
Thinking of Trading the Forex Market?

POWERFX TRADING COURSE – Click on Link
<http://www.tinyurl.com/38r5m4>

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Introduction

Thank you for downloading this report.

My goal with this guide is to provide valuable information to beginners in the Forex Trading community.

I have had an interest in the Forex market for some time, but with the volume of information available on the Internet regarding this market, I found that I was beginning to suffer from information overload. So after a bit of research, I compiled the following articles for my own information.

After a while and having spoken to various friends and family members, I decided to compile the articles into a free ebook, as I thought that there might be others out there, who might benefit from it.

The key to success is to work smarter and not harder. Make sure, you conduct proper research before undergoing any major online investment venture.

You will need to test strategies and ideas before fully committing. As you read the following this will become apparent, so don't be afraid to paper trade until you have fully mastered the intricacies of the forex market.

Good Luck!!

Ian Bird

A forex demo shows you how it works before you jump into it for real

Before airplane pilots actually fly on their own, they usually practice in simulators that re-create what flying will be like without any actual risk. Since currency trading is as dangerous financially as flying is physically, it makes sense that there would be a forex demo available, too.

A forex demo is a smart way for a new investor to start. Reading books and taking online courses can teach you the basics, but the best way to learn anything is to get some hands-on experience. However, with forex, hands-on experience could mean losing your shirt. So a demo gives you real-world training with no actual money being involved.

Usually, the demonstration comes courtesy of a brokerage or other financial Web site that has an interest in currying your favor. The plan is that once you've tested your skills in the demo, you'll get into the real thing and take advantage of the paid services the demo provider has to offer -- forex signals, managed accounts, automated trading, etc. The demo is like a free sample, offered in the hopes that you'll enjoy it so much that you buy something, too.

For that reason, be should be highly suspicious of any Web site that wants to charge for a demo. Considering there are literally dozens of sites that offer free demonstrations, there is absolutely no reason that you should pay for it.

When you sign up for a forex demo, you're given a username and password and shown how to use the demo system. Sometimes it involves downloading a piece of software unique to the company; other times it's simply done over the Internet. (Some demos require Macromedia Flash, which most browsers have installed, but which you'll need the latest version of.) You determine how much imaginary money you want to start with, and off you go!

Once you're signed in to the forex demo, you do all the things you would do if it were a real-world situation: reading the charts, following the trends, visiting online forums to get other traders' opinions, and making trades. The trades are recorded in the forex demo only and don't go anywhere into the actual market since there's no real money involved. When the market changes, the program determines how much you'd have gained or lost based on the decisions you made. You're able to say, "Whew! Good thing this was only for practice!" or "Too bad this wasn't real!" And once you've gained some expertise using the forex demo, you can move on to the real thing and start making some money for real.

Click on link to arrange a forex demo > <http://www.tinyurl.com/2lqz3v>

Covering the basics of the forex market

The foreign exchange, or forex, market is relatively young, having begun in the early 1970s after the United States dropped the gold standard and national currencies started to fluctuate widely. For about 30 years prior to that, most nations had agreed to keep their currency values stable in relation to the U.S. dollar, making a forex market unnecessary. With that no longer the case, banks quickly realized that a profit could be made in “buying” currency when it was devalued and “selling” it after it strengthened, just like any other commodity.

Today, the forex market handles about \$1.9 trillion in transactions every day, and it runs 24 hours a day, five days a week. (With nations around the world involved, it's always daytime somewhere.) The most traded currencies are the U.S. dollar, the euro, Japanese yen, British pound, Swiss franc and Australian dollar.

The forex market is overwhelmingly dominated by international banks, government banks, investment banks, corporations, and hedge funds. In fact, individual traders account for only about 2 percent of the market. Nonetheless, a lot of people do try their hand at it, with varying degrees of success.

In the forex market, transactions are always handled in pairs: You buy one currency and sell another one. The idea is to make a trade when you believe the currency you're buying is going to go up in value compared to the one you're selling. Then, if it turns out your prediction was correct, you do another trade in the reverse direction -- selling the currency you originally bought and buying the one you sold -- in order to reap the profits.

For example, let's say the market reports this: GBP/EUR 1.2200. That means the cost of buying one British pound is 1.22 euros. If you believed that course was going to change, and the euro was going to become more valuable than the pound, you might sell 100,000 pounds, buy 100,000 euros, and wait. Then let's say a few weeks later, the exchange rate fluctuates to this: EUR/GBP 1.3100. Sure enough, the euro is now worth 1.31 pounds, a profit of 0.11 per unit.

The forex market is vast and daunting and mostly inhabited by giant organizations. But it can be navigated by individuals who have studied the finer points and who want to take a risk on something potential profitable. And since the whole world uses money, the trading of that money is always going to be a major force in the financial world.

Click on link for the basics of the forex market > <http://www.tinyurl.com/38r5m4>

Finding a forex broker in a crowded marketplace

So you want to get involved in the foreign exchange market, or forex. You're itching to trade one currency for another and make some profit. But you can't just barge into Citigroup or Merrill Lynch and start throwing euros and yen around. To participate, you need a forex broker.

The pre-eminent forex broker for day traders (i.e., average Joes) is Advanced Currency Markets, or ACM. To many people, the Swiss company, founded in 2002, is synonymous with "forex broker," trading about \$70 billion a month.

There are dozens of other brokers, though, who service day traders. It's done almost exclusively online, and in fact ordinary citizens rarely got involved with forex trading at all until the computer boom of the 1980s, and then exponentially more with the advent of the Internet in the 1990s. Since then, forex brokers have proliferated.

As you might expect, levels of reliability and competence vary from one broker to another. The Internet is rife with unsavory types seeking to take advantage of suckers, so you would do well to investigate thoroughly any broker you're planning to use. Does their Web site look professional and reassuring, or is it riddled with dead links and spelling errors? Google the broker to see if they've been mentioned in news articles. Ask about their track record. And above all, avoid anyone who promises things that sound too good to be true, or who downplay the financial risk involved in forex trading.

Look for a broker that seems to genuinely want your business. Does the firm have customer service representatives available? Is there a phone number you can call to speak to a live person? The Web site should explain things clearly. If the site is full of language that seems designed to go over your head, look for a different broker.

If you set up an account with an online forex broker, it will work like this. First, you must apply for an account, which most brokers allow you to do online. This is to verify your identity and the validity of your bank accounts and financial records. Some brokers also require you to download their forex trading software, while others let you use whatever software you prefer. You will also have to transfer a minimum deposit to your account with your new broker. The minimum can be anywhere from \$100 to \$2,500.

Ideally, the broker you choose should offer service and support when you need it but should mostly simply stay out of the way and let you conduct your business. If you can find a forex broker who is professional and helpful, your experience in the forex market should be full of smooth sailing.

Forex alerts are a handy way of staying on top of the market

Because currency exchange covers the entire world and all 24 time zones, forex is a 24-hour-a-day market. This is good in that it results in billions upon billions of dollars of transactions per day. But it also means that forex traders have a constant influx of information to keep track of, unlike the stock market, where once trading closes at 5 p.m., that's it. So how do forex traders stay on top of things? Most of them use forex alerts of some kind.

Forex alerts are available from many online forex brokers and other companies. A forex alert is simply a message sent to the user informing him of the latest developments in the forex market, often recommending action of some kind. These alerts can be sent via e-mail or cell phone text message.

The idea behind them is that no one can follow all the markets all the time. Even if you limit yourself to just the "majors" -- U.S., Eurozone, Great Britain, Australia, Japan and Switzerland -- that's still 15 currency pairs to keep an eye on. What's more, sometimes things are steady for long periods of time, while other periods are marked by great activity.

The sites that offer forex alerts go about it in one of two ways. Some simply send out alerts every 24 hours, offering the latest info on the forex market. Others send alerts only when something crucial happens. These systems use formulas of their own to determine what constitutes "something crucial," and they may charge a lot more for their more specific alerts. And of course it's still up to the individual trader to act on or disregard the information send to him in the alerts.

Some brokers include forex alerts as part of their service, while others charge for them. Some are part of a wider alert program that also handles your stocks and bonds. You can tailor the type of alerts you get based on whether you're a conservative or aggressive trader, and how actively you plan to trade.

Serious traders who use forex alerts swear by them. No system is perfect, of course, and a smart trader will always do a little browsing on his own to make sure his latest alert didn't miss anything. But alerts are an invaluable way for busy investors to go about their daily lives without having to constantly watch the forex rates.

Click on link to arrange for forex alerts > <http://www.tinyurl.com/33chv3>

Getting started in trading with a forex seminar

The world of forex trading can be baffling, especially for someone who's new to it. While it has similarities to the stock market, there are many differences, too. And what's even more confusing, some terminology means one thing in the forex world and something else in the stock market. So even veteran stock traders have to learn new vocabulary when they move into the foreign exchange!

Luckily, many companies offer forex seminars to help newcomers understand the complex but lucrative world they're jumping into. Some seminars are held free of charge (in the hopes you'll sign on with that broker) and last an hour. Others are more intensive, last longer, and require a registration fee, though obviously the training goes a bit more in depth at those particular seminars.

At a forex seminar you can expect to learn:

- The basics of forex trading -- what it is, how it works, etc.
- The differences between forex and the stock market.
- How to know when to buy and sell currencies.

To find a seminar, search the Internet for forex brokers and browse their pages until you find one offering live seminars. Most major cities host forex seminars fairly regularly, though you may be out of luck if you don't live near a major city. In some cases, the firms offering seminars aren't brokerage companies at all, but are simply financial training firms that teach you how to do trading and then leave it to you to find a broker to actually do it.

At a forex seminar you'll find a variety of people. Some will have had experience in the stock market or took business classes in college. Others will be complete novices interested in diversifying their investments. Still others might not have a lot of income but are looking for a way to use the money they do have more wisely.

One of the latest innovations in forex seminars is to hold them exclusively online. This is much cheaper for the company offering the seminar, obviously, as they don't need to rent a hotel conference room. It also allows people from all over the world to participate. Hosting online makes the seminar more useful to more people, and since anyone can ask a question, you don't have to worry about being lost in the crowd.

Whether in person or online, a forex seminar can be an invaluable tool as you start your forex market experience.

Click on link for forex seminars > <http://www.tinyurl.com/ypyco6>

Hedging your bets against the future: the forex option

All speculation-based markets are full of uncertainty, and none more so than the forex market. A currency might be strong and vibrant today, weak and sickly a month from now. One way to guard against major fluctuations like that is through forex option trading.

A forex option is when you buy the right -- but not the obligation -- to buy or sell a particular currency at a particular rate any time between now and the expiration date of the option.

Let's say you're worried that the Japanese yen is going to drop in value sometime in the next six months. You might buy an option that basically locks in the current exchange rate for whatever period of time the option seller allows, usually anywhere from 30 days to six months. You set a number of yen, too. Say you choose 10,000 yen at a rate of 116 yen per U.S. dollar for three months. The option basically says, "I may want to sell 10,000 yen sometime in the next three months, but I'm worried the yen is going to devalue in that time. So I've locked in this rate of USD/JPY 116."

Then three months pass. If your prediction was correct and the yen has weakened in that time -- say it's now USD/JPY 122 -- then you exercise your right to sell 10,000 yen at the rate you bought three months earlier. Everyone else selling yen today (everyone who didn't have a forex option, that is) is selling it at 122 per U.S. dollar, and you get to sell it at 116.

If, on the other hand, the yen has stayed the same or gotten stronger, you are under no obligation to actually sell that 10,000 yen your option talked about. You can simply do nothing, and all you've lost is the premium you originally paid for the option.

Ah yes, there is a premium. Brokers who sell forex options charge a fee for the privilege. Think of it as insurance; calling it a "premium" certainly fits. The price of a forex option for 10,000 yen for three months might be \$200, which you must pay up front. If the yen drops enough in value, you'll hopefully turn enough of a profit to make up for the \$200 you had to pay. If it increases in value, and you wind up not exercising the option, all you've lost is the \$200 premium.

Forex option trading used to be done only by major banks and corporations, but now many brokers who cater to individual traders offer the service, too. If you're a heavy-duty trader, a forex option is definitely something to consider to guard against future setbacks in the currency you hold.

Click on link to see the forex option > <http://www.tinyurl.com/2lqz3v>

How to read a forex chart

The forex chart is among the most basic tools in a forex trader's arsenal. Simply put, it is a graph of a particular currency pair's performance over a given period of time. Reading forex charts is essential to a trader's business, so it's important to know how to read them and understand what they mean.

Every forex chart will be labelled with a currency pair: EUR/USD, USD/GBP, etc. Remember, all forex trading deals with different countries' currency in relation to each other. The EUR/USD chart, for example, tells you how the euro and the U.S. dollar compare.

Along the bottom of the chart is the timeline -- 15 minutes, an hour, a day, a week, or some other period. Going up the right-hand side are incremental amounts. For the EUR/USD chart, the amounts might be 1.2531 at the bottom, going up to 1.2561 at the top. And of course the middle of the chart shows what position the EUR/USD pair held at what time.

The forex chart is useful because it shows in graphic terms how a currency pair is doing. You can see at a glance whether a currency is getting stronger or weaker, and you can act accordingly. Choosing the time frame helps you see very minor trends (in a 15-minute period, say) or more long-term ones (over the course of several days, perhaps).

You can find forex charts all over the Internet, on Web sites for forex brokers, tutors, and on other forex-related sites. Those are fine for glancing at trends now and then. But to be a serious trader, you need to have access to charts much more readily, without having to go to a Web site. That's why trading software gives you forex charts, too (you need to have broadband Internet so you can be "always connected"). Obviously, if you're going to be trading, you need to have convenient access to the very latest charts.

With dozens of world currencies, there are far too many possible currency pairs for anyone to keep track of mentally. Forex charts show at a glance what any currency pair is up to, and good software allows you to save multiple charts as "favorites." Naturally you'll want to keep an eye on the charts representing investments you've already made, and it's smart to have a few additional ones saved, too, so you can watch for trends in currencies you haven't traded yet. You never know when a lucrative new opportunity is going to be revealed.

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