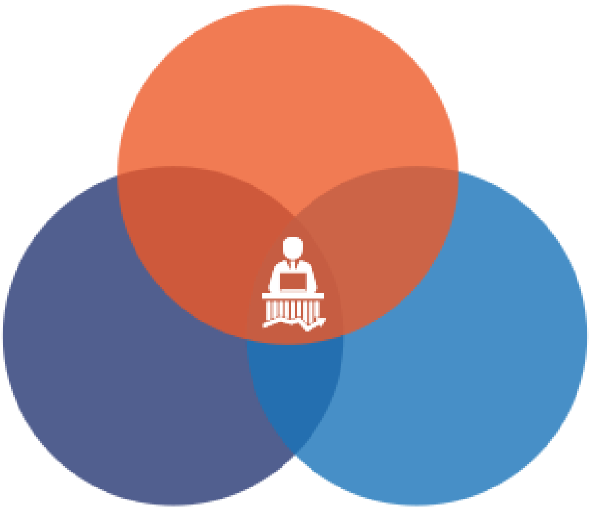
This eBook is an introduction to the business of online trading, specifically forex trading (which is the most popular traded instrument). However, whether you're trading CFDs and your particular instrument of choice is indices, commodities or shares. You as a trader, shall decide the trading method or style that suits you better. There are specific concepts, rules and guidelines which should be understood to ensure that you build a solid foundation for your trading business. Every individual trader is unique, to an extent. The uniqueness of each trader lies in the fact that we are dealing with money in every aspect of the business – cash is our asset, and our account balance is continually changing.

Although every conventional business has cashflow fluctuations, in our business these changes are affected by winning and losing trades which are always immediate and have a marked effect on our emotional and psychological state. There are three elements of the trading process, and every trader should reach an acceptable level of proficiency in each of these disciplines to reach the goal of trading independently and confidently. Most traders develop a trading method, a strategy to recognize potential trade setups and then use their tools to implement their strategy.

This analysis must include money management principles which will determine the viability and risk/reward potential for each trade. Keep a trading journal which is a record of every aspect of the trade. Putting it all together and being ready is when you are psychologically aware, confident and comfortable in your business. Be patient and humble as you start your new business.

PUTTING IT ALL TOGHETER AND BEING READY

- Money management
- Psychology of trading
- Putting it all together



Method (trading system)

Risk (capital management)

Psychology (mindset or discipline)

The goal of successful trading is to generate consistent profitable returns. Knowledge and confidence can be the components of a solid foundation. However, certainly a good trader needs more than these. To become an independent trader, you need to be able to make educated and precisely calculated trading decisions.

RISK DISCLAIMER

Leveraged products such as CFDs and Forex are considered intricate financial assets and may not be suitable for all investors as they carry a high degree of risk and can lead to the loss of your investment. Before getting involved with trading, consider your financial goals, your skills and gage the possible risks associated with trading Company's Products. Independent advice might be sought. CFDs may shift price rapidly and may depict change in market conditions that result from unforeseeable occurrences.

None of these facts can be manipulated by either you or FXORO Global. It's best to consult with a licensed financial counsellor. FXORO Global does not avail its customers with financial advice and the information provided herein is intended for marketing purposes only. Make sure to read the "Risk Warning" to get a clear picture of the risks inherent with trading Company’s Products.

BEFORE GETTING STARTED

Trading is not a guessing game or a gamble, it is a business, where traders have opportunities to succeed if they have the right information, knowledge, understanding and skill set. Of course, there is always the possibility to lose rather than to profit. Online trading is a business where a trader needs information, work ethic, diligence and discipline. Certainly, there is no natural “gift” needed to succeed in online trading.

Just as a doctor is not born with the ability to diagnose patients, a trader is not born with the ability to take winning trades. Some traders need to be taught, while others don’t. Technical traders could inter alia learn to look at a chart and know what it means, study past price movement to predict future prices, look at any set of price trackers known as candlesticks and identify the pattern, plan a calculated strategy and know when and how to use it, and of course, practice risk management.

Trading is a learned skill. Adequate training practiced tactics and harnessed self-control, and education can be tools used by traders. This book contains information on trading that could be read by traders. This book shall not be considered as presenting an absolute and comprehensive material on trading.

Traders shall find additional resources to get an overall understanding of the trading industry and markets. Nothing in this material guarantees nor promises successful and profitable trading nor represents FXORO Global’s opinion/perception and principles.

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1. INTRODUCTION TO THE FOREIGN EXCHANGE MARKET

The forex market is NOT a physical market. The forex market refers to banks all over the globe conducting interbank foreign exchange transactions with one another. These transactions are recorded, which results in traders having access to real-time, live price action 24hrs a day 5.5 days a week. There are 3 trading sessions within each 24hr trading day:

SESSION	HOURS ACTIVE	ABOUT
Asian	10:00 pm GMT – 8:00 am GMT	This session is usually the slowest (least active) of the 3 regions. It is the first session and starts the trading day.
European	8:00 am GMT – 4:00 pm GMT	This is the second session. It is loosely tied to the working hours in London, UK.
North American	1:00 pm GMT – 9:00 PM GMT	Also known as the US Session, this session is the last of the three and is based on the banking hours in New York City.

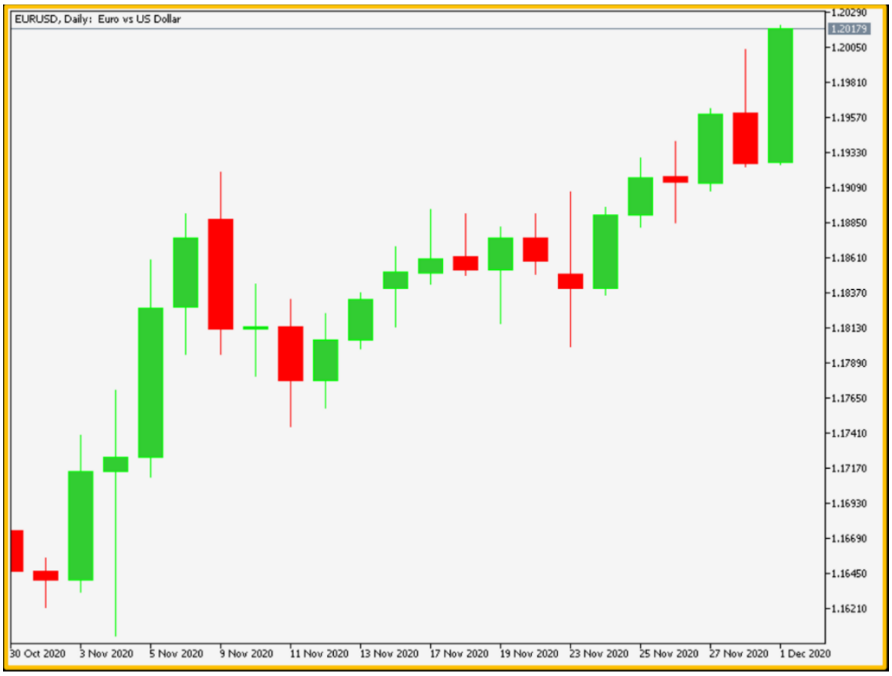
Each session refers to a specific location and its working hours. The relevance is that certain currencies will fluctuate in accordance with certain regions – the busiest times are generally at the start time of each session – banks open, news and data is released, and business starts. The busiest time is usually 1:00pm GMT when the US session starts, until 4:00pm GMT when the European session ends. This 3-hour overlap is known as the “power hours” and is usually very active and the busiest time within the 24-hour trading day.

HOW CURRENCY TRADING WORKS?

We cannot trade a currency on its own, the way we would trade a stock. It is always traded in pairs, one currency against another, eg. EUR/USD would be trading the euro against the USD, i.e. The value of the 2 currencies in relation to each other.

How many USD would it take to buy one Euro? Every trade involves the buying of one currency and selling of another, e.g.: EUR/USD at a price of 1.1850 means that it will cost USD $1.1850 to buy 1 euro. In this example, we are trading the Euro.

EUR/USD DAILY



Sticking with the above example, the trader has the option of buying euro (which means we are selling USD) expecting the price of the euro to go up, meaning it will cost more US dollars to buy one euro. Or selling euro (which means buying USD) and expecting the price will go down, costing less US dollars to buy one euro.

HOW CURRENCIES MOVE?

What makes the currencies move, go up or go down in value? It is the forces of supply and demand which govern the direction of the move. There will always be both supply and demand in the Foreign Exchange Market The direction of the market is dependent upon whether supply or demand dominates. That is, are there more buyers or sellers?

WHERE DO TRADERS COME IN?

As a trader, we are choosing a direction:

- ***Up or down =*** increase or decrease in price = buy or sell
- ***Up =*** buy
- ***Down =*** sell

For example, if you are trading EUR/USD, buying would mean that you are buying Euros, since Euro is the base currency.

The first currency listed in a currency pair is always the base currency. So, the price movement depicts how many US dollars it costs to buy one Euro. Conversely, if you were selling, this would mean you were selling Euros.

Money will be made when we pick the right direction and of course, money will be lost if we pick the wrong direction. The amount of money won/lost depends on the differential between where we enter the market and where we exit and has nothing to do with the value of the currency.

The same amount of money would be made or lost from 1.1850 to 1.1880 as 1.1950 to 1980. The same 30 pips differential, from entry to exit.1980. Also, bear in mind that it is a two-way market. This means that you can make or lose the same amount of money whether you expect the EUR/USD (or any other currency pair) to go up or down.

HOW DO WE MEASURE MOVEMENT?

We measure price movement in pips. The pips are how we measure the move, regardless of the direction. Each pip has a dollar value. Generally, there are 100 pips in a cent, so each pip is one hundredth of a cent. (This excludes the Yen). If a currency moves 10pips, making money doesn't depend on whether the currency has gained or lost the 10pips. It depends on if the trader chose the right direction. The trader takes a trade by making a decision/choice as to which way or direction he believes the currency pair will move. For example, he closes a trade based on when he feels the currency pair has peaked in the direction he chose. Or on the other hand, when the currency pair has gone too far in the "wrong" direction.

2. FUNDAMENTAL VS. TECHNICAL TRADING

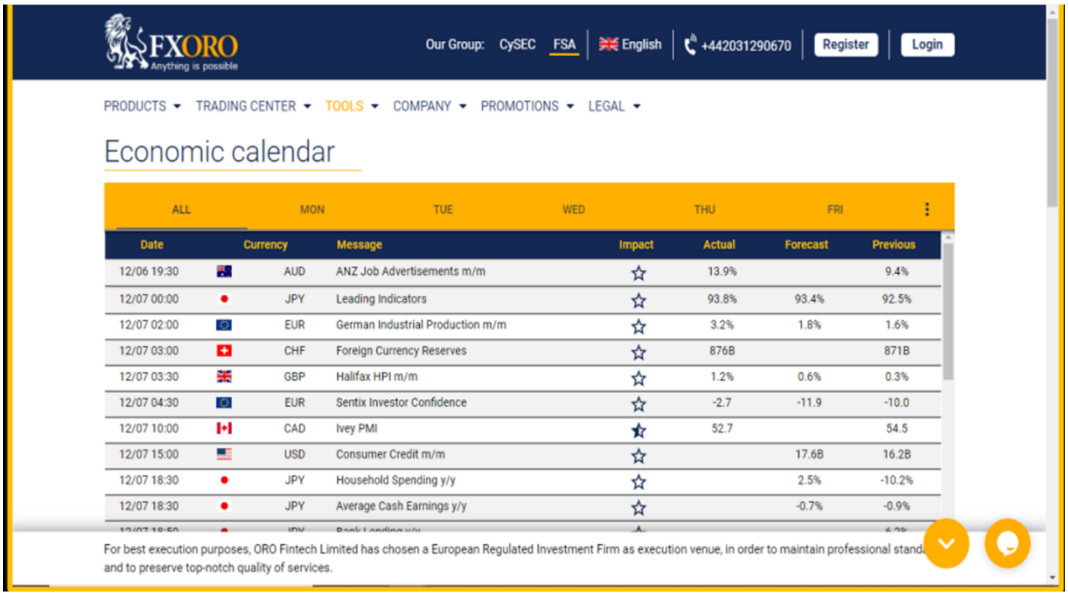
What is the difference?

Fundamental Analysis refers to the method traders use to evaluate the factors affecting and influencing the market and decide whether there is a trading opportunity accordingly.

Regardless of the instrument being traded, the objective is to find out the reason why the instrument is trading at a particular price and based on the information available, predict whether the price will rise or fall. Is the current price a fair value of the instrument?

Fundamental forex traders will look at factors like interest rates, employment statistics, economic growth and geopolitical events. Equity traders will analyze a particular industry, an individual company and relevant data to determine whether a price is over or undervalued and then predict a future value based on the information at hand. By believing that prices may not reflect all the information learned, the fundamental trader aims to benefit on perceived price discrepancies. The core source of fundamental analysis is data relating to the instrument and commentaries relating to this data; in short, "why is the market moving, and how can I benefit from it?" The single most important factor that must be understood is that a big portion of fundamental analysis is subjective, and opinions formed based on actual data can, and will differ, depending on the views of the analyst.

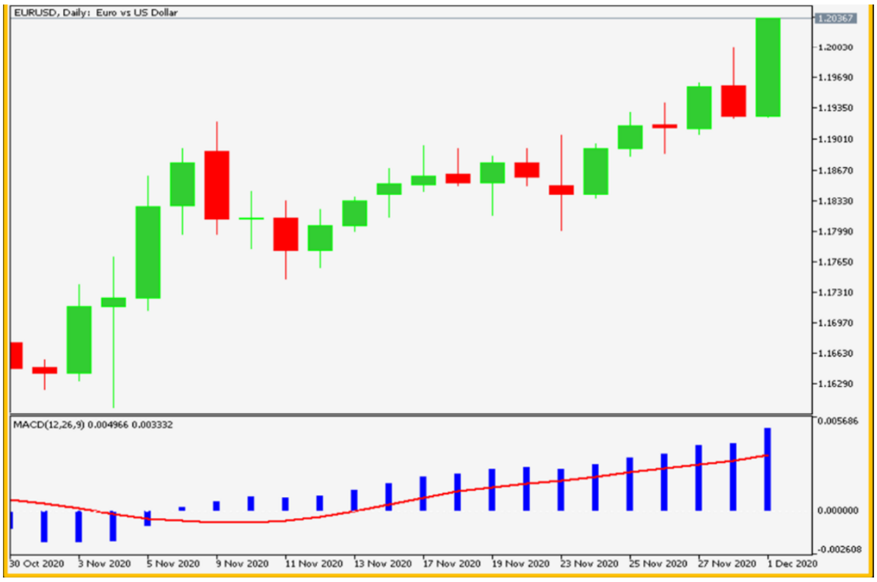
Here is an example of an economic calendar, one of the tools used in fundamental analysis:



Technical analysis is the study of price movement and is based on a supposition of pattern and predictability. The price of any instrument is not in any way subjective and there is no personal feeling or emotion involved. Here the trader will learn to use technical indicators like chart analysis, candlestick analysis and chart patterns to predict price changes based on trends. The underlying rationale is that "history repeats itself", people always have and always will repeat their behaviour patterns, and it is for this reason that the trader will use technical analysis to see how a particular price was reached, and then by using the very same analysis predict a future price change. Technical trading has grown tremendously within the Forex market and is used by traders of all levels, for one very good reason: it can be learned, practiced and applied in a relatively short period of time. Equity traders also very often prefer to use technical analysis as this levels the playing field with everyone having equal access to the same information.

Below is an example of the type of candlestick charts our traders use to trade technically. We have chosen a MACD indicator setup and ATR (average true range) as examples, but we have a variety of other technical indicators available, and training on how to use and benefit from each one.

MACD (MOVING AVERAGE CONVERGENCE DIVERGENCE)



ATR (AVERAGE TRUE RANGE)

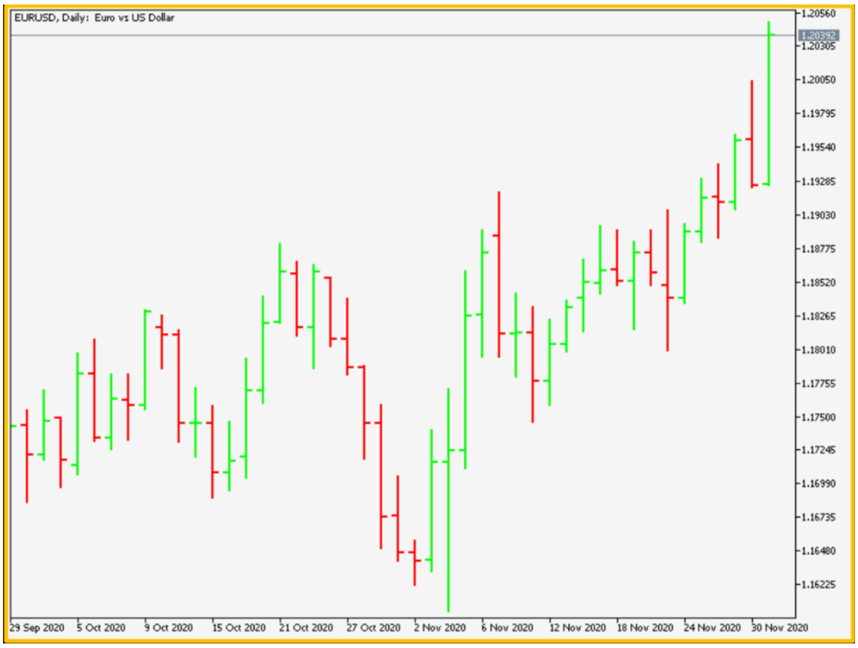
So how does one choose whether to trade technically or fundamentally? Which is better? The simple answer is that both methods work and there is no one method that will work 100% all the time. It is up to each trader's discretion to decide which method or if a combination of both will be used. This course will focus further on Technical Trading, for a thorough understanding of how the market is moving.

3. READING CANDLESTICK CHARTS

Charts are a graphic display of price action. Learning to read a chart is the basis of technical analysis. The basis for reading charts is that they show technical traders' information to decide what instrument (currency pair, commodity, etc.) to trade and when to get in and out of trades; develop a trading strategy.

Technical traders are concerned with price and price movement, which is reflected on the charts. Although there are different types of charts (bar, line, etc.) candlesticks are the most used in currency trading.

BAR CHARTS



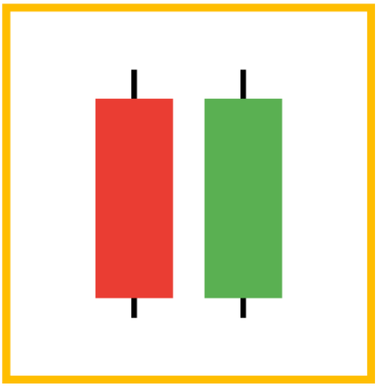
LINE CHARTS

The way a trader decides to get in and out of trades is based on patterns, called trends. At any given time, each instrument is at a particular given price.

By looking at a chart we are looking at the price over a specific period. We see what the price is in relation to this period we are looking at and we can visually see how it got to be at the price. So, we are looking at the history of the price over a period and watching the price move.

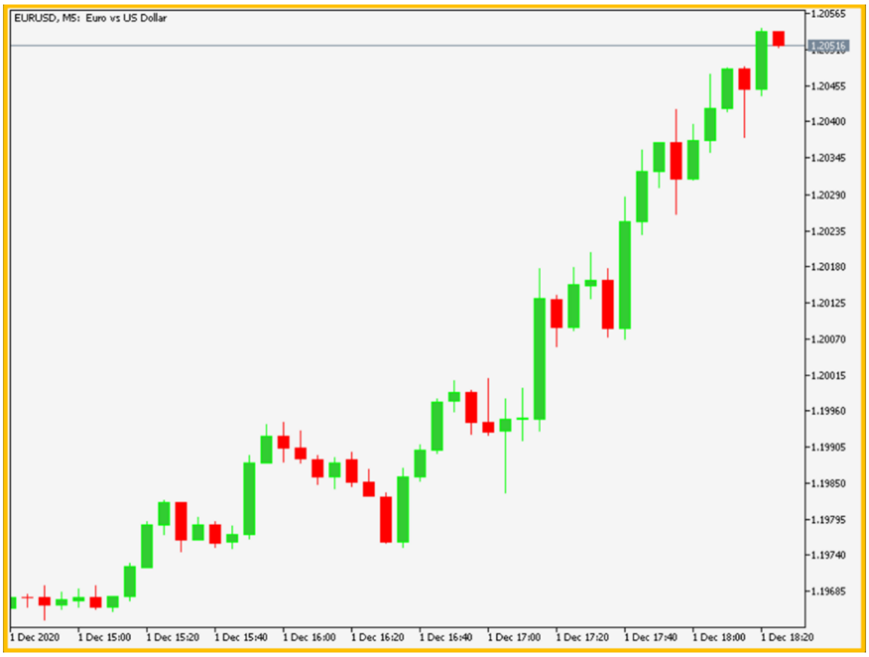
Essentially, the charts are illustrating the constant price movement and fluctuation so the trader can visualize the fluctuation, rather than just reading or hearing the price in an isolated context. Candlestick charts display price movement using a side-by-side series of candlesticks (vertical rectangular shapes with a line or “wick” through the centre).

The body of the candle is the difference in price between the open price and close price. The high or low price is displayed as the wick (thin line) on the top or bottom of the body.



The candlestick closest to the right side of the chart indicates the current price, the one that is moving "now". The open price indicates the price at the start of the time frame (you can choose 5 minutes, 30 minutes, 1 hour, 1 day, etc.) and the close price indicates the current price. On previous candles, the close indicates the price at the end of the indicated time frame.

EUR/USD 5-MINUTE CHART



Most charts display "down" candles, those where the price dropped during the time period, in red. Red candlesticks mean that the price opened higher than it closed. Blue or green candlesticks indicate “up” movement, meaning the price opened lower than it closed, an increase in price since the time period began.

Using candlesticks to predict future price is all about patterns and trends.

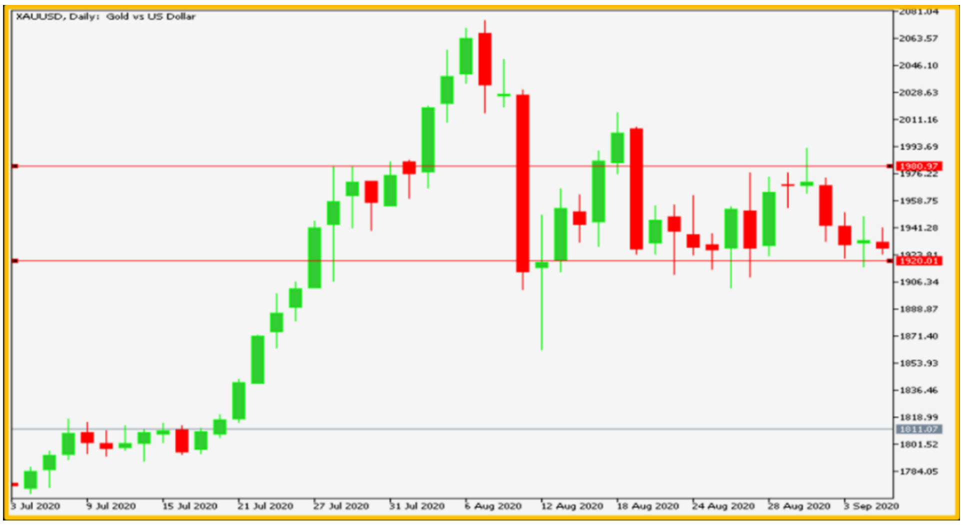
4. TRENDS

There are 3 types of trends:

Uptrend: is when the high point is at the top of a succession of candles and the high point is higher than the previous candle. Higher highs and higher lows = the price is going up. There are more buyers than sellers.

Downtrend: when the low point is at the bottom of a succession of candles and the low point is lower than the previous candle. Lower highs and lower lows in sequence. The price is going down. here are more sellers than buyers.

Sideways: the high points and low points are at the same levels as previous candles and the candles are not moving higher or lower, but basically trading within a sideways range.



The trend will be sideways when the buyers and sellers are the same and there aren't more buyers or sellers to make an uptrend or downtrend. There are always buyers and sellers in each currency pair. E.g. in the EUR/USD pair, there are people buying the euro and selling the USD; at the same time, there are people buying the USD and selling the EUR. The trend will be determined by which is dominating. If neither dominates, the trend is sideways.

The channel is the area between the resistance and support and the area in which the recent price activity has taken place. There are an upper band, a lower band and the channel shows the recent activity in the form of price patterns. Candlestick patterns either signal trend reversals or trend continuations. To identify the pattern, we look at the preceding trend/direction leading up to the pattern. This determines whether the formation is signalling that the pre-existing trend will continue or reverse and change directions.

Candlesticks often reflect the sentiment of traders and the patterns, which they form, will signal the direction we expect the trend to move in.

5. SUPPORT AND RESISTENCE

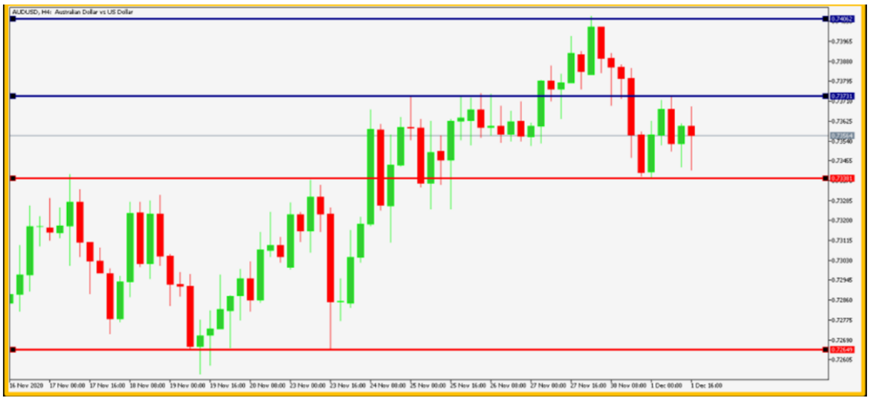
Understanding support and resistance is the key component. This is because, price activity is dependent on buyers and sellers, currencies becoming stronger and weaker and of course, predicting this before it happens. The way to properly make this prediction, starts with understanding support and resistance.

Resistance, the high point, is the price level where the supply starts to become greater than the demand. Sellers step in and resist the rise in prices. Essentially, the sellers are taking over from the buyers. Demand will drive the price higher until a certain point. This point in which the price cannot seem to go higher is called resistance.

Support is the price level where demand starts to become greater than the supply. Buyers step in and support the price from going lower. Here there are more buyers than sellers. Supply will drive the price lower until it ends the downward run and stops going lower. This level is support.

Basically, resistance is the recent high price, relative to the current price. The support is the recent low price relative to the current price. How far back to look for support or resistance must depend on the time frame. So, when looking at a 5-minute chart then look back to the start of the session, Asian, European or North American session. When looking at the hourly chart, you can go back to the start of the trading day, i.e. the recent 10pm GMT.

RESISTENCE AND SUPPORT LINES



How to draw support and resistance lines: Find the clear/obvious price levels, which were previous turning points. Either high points (resistance) or low points (support). Majority rules – if you're not sure, neither will anyone else be.

The most important lines to note are those where support becomes resistance (or resistance becomes support). Include the wicks (the high and low) when drawing in resistance and support levels. If the price could not go higher than a certain price previously then we assume that it will not go higher than that same level when it is approached again.

The same would apply at a support level and if a price could not go below that price on its previous attempt, it will not go below when tested again. When a resistance has been a previous support, or a support has been a previous resistance, these levels will usually prove to be significant when using these levels in your strategy.

6. TRADING STRATEGIES

Range Trading

These trades are taken when the price is at or near a support or resistance level. The assumption is that the trend will reverse its direction.

Stop loss levels are placed close to the entry point.

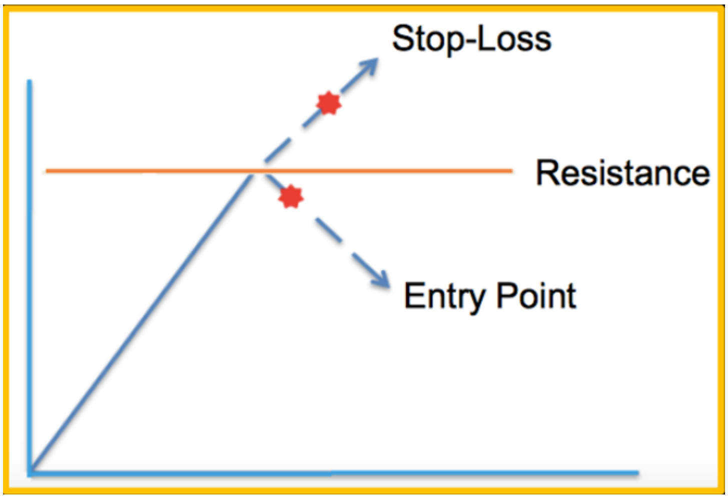
Range trading is applied in a sideways market and expecting a continuation of the same pattern. For example, buying when the price reaches support and selling when it reaches resistance.

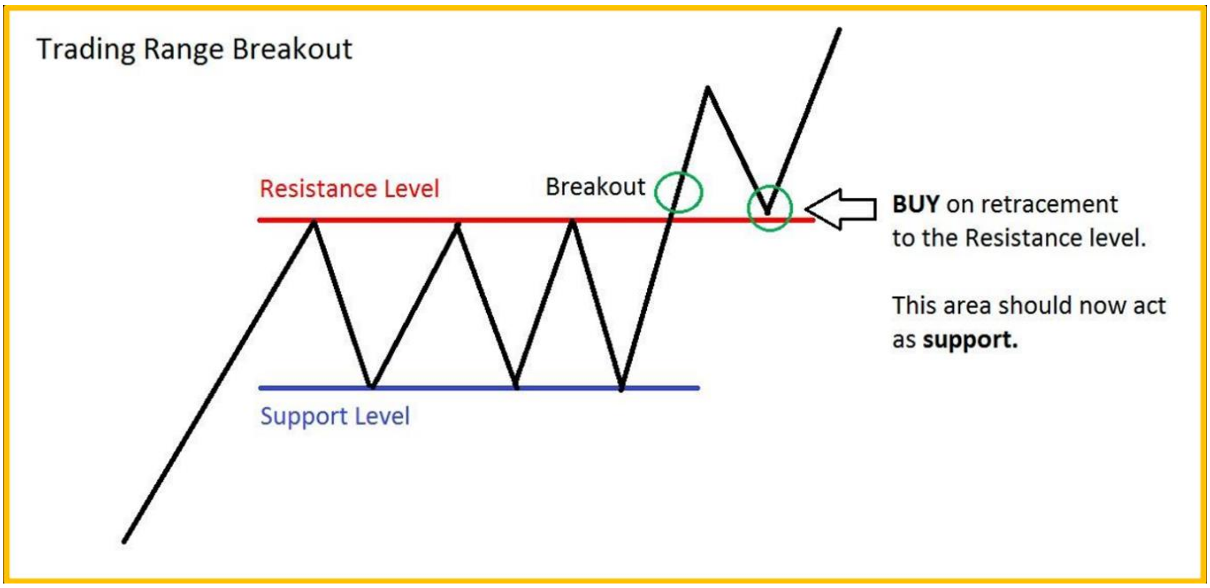
This could be an intraday strategy.

The principal is that the trader is waiting for reversals when resistance or support levels are reached with a stop loss placed outside the range.

Breakout Trading

These trades are taken when the price is at or near a support or resistance level The assumption is that the trend will continue its direction Stop loss levels are placed close to the entry point Here the trader is looking for a continuation of a trend rather than a bounce/reversal when resistance or support levels are reached. When the resistance is broken, a buy trade is taken with the expectation that the uptrend will continue. Alternatively, a sell trade is taken when support is broken on the downside. Once the trade is taken, a stop-loss is placed inside the previous level broken. So, below the resistance or above the support.





Fibonacci Based

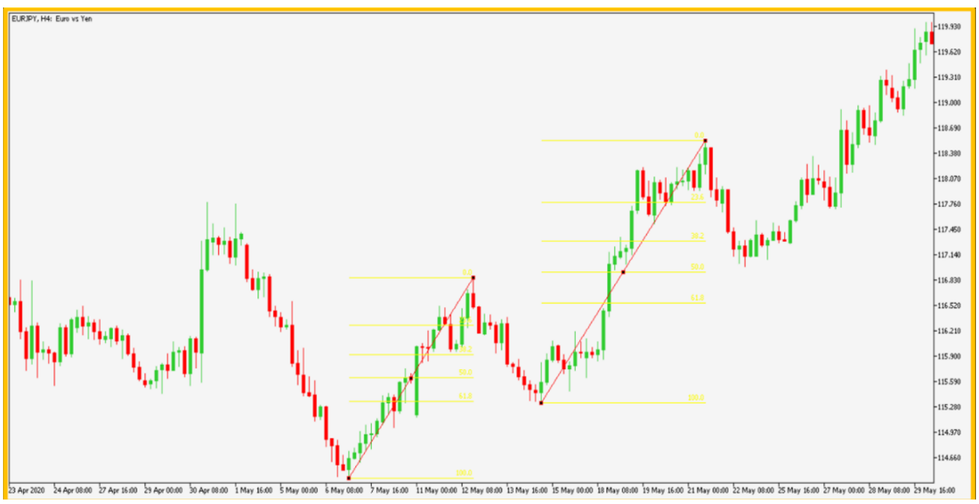
Trading This is a forward-looking strategy as opposed to working with the past.

Every time a trend comes to an end, we must decide whether there is an upcoming retracement or reversal The fib levels are anticipating either a retracement (continuation of previous trend) or a break (continuation of the reversal. There must be a preceding trend before one can use the Fibonacci retracement tool. The most difficult part of trading is deciding when a trend ends and starts reversing (going in the opposite direction).

This is where traders use the Fibonacci retracement tool to help with their decision. This indicator will set up 3 levels when the retracement has started and we can use these levels to signal to us whether the retracement is just that, or a complete reversal.

The Fibonacci levels are 38.2%, 50% and 61.8%. This means that when the trend has retraced to these levels, we expect them to reverse direction again and continue in the original direction.

Fibonacci Retracement Levels – 38.2%, 50% and 61.8%

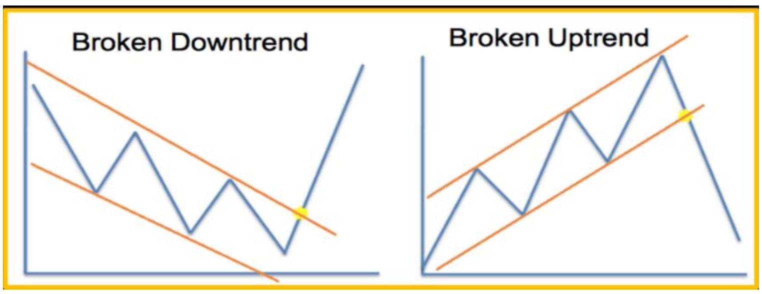


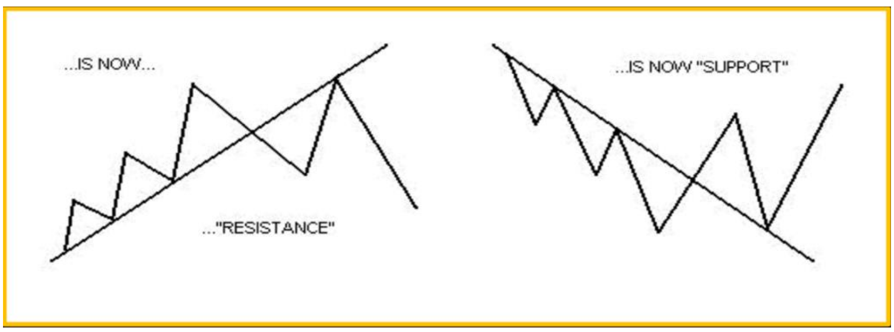
Stop-Loss

Simply put, never ever trade without a stop-loss. It is so important to that the potential loss of your trade is calculated before you take it. A stop loss is the maximum amount of money you are willing to lose on a specific trade. So, if you enter a trade and choose the wrong direction, the platform will automatically close the trade, whether you are watching it or not, when you have lost the allotted amount.

The general rule for placing a stop-loss is that it should be the point where the current trend is broken. Of course, as a trader, you are opening a trade expecting a trend to develop – an uptrend with higher lows being formed or a downtrend with lower highs. When this pattern is broken, the trend is broken, and a stop-loss is placed to close the trade.

Of course, the trend can break briefly and then continue, which is why traders are often hesitant to place a stop loss, because they want to think that eventually the trend will come back.





Analyse your trades

There is a difference between losing when the market has beaten you as opposed to losing because you have not followed your strategy. It is important to track your trading and develop your strategy for future trades by finding common threads in your winning trades as well as in your losing trades.

Examples of things to look for when establishing commonalities between trades are: Currency pairs, time frames, times of trades, pre-market conditions and position size Successful traders analyse their trades and learn from them. You can make the commonalities in your winning trades part of your trading plan. Implement a strategy based on what works for you, always trade smart.

It is equally important to look for common threads in your losing trades so that you know what time frames, currency pairs, etc. do not work with your trading style. This way of trading (recording and analysing each trade and building a strategy accordingly) will result in you, as a trader, taking less trading and being more selective about the types of trades you take.

Trading more does NOT equal profiting more. Remember, there are no prizes for taking the most trades, but there is a huge potential for “prizes” for taking the right trades.

7. TIMEFRAMES

Time frames are the time periods that candlesticks are broken up into on a candlestick chart. For example, if you are trading on a daily chart, you will see a series of candles that open in the morning and close in the evening but if you are looking at a 30-minute chart, each candle will represent 30 minutes of price activity.

Mixing up or confusing time frames is probably the single biggest and most common mistake of all traders Although the live price will be the same on all time frames, the trends will differ from time frame to time frame.

The shorter time frames will pick up all the “noise” while the longer time frames will show the “bigger picture”. The amount of time to stay in a trade should match with the time frame that was on the chart when you took the trade. A position trade means that the trade will be longer term. The trade will continue over night and will usually last a few days. Intraday trades on the other hand, will close on the same day they are opened. The type of trade you choose depends on the timeframe you are working with. Although it’s good to look at shorter time frames when looking for entry points, most traders stick to one timeframe when applying a strategy. It is useful to look at multiple time frames when applying stop-loss and take-profit levels. Test strategies on different time frames to see which works best for your personality and dollar amount in your trading account Also, note that trends and strategies on the same currency pair will be different depending on the time frame you are working on. The reason most traders make the mistake of confusing time frames is because once money is involved, it is easy to forget your strategy and become consumed with doubt about the trade you have taken. Technology today is so great that we can watch the market minute by minute, but those minute-by-minute moves are not what a trader takes a trade or should leave a trade based on.

8. TECHNICAL INDICATORS

Remember that technical analysis is concerned only with price and is grounded in the use and analysis of graphs/charts. Technical trading is based on several key assumptions:

- Price action incorporates all information
- Prices move in trends or consistent patterns
- History repeats itself – the market has a memory

Technical indicators are the tools given to us on a candlestick chart that we use to identify past activity. Simply put, they are a visual indication of price movement. The indicator you choose is dependent on your strategy.

At any given time, all currency pairs will be trading at a certain price. The question is, "how did the pair get to this price?" The logic behind technical trading using indicators is that if the technical indicators picked up the previous patterns or trends, then using the same indicators will pick up future trends, thereby predicting future price moves. There are literally hundreds of different technical indicators.

There is no right or wrong indicator and more importantly, no one indicator will work all the time. So, each trader must find the indicator, which suits his or her own trading style and personality. It is important to use an indicator that you understand and is logical and makes sense to you. This will help you to understand why you're using it. In this course, we will cover Moving Averages.

However, learning about and using/exploring other technical indicators is a good way to broaden your trading knowledge and skill set later.

Moving Averages

"Moving Averages" is a lagging indicator that is probably the single most used technical indicator for several reasons: It is logical, easy to apply and most important, easy to understand.

The basic premise is that we measure different prices from the past, average out the price, and compare the average past price with the current live price. So, if we are on an hour chart and we put in a parameter of 10 into the MA – it will mean that we are looking at the average price over the past 10 hours. If we are on a 5min chart and put in a 10, it will give us the average price over the past 10, 5mins, therefore the average price over the past 50 mins.

One way to use Moving Averages is "Entry Points/Exit Points" When the candle crosses the line.

- Single moving average (above = buy; below = sell)
- Crossover moving averages (leading indicator crosses lagging indicator) - When using two moving averages, shorter and longer, the crossover is the signal that the previous trend has ended and new/opposite trend is starting. The shorter timeframe leads the way and gives us the direction. E.g. if using 10 and 20 as our MAs, then when the 10-line crosses above the 20 line we buy, when 10 crosses below we sell.

The second way to use Moving Averages is to determine Support or Resistance Levels

- There will be a correlation between the moving average perimeter and the volatility/noise

SINGLE MOVING AVERAGES

CROSS OVER MOVING AVERAGES

Simple Moving Average (SMA) vs. Exponential Moving Average (EMA):

SMA = Simple Moving Average

With a simple moving average, each period carries the same importance

EMA = Exponential Moving Average

With EMA, more relevance is put on the more recent data

Which to use will depend on your trading style and risk tolerance

Using EMA means you can pick up on a price movement quickly as it is happening and act on an immediate price movement. EMAs will pick up recent data with relevance on the more current price.

However, some traders prefer to know a true average over a period rather than emphasizing the current price, thus an SMA would be their moving average of choice. SMAs are slower to respond to price action. They give a smooth price as it is averaged over several candles evenly. Try each type with your trading strategy and see which works best for you.

Don't forget that the average is always relevant to the time frame you are using. Meaning that using a parameter of 10 on an hourly chart will give us the average price over the past 10 hours. On a 5-minute chart, it would be the average of the past 10 candlesticks (50 minutes).

9. MONEY MANAGEMENT

The ability to manage your money/control your risk, is another important parameter. Even once you have learned the ins and outs and perfected your trading strategy you will quickly learn that the best strategies mean nothing without risk management.

Risk refers to the measurable probability of loss. As a trader, your number one objective is to preserve capital. Thus, it is vital that traders only trade with the amount they can afford to lose. When a trader is losing at their financial "comfort level", they can deal with the loss and continue following their strategy.

When a trader is winning, it becomes frustrating to be winning less, knowing that more money could have been made if more risk had been taken.

There are rules associated with money management that traders must understand:

- ***Professional:*** 3% risk of working capital
- ***Practical:*** 10% max of working capital
- ***Determine:*** risk/reward ratio
- ***Objective:*** 2:1 ratio - need to win 4 out of every 10 trades

Wins	Losses	Net
	- 50	
	- 50	
+ 100	- 50	+ 100
+ 100	- 50	
+ 100	- 50	
+ 100	- 50	
+ 400	- 300	

UNDERSTANDING THE CONCEPT OF FEAR AND GREED

- Greed = Desire to make money
- Fear = Scared to lose money

The will to "get rich quick" should never be a motivator to throw the rules out the window. Learn to think in terms of pips rather than dollars and cents

LOSING IS PART OF TRADING

When it comes to managing money, real traders put more focus on losing trades, than winning ones. When you are winning, it is easy to record your winning strategy, keep it up, set your stop-losses and take profits, etc. But when you are losing, it is important that you LEARN from it.

More importantly, it is important that you are already aware of the impact on your capital, caused by the loss. Because as a trader, you must think one step ahead, you must already be prepared for the loss.

LOSS OF CAPITAL (%)	PROFIT TO RECOVER (%)
5	5.3
10	11.1
20	25
25	33.3
35	53.8
50	100
95	1.,900

10. PSYCHOLOGY OF TRADING

Patience, diligence, discipline, determination and humility are all qualities that a good trader must possess. The ability to handle losses and move on is what separates winning traders from losing traders. You cannot expect to take consistent winning trades right off the bat without putting in any work, time and practice.

Lawyers, electricians, doctors, etc. all learn and practice their skill. Why does one think they can be a profitable trader without practice and knowledge? Fear and greed are the two most difficult emotions for the trader to deal with. Fear – being just that – the fear of losing and greed – wanting to make as much money as possible.

These emotions are completely natural and normal, and they will always be there. There is no way to eliminate these emotions; the answer is to learn how to control them. There is only one way to control these emotions and that is with knowledge. When a trader understands their business and their trades, they will be able to control these emotions.

As traders, we are dealing with money and we know that nothing brings about more emotion than this, whether it's winning money or losing money. When a trader understands their strategy and thereby understands the result of a particular trade, their emotions with be under control. Following a winning trade, an educated trader will analyse the trade and learn from it.

Why did you take the trade? What strategy did you use? How did the open position fluctuate through the course of the trade? How was the trade closed out? After this kind of analysis, the trader will be able to look for a situation where the process can be repeated for a similar outcome.

This type of behaviours is the mark of an educated, knowledgeable trader who is running their trading business properly. After analysing all your winning trades, you will see that there is a common thread running through all winning trades and you will understand what to look for when looking for the right trading opportunity.

Conversely, the same analysis is essential when assessing your losing trades. Why did you lose? Did you follow the rules and your strategy? Losing when you are following all the rules is different from losing when you didn't follow the rules of your strategy.

Did the market bear you (which is natural) or did you break the rules? (which doesn't mean that your strategy did not work). Unfortunately, we often tend to forget and cast aside losing trades and just move on. This is wrong – learn why you lost and learn from it, so you don't repeat the same mistakes.

Knowledge and education are what separates winning traders from losing traders. Understanding your trades will allow you to control your emotions and not allow fear and greed to control your trades.

11. YOUR TRADING PLAN

Create your own personalized trading plan. What you can include in your trading journal:

- Date
- Currency Pair
- Time In
- Entry Price
- Time Out
- Exit Price
- Time Frame
- Strategy
- Reason

Date	Time In	Entry Price	Time Out	Exit Price	Time Frame	Strategy	Reason

Just as any business has a set of books which reflect its business activity, trading is also a business, and all trading activity must be recorded so that you can learn from past trades. Make a trading journal with details of trades taken so that as a trader you can check past trades to learn from both winning and losing trades. Thinking that we will remember all the information is foolish, wrong and disrespectful to your business. Be Professional.

12. CONCLUSION

The markets are always fluctuating, meaning there will always be a trend, or a market direction based on several different reasons. To make educated decisions you need information. In today's world, thanks to technology, we all have access to the information – it's what we do with this information that will ultimately determine your position as a trader.

You can use your trading tools to develop a method that you understand. Apply and practice principles of money management and use your knowledge to learn and understand the psychology of trading