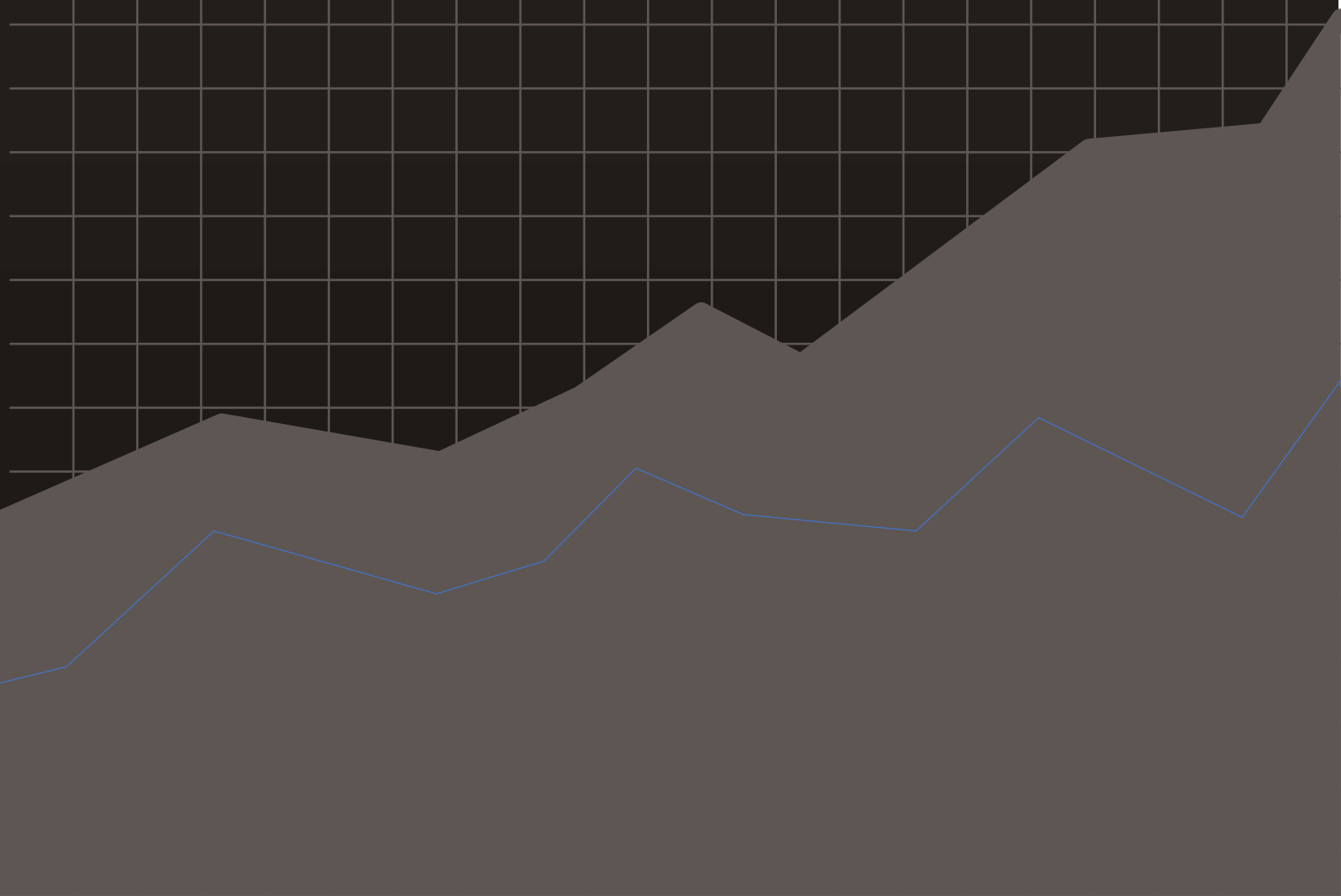


FOREX TRADING GUIDE

www.dailyfxmarkets.com



The Daily FX Markets education center was created in order to serve as a guide to the novice trader over all the essential aspects of foreign exchange, in a fun and easy-to-understand manner.

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General Understanding

In the Forex market there are a number of fundamental terms you need to be aware of that may be different than what you may be used to if you have traded stocks or futures before. Though some terms may be the same, others are completely different. Be sure you do not take this for granted and review each so you don't have any surprises.

Relationships and Value

If you have traded anything before, the fundamentals of trading currencies are basically the same. You exchange one item of value for another item of value. In essence you are buying something and selling something else. So, as we mentioned before, where you may have bought 1 share Microsoft stock, you are really Buying 1 share of Microsoft (MSFT) and selling "x" amount of US Dollars to purchase it. The ticker symbol for that could actually be "MSFT/USD" instead of the more common "MSFT".

So for any currency you are simply relating one currencies value to another, like the Euro's value compared to the US Dollar (EUR/USD), or the US Dollar's value compared to the Japanese Yen (USD/JPY).

Currency Pairs & Quotes

All currencies in the Forex market are quoted in pairs such as EUR/USD or USD/JPY. The first listed currency is known as the base or the transactional currency, while the second is called the quote or counter currency. The currency pair is used to depict how much quote currency is required to exchange for the base currency. For example, EUR/USD 1.3500 would mean that 1 Euro has the same value as 1.35 USD. Although all currencies are quoted as pairs, the pair itself can be regarded as a single unit with the base currency as the basis for all transactions. For example, if you buy EUR/USD, you will be buying Euros and selling US dollars simultaneously.

$$\text{EUR/USD} = \text{EUR (Base Currency)} / \text{USD (Quote Currency)}$$

Bid/Ask and Spread

All Forex quotes are quoted with a two-way price that is the Bid and Ask price. The Bid Price is the price that the dealer is willing to pay for the base currency in exchange for the quote currency. This Bid price will also represent your selling price as a trader.

The Ask (also known as Offer) price is the price that the dealer will sell the base currency for in exchange for the quote currency. This also means that the Ask price is the price that you will pay for the base currency. As such, the Ask Price will always be higher than the Bid price.

The Spread is the difference between the Ask Price and Bid Price (or 3 pips in the example below: 1.3238 – 1.3235).

| Investing.com | |
|------------------|---------------|
| EUR/USD | 06:38:01 |
| Bid | Ask |
| 1.1729 | 1.1731 |
| L: 1.1725 | H: 1.1747 |
| +0.0010 (+0.09%) | |

Bid = Price you sell at

Ask (or Offer) = Price you Buy at spread =
difference between the Bid and Ask

Contract Sizes

As a general rule, most currencies are traded in standardized contract sizes called “lots”, which is basically just bundling up smaller pieces of a specific currency into larger sizes. For example, the size of a standard lot is 100,000 units of the base currency so when you want to buy a standard Euro lot you are Buying 100,000 Euro units in exchange for “x” number of US Dollars (or Yen, or any other currency you like).

It is now common to see “mini lots” and even “micro lots” for trading smaller sizes. Mini lots only control 10,000 units, micro lots even less at 1,000 units of a specific currency.

standard size = 100,000 units

Mini size = 10,000 units

Micro size = 1,000 units

What is a Pip?

A Pip is the acronym for “Percentage in Point”. A pip was typically defined as the smallest price change that a currency can move, however recent pricing developments have extended the granularity another decimal place further to the right so traders can see fractions of pips now – also called “pipettes”. For example if you saw a EUR/USD quote of 1.1750, a price change to 1.1751 would equal 1 pip. Now that same quote shown using pipettes or fractions of pips would be; 1.17500 with a price change to 1.17512 which would equal 1.2 pips. The easiest way to determine if your broker is showing standard pips or fractional pips is to look at the Euro and see how many decimal places are shown to the right of the decimal point.

Pip Values

Since traders deposit their funds in a number of different currencies globally the value of a pip (which would link directly to your profit or loss) may need to be converted back to whatever you have your account denominated in. Pip values are determined by the QUOTE currency in any cross.

Example: if you have a US Dollar account and are trading 1 standard lot of the USD/JPY each pip is now denominated in Yen (JPY) so you would want to convert it back into USD. To do this divide the appropriate pip value by the current exchange rate ratio in terms of the base currency and multiply that by your trade (or lot) size.

Yen standard pip value = 0.01

Current market price of UsD/JPY = 82.00 or 82 Yen for 1 UsD 1 standard lot = 100,000 units

so, $(0.01 / 82.00) \times 100,000$ units for 1 standard lot = \$12.195 per pip”

Example: If you have a US Dollar account and are trading 1 standard lot of the EUR/USD each pip move in this case would be in USD, as that is the Quote currency. And since the Quote currency is the same denomination as what my account is in no conversion is needed. A simple rule to remember is when the Quote currency is the same currency as what you have your account funded in you can simply multiply the standard Pip value of the cross by the contract size you are trading.

Euro standard pip value = 0.0001

1 standard lot = 100,000 units

so, $(0.0001 \times 100,000) = \10.00 per pip

Investing.com

Forex Pip Calculator

Account Currency:

Trade size: Units

| Currency | Price | Standard Lot (Units 100,000) | Mini Lot (Units 10,000) | Micro Lot (Units 1,000) | Pip Value |
|----------|--------|---------------------------------|----------------------------|----------------------------|-----------|
| AUD/CAD | 0.9851 | \$ 7.90 | \$ 0.79 | \$ 0.08 | \$ 0.79 |
| AUD/CHF | 0.7671 | \$ 10.14 | \$ 1.01 | \$ 0.10 | \$ 1.01 |
| AUD/JPY | 88.44 | \$ 8.80 | \$ 0.88 | \$ 0.09 | \$ 0.88 |
| AUD/NZD | 1.1221 | \$ 6.93 | \$ 0.69 | \$ 0.07 | \$ 0.69 |
| AUD/USD | 0.7780 | \$ 10.00 | \$ 1.00 | \$ 0.10 | \$ 1.00 |
| USD/TRY | 3.6854 | 2.71 | 0.27 | 0.03 | |

Slippage

Slippage is the difference between the expected cost (or price) of a transaction and the amount actually paid. For example if I saw the EUR/USD quote was currently at 1.2910 and entered into the market at that price but was filled at 1.2912 instead, then I received 2 pips of slippage.

Slippage can occur in any market, though is much more prevalent in markets with low liquidity. Since the spot FX market is so much bigger and generally more liquid than other markets slippage should not occur as often when trading the major currencies, HOWEVER slippage can and does occur especially during economic or political news events, or any unexpected and sudden shift in market sentiment.

A Trading Example

Let's say you believe the Euro's value to the USD will increase and decide to buy 1 mini lot (10,000 units of Euro) at a rate of 1.41.

To do this you would need to Buy 10,000 Euros with 14,100 USD.

Weeks later, after you see the Euro increase in value in relationship to the USD you decide to Sell back your 10,000 Euros into US Dollars, which is now at a rate of 1.5200, or 15,200 USD.

The difference on this transaction is: sold \$15,200 – Bought \$14,100 = \$1,100 PROFIT

| Trader's Action | Euros | Us Dollars |
|--|---------|------------|
| You purchased (Buy) 10,000 Euros when the EUR/USD rate was 1.4100 | +10,000 | -14,100 |
| Two weeks later, you exchange (Sell) your 10,000 Euro back into US dollars at the exchange rate of 1.5200. | -10,000 | +15,200 |
| In this example, you earned a profit of \$1,100. | 0 | +1,100 |

* EUR \$10,000 x 1.41 = US \$14,100

** EUR \$10,000 x 1.52 = US \$15,200

Investing.com

Profit Calculator

Forex Profit Calculator | Futures Profit Calculator

Currency Pair:

Account Currency:

Action:

Trade size:

Opening trade price:

Closing trade price:

Profit

\$142.8

Long/Short Position

Traders can make profits or losses regardless of whether a currency is rising or falling. For example, when a trader buys a cross like the EUR/USD, they are said to be in a **LONG POSITION** (or Long Euro in this case) and are hoping for the Euro to increase in value relative to the USD. Therefore, if the Euro's rate increases they will net a positive return (or a negative return if the rate decreases)

Alternatively, if a trader chooses to hold a **SHORT POSITION** on a currency they would be betting that the base currency rate will decrease in the future. For example, a trader would sell a cross like the EUR/USD first to establish a position in order to buy it back later at a lower price. Later on, if the rate decreases they will net a positive return (or a negative return if the rate increases)

simply put when establishing a position:

Buy = long

sell = short

Margin

Margin is the amount of money needed to open or maintain an open position. Think of it as collateral given to a financial institution to ensure you have adequate equity to cover your position. It is also there to act as a buffer to offset any losses.

Margin is related to Leverage as you need collateral in order to control a position larger than what you have equity for.

For instance, if you were with a broker that offered leverage of 50:1, and you had \$1,000 in your account, you would have a maximum buying power of: \$50,000 (1,000 X 50) instead of just the \$1,000 you have in your account.

NOTE: Many brokers offer different leverages and have different margin policies. Be sure to check with yours before you trade.

The image shows a screenshot of the Investing.com Margin Calculator. The interface is clean and user-friendly, with a black header containing the Investing.com logo. Below the header, the title "Margin Calculator" is displayed in a bold, dark font. The calculator consists of several input fields and a "Calculate" button. The inputs are: Account Currency (USD), Currency Pair (EUR/USD), Conversion Price (EUR/USD) (1.1728), Margin Ratio (25:1), and Trade size (1000). A "Calculate" button with a right-pointing arrow is located below the inputs. The result, "Margin Used (USD): \$46.912", is displayed in a bold, dark font at the bottom of the calculator.

| | |
|--|-----------------|
| Account Currency: | USD |
| Currency Pair: | EUR/USD |
| Conversion Price (EUR/USD): | 1.1728 |
| Margin Ratio: | 25:1 |
| Trade size: | 1000 |
| <input type="button" value="→ Calculate"/> | |
| Margin Used (USD): | \$46.912 |

Margin Call

A margin call occurs when the broker notifies the account holder that its margin deposits have fallen below the required minimum level because an open position has moved against the trader.

Your positions could be partially or totally liquidated if the available margin in your account falls below a predetermined threshold. You may not receive a margin call before your positions are liquidated.

NOTE: Margin calls can be effectively avoided by monitoring your account balance on a regular basis and by utilizing stop orders on any open position to help limit risk.

Rollover Adjustments – Carry trade

Rollover is an interest adjustment that occurs on any open position that you hold and keep from one day to the next (or overnight position). A position is said to be “rolled over” when it is being held overnight. In this case, a trader pays or receives what is called a rollover rate based on the difference between the interest rates of the countries that have a position in. In most cases when short term trading any major currency, these rollover fees are negligible, but they can add up in the long term so be careful.

Example: If you bought the EUR/USD then you are technically Long EUR and Short USD. If your broker is paying 1.75% for Long euro positions and charges 2% on short USD positions, then you would own the difference of 0.25% for that day.

NOTE: Each currency has its own rate both for long and short positions and each rate changes each day in most cases brokers complete this daily adjustment at 5 PM EST, but be sure to check with your broker on their roll-over policies ahead of time.

Investing.com

Carry Trade Calculator

Account Currency:

Currency Pair:

Action: Buy/Long Sell/Short

Lend Rate (%):

Borrow Rate (%):

Trade size:

Days Held:

| Interest Earned (USD) | Standard Lot | Mini Lot |
|-----------------------|--------------|----------|
| \$ 240.9452 | \$ 240.95 | \$ 24.09 |

Types of Forex Trading Orders

In the Forex market, there are several types of orders that can be executed by a trader when making a Forex trade. For an individual to be a successful Forex trader, it is essential to have a clear understanding of each type of order used. This section will focus on the types of orders, which can be placed in the Forex market. Also, note that, different brokers offer different types of orders and as such be sure to know which types of orders your broker will accept.

Market order

A Market Order, sometimes known as an “unrestricted order”, is an order to buy or sell at the best available price. They can be used for exiting or entering a trade.

For example, let say EUR/USD is currently trading at 1.4030 and you'd like to buy (go Long) this pair. If you place a market order you will enter the market trying to get that 1.4030 price but you are telling the broker your priority is not on price, but on getting filled and to get you at the “best available price”.

NOTE: Market orders Do not guarantee you will get the quoted price.

Limit Order

A Limit Order is an order placed with a broker to Buy or Sell a set number of shares at a specified price “or better”.

They can be used to buy currencies below the market price or sell currencies above the market price. For example, In the case of buying, when the market falls to your limit order price, your order is executed. Conversely, in the case of selling, your order is executed when the market rises to your limit order price. By using a limit order you can ensure there is no slippage, unlike a market order.

Example: EUR/USD is currently trading at 1.4030. You want to go long if the price reaches 1.4010. You can either choose to sit in front of your monitor and wait for it to hit 1.4010 (at which point you would click a Buy market order), or you can set a Buy Limit order at 1.4010 (and be able to walk away from your computer)

TYPEs OF FOREX TRADING ORDERs

NOTE: Buy Limits are BELOW the current market price. Sell Limits are ABOVE the current market price.

Stop Order

A Stop Order is an order placed with a broker to buy or sell a currency “at market” when it reaches a pre-determined price. It is designed to limit a trader’s loss on a currency position, or for more advanced order entry techniques, possibly used to enter into a position.

Example: You went long (Bought) EUR/USD at 1.4210. To limit your maximum loss, you set a sell stop order at 1.4150 (60 pips below your entry price as a measure to limit your maximum loss). this means if you were wrong about the price movements and the EUR/USD drops to 1.4150 your sell stop order would execute a market sell order at 1.4150 and close out your position at the best available price.

NOTE: Buy stop Orders are ABOVE the current market price. sell stop Orders are BELOW the current market price.

Trailing Stop Order

A Trailing Stop Order is a Stop Order that “trails” a pre-determined percentage level (or pip level) from the market price.

Example: if you Bought EUR/USD at 1.3000 and placed a trailing sell stop 20 pips from your position price of 1.3000, then your sell stop would start at 1.2980. If the market moved in your favor and went to 1.3001, then your training sell stop order would AUTOMATICALLY move up one pip to 1.2981 in order to give you a maximum loss of 20 pips. if the market then went back down to 1.3000 and further to 1.2990 and so on, your trailing stop order would not move ensuring you lose no more than the maximum allowed when it was entered – which was 1.2980.

TYPEs OF FOREX TRADING ORDERs

One Cancels the Other (OCO)

Also known as “One Cancels Other”, OCO’s are 2 orders on either side of the current market price that are usually placed AFTER you are already in a position. So if the

EUR/ USD is currently at 1.3000, you could have one Sell Limit order in at 1.3100 (to capture 100 pips of profit), while also a Sell Stop at 1.2900 (to limit your loss to 100 pips).

The advantage of an OCO order is that if the market goes to one of these orders and gets filled, it will automatically cancel the other order without you having to do anything, whereas if you placed individual Stop and Limit orders and the market is moving a lot you could be filled on both orders which you did not intend.

NOTE: OCO's stipulate that if one of your orders gets filled, then the other order is automatically canceled.

Good till Canceled (GTC)

Good till Canceled order is an order to buy or sell a security at a set price that is active until the investor decides to cancel it or the trade is executed. Your broker will not cancel the order at any time, nor will it expire on you. Therefore, it is your responsibility to remember that you have the order scheduled.

NOTE: Most retail Forex brokers default any order as GTC, but be sure to check and make sure.

Good For the Day (GFD)

A GFD order remains active in the market until the end of the trading day. Because foreign exchange is a 24-hour market, this usually means 5pm EST since that that's U.S. markets close, but it is recommended that you double check with your broker.

TRADING sTYIEs

Trading Styles

We have all heard "to each their own" where any person has their particular taste or style that may be completely different than another's and with so many market participants in the Forex market and so many different objectives that couldn't be truer. So, in your quest to becoming a long term successful trader you'll need to figure out which of these (or perhaps a combination) of trading styles suit you best based on how much time you have to devote to it each day, your risk tolerance and your interests.

Scalper

A scalper is a trader looking to get in and out of positions within minutes, if not seconds. They generally are looking for very active liquid markets that have erratic or extreme price swings or they may see, what they believe to be, a price discrepancy on a cross they feel they can take advantage of before the rest of the market figures it out.

Scalpers believe that their ability to be in and out within seconds allows them to have very low overall market exposure and limited risk, however they generally rack up very high trading volumes which if they do not keep their transaction costs in check (spread, commissions, etc.) will eat up any profits they may have.

In this day and age scalping is generally done by a computer program which is much more efficient at spotting market opportunities and much easier on the trader than having to stare at their screen all day.

Day Trader

Day traders generally stay in a trade for a few hours. They typically do what their name implies “day trade”, so they are in a trade for the day and close it out before the day has finished.

Day traders do much more technical and even fundamental analysis than a scalper ever would and actually have time to monitor a trade, and make adjustments to it if need be.

Day trading is definitely for those active traders that have time throughout the day to stay on top of current news events and can change their mind on a dime if they see another opportunity elsewhere.

TRADING sTYIEs

Swing Trader

Swing Traders increase the time they may hold a position a bit further than Day Traders. Swing Traders will hold onto positions for a few days and perhaps even for a few weeks.

Swing Traders really do a lot more market research and are not too focused on the exact price they get in and out of positions, or care as much on the spreads they are given by the broker, since they are trying to capture larger market price swings and generally have much looser risk parameters than short time frame traders would have.

Swing Traders tend to be a mixed bag of traders who have a strong technical focus (charting) and a very good understanding on the general fundamentals of the markets as well – paying particular attention to economic news announcements.

Position Trader

Position Traders are much longer term traders who hold positions for weeks to even months or more. Position traders are looking very long term price moves and may only even check on their position once a week at the most.

Generally, because position traders are not constantly monitoring the market, they will place very wide Stop and Limit Orders looking to capture a long term trading opportunity they see.

Position traders generally focus on fundamental shifts in the world economies, looking at the health of specific economies, or their interest rate policies when making a trading decision.

ChOOsING A BROkER

Choosing a Broker

In order to trade you'll need a broker to trade with and for that you first need to identify the criteria which are the most important to you. With so many brokers to choose from these days this process can be very frustrating as many of them offer a lot of the same things. so, let's focus in on a few major clear-cut items that help separate these brokers so you can feel confident in your decision.

Regulation

When selecting a prospective Forex broker find out which regulatory body governs them, and forget about any others that are not regulated, it simply isn't worth it.

The easiest way to tell if a firm is regulated is to look at the footer at the bottom of their home page or their About Us page. Firms that are regulated are proud of it, and usually have to display it all over the place anyways – per regulation guidelines! If you can't find it, you'll have your answer.

Some common regulatory bodies you will see are:

- Commodity Futures Trading Commission (CFTC) in the United states
- Financial services Authority (FsA) in the United kingdom
- Financial services Agency (FsA) in Japan
- securities and Futures Commission (sFC) in hong kong
- Australian securities and Investments Commission (AsIC) in Australia
- Investment Industry Regulatory Organization of Canada (IIROC) in Canada

Reputation & Policies

A broker's reputation and policies can be discovered quickly by doing a simple online search in a few forums. The Forex trading community is quite vocal so by reading a few forums you'll quickly get a sense of where other traders put their money. Of course, with anything online it is important to be sure of the credibility of the information so make sure you look at a few different sources to get a good consensus of what the majority of traders are saying about different brokers.

Currencies Offered

Every firm will provide you with the major currency's to trade (AUD, CAD, CHF, EUR, GBP, JPY, and USD), but if you want to keep an eye on other non-major currencies for some reason then check into this as many of the smaller brokers do not offer alternative choices. In saying this, make sure you understand their spread and margin policies as well.

ChOOsING A BROkER

Spreads

Forex broker spreads can be "fixed", where they do not move (i.e. stay at 3 pips wide during all market conditions) and tend to be generally wider overall, or "variable" where they fluctuate based on the current market conditions (i.e. may be 1 pip wide, 2 pips or 5 pips wide at different times) and tend to be tighter overall.

Compare EUR/USD Broker Spreads

Compare Symbols: OR Compare Brokers:

| | Current 08:38 GMT | Overall (all hours) | | | US sessions | | | Europe sessions | | | Asia sessions | | |
|----------|----------------------|------------------------|------------|------|----------------|------------|------|--------------------|------------|------|------------------|------------|------|
| | | min | avg | max | min | avg | max | min | avg | max | min | avg | max |
| Broker A | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 10.6 | 0.0 | 0.3 | 3.0 | 0.0 | 0.3 | 1.5 |
| Broker B | 1.5 | 0.9 | 1.2 | 3.1 | 0.9 | 1.2 | 3.1 | 0.9 | 1.2 | 2.2 | 1.1 | 1.3 | 3.4 |
| Broker C | 1.7 | 0.0 | 0.0 | 0.0 | 1.5 | 1.9 | 6.0 | 1.5 | 1.8 | 6.0 | 1.5 | 1.9 | 4.2 |
| Broker D | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.3 | 3.5 |
| Broker E | 12.0 | 0.9 | 2.3 | 15.0 | 0.9 | 1.2 | 15.0 | 0.9 | 1.2 | 15.0 | 0.9 | 3.0 | 15.0 |

Margin Policy (or Leverage) & Trade Size

Be sure to check what margin your broker offers. Depending on the location of your broker they may offer you leverage of 20:1 (5% margin), 50:1 (2% margin), 100:1 (1% margin) or more. Recently regulation globally has curbed this a bit, as there is no reason you should need leverage more than 100:1 (1% margin) – and even that is excessive but you'll want to check to make sure. Furthermore, many brokers will offer you a choice of standard, mini, or micro lots to choose from. Check to make sure your broker provides you what you need.

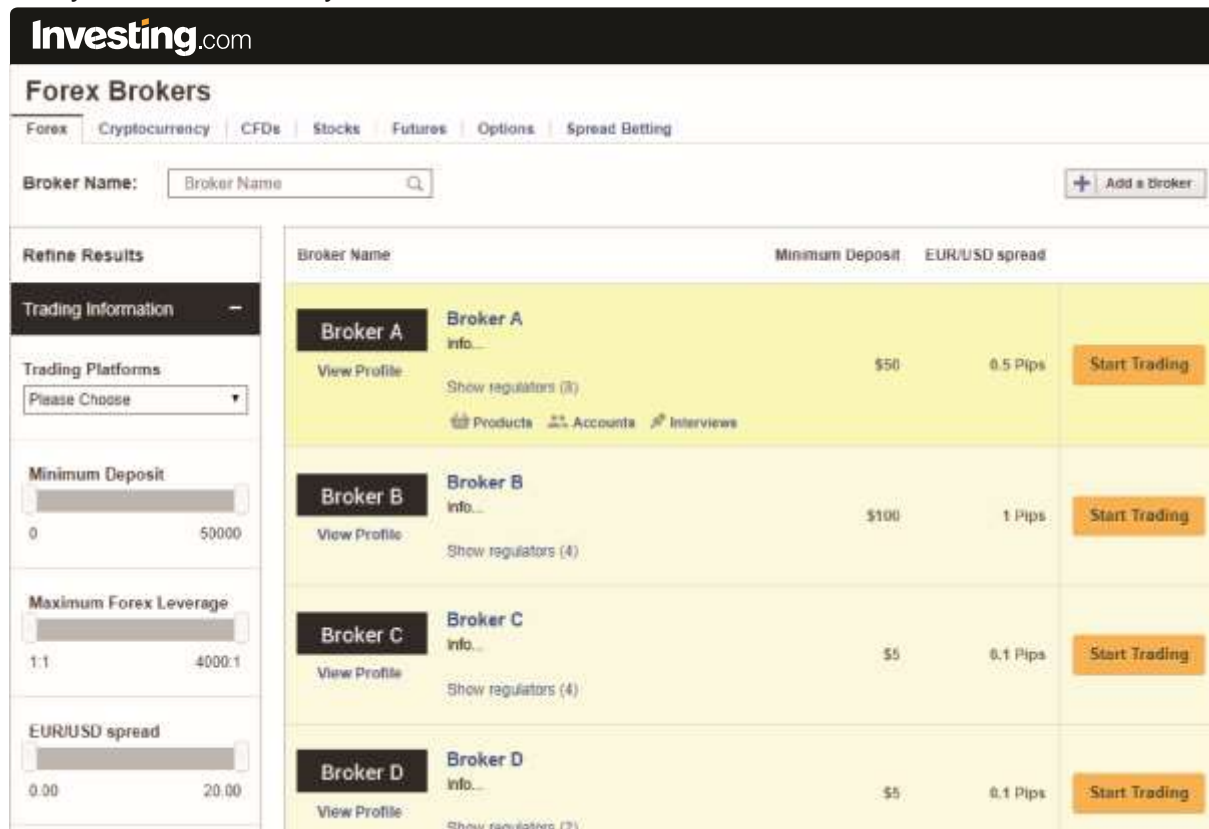
ChOOsING A BROKER

Customer Service

With Forex being a 24-hour market, you better expect 24-hour support. Check to make sure you can contact the firm by phone, email, and even chat around the clock. Furthermore, find out how they handle trade inquiries in case your internet goes down. Large, well established firms will easily be able to handle these issues and will have very good procedures in place to take care of you for any of your needs. Be sure you are with a broker that values that.

Intangibles

There is a lot of competition between brokers that you can use for your advantage. Many of the good ones can provide you with internal or even 3rd party resources that smaller, less equipped brokers cannot. Some of these resources focus in on daily or even live commentary by market analysts, advanced trading software, webinars on advanced trading techniques, and the list goes on. Be sure to check these out and see if any of them interest you.



The screenshot shows the Investing.com website's 'Forex Brokers' page. It features a search bar for 'Broker Name' and a '+ Add a Broker' button. On the left, there are 'Refine Results' filters for 'Trading Information', 'Trading Platforms', 'Minimum Deposit' (0 to 50000), 'Maximum Forex Leverage' (1:1 to 4000:1), and 'EUR/USD spread' (0.00 to 20.00). The main table lists four brokers:

| Broker Name | Minimum Deposit | EUR/USD spread |
|--|-----------------|----------------|
| Broker A View Profile Show regulators (3) Products Accounts Interviews | \$50 | 0.5 Pips |
| Broker B View Profile Show regulators (4) | \$100 | 1 Pips |
| Broker C View Profile Show regulators (4) | \$5 | 0.1 Pips |
| Broker D View Profile Show regulators (2) | \$5 | 0.1 Pips |

FOREX TRADING Risks

Forex Trading Risks

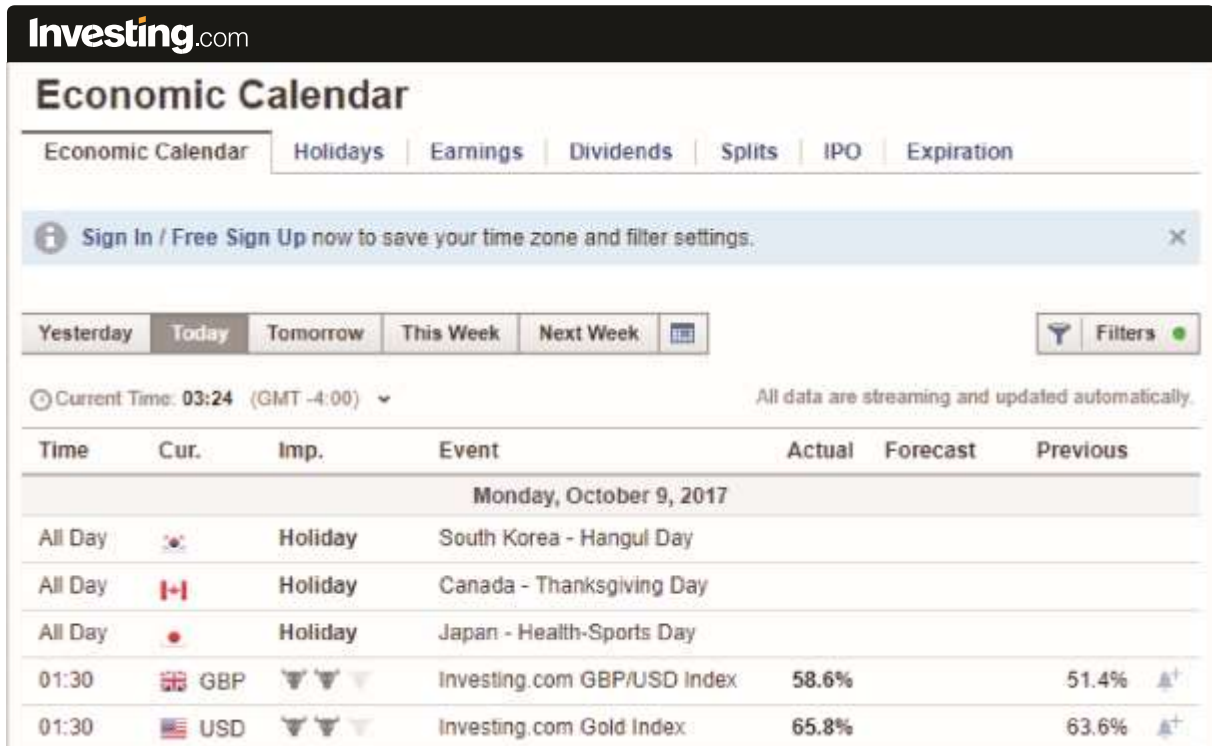
Trading currencies on margin involves a very high level of risk and as such may not be suitable to those investors who are adverse to risk.

Any type of market or trade speculation that can yield an unusually high return on investment is subject to unusually high risk of loss as well. In saying this, before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. You should only use surplus funds for trading and anyone who does not have such funds should not participate in live trading.

Here are common risks associated with trading margined foreign exchange which includes, but not necessarily limited to, the following:

Market Risk

Market Risks are risks associated with the price movement of the currency pair traded which can result from a change in economic and/or political conditions.



Investing.com

Economic Calendar

Economic Calendar | Holidays | Earnings | Dividends | Splits | IPO | Expiration

Sign In / Free Sign Up now to save your time zone and filter settings.

Yesterday | Today | Tomorrow | This Week | Next Week | Filters

Current Time: 03:24 (GMT -4:00) | All data are streaming and updated automatically.

| Time | Cur. | Imp. | Event | Actual | Forecast | Previous |
|-------------------------|------|---------|-----------------------------|--------|----------|----------|
| Monday, October 9, 2017 | | | | | | |
| All Day | | Holiday | South Korea - Hangul Day | | | |
| All Day | | Holiday | Canada - Thanksgiving Day | | | |
| All Day | | Holiday | Japan - Health-Sports Day | | | |
| 01:30 | GBP | | Investing.com GBP/USD Index | 58.6% | | 51.4% |
| 01:30 | USD | | Investing.com Gold Index | 65.8% | | 63.6% |

FOREX TRADING Risks

Liquidity Risk

Liquidity Risks are risks resulting from the decreased liquidity of a currency pair. This can be due to unanticipated changes in economic and/or political conditions. Decreases in liquidity can result in “Fast Market” conditions where the price of a currency pair moves sharply higher or lower or in a volatile up/down pattern without trading in an ordinary step-like fashion. Although there may be a few instances when the market enters a “Fast Market” situation, it is important to note this under all circumstances.

Excessive Leverage

Leverage works for the investor when the position is favorable, but can work against the investor in a losing position. As a result, it is possible that the amount of margin initially pledged against a trading position, can be completely depleted. In fact, it is also possible for the margin to go negative (therefore having a debit balance in your account). Furthermore, trading discipline and sound money management principles should always be used when trading.

Technology Risk/ Internet Trading Risks

There are risks, which are associated with utilizing an Internet-based deal execution trading system. For example, the failure of hardware, software, and Internet connection can happen at a critical time of trading.

Fraud

Forex frauds were quite common a few years ago. The industry has cleaned up considerably since then, however you will still need to exercise caution when signing up with a Forex broker. It is recommended to do some background checks before signing up with any Broker. Bear in mind that reputable Forex brokers will be associated with large financial institutions like banks or insurance companies and they will also be registered with the proper government agencies. In the United States, brokers are required to be registered with the Commodities Futures Trading Commission (CFTC) or be a member of the National Futures Association (NFA). You can also check with your local Consumer Protection Bureau and the Better Business Bureau.

FOREX TRADING RISks

Exchange Rate Risk

Exchange Rate Risk refers to the fluctuations in currency prices over a trading period. Prices can drop rapidly resulting in substantial losses unless stop loss orders are used when trading Forex.

Interest Rate Risk

Interest Rate Risk can come about from discrepancies between the interest rates in the two countries represented by the currency pair in a Forex quote. This discrepancy can result in variations in the expected profit or loss of a particular Forex transaction. I

rischi legati al tasso di interesse consistono nella discrepanza tra i tassi di interesse dei paesi di appartenenza delle valute nella coppia Forex scambiata. Questa discrepanza può causare variazioni nelle perdite o nei profitti previsti in una determinata transazione Forex.

Credit Risk

There is always the possibility that one party in a Forex transaction may not honor their debt when the deal is closed. This may happen when a bank or financial institution declares insolvency. Credit risk is minimized by dealing on regulated exchanges, which require members to be monitored for credit worthiness.

Country Risk

Country Risk is associated with governments that may become involved in foreign exchange markets by limiting the flow of currency. There is more country risk associated with 'exotic' currencies than with major currencies that allow the free trading of their currency.

FOREX TRADING RISks

| Investing.com | | | | | | | | |
|---------------------------------|---------|--------|-------|--------|----------|------------|--------------|----------|
| 10-Year Government Bond Spreads | | | | | | | | |
| Country : | Yield : | High | Low | Chg. : | Chg. % : | Vs. Bund : | Vs. T-Note : | Time : |
| Argentina | 5.960 | 5.960 | 4.470 | 0.000 | 0.00% | 550.6 | 359.9 | 03/10 |
| Australia | 2.830 | 2.852 | 2.823 | -0.002 | -0.07% | 237.6 | 46.9 | 07:17:56 |
| Austria | 0.630 | 0.650 | 0.619 | -0.030 | -4.55% | 18.2 | -172.5 | 07:28:08 |
| Belgium | 0.722 | 0.733 | 0.716 | -0.015 | -1.94% | 27.1 | -163.5 | 07:27:44 |
| Botswana | 4.550 | 4.550 | 4.550 | 0.000 | 0.00% | 409.6 | 218.9 | 06:01:59 |
| Brazil | 9.740 | 10.000 | 9.720 | -0.180 | 0.00% | 928.6 | 737.9 | 06/10 |
| Bulgaria | 1.500 | 1.500 | 1.500 | 0 | 0% | 104.6 | -86.1 | 05/10 |
| Canada | 2.127 | 2.151 | 2.114 | +0.024 | +1.14% | 167.3 | -23.4 | 06/10 |
| Chile | 4.460 | 4.460 | 4.460 | 0.000 | 0.00% | 400.6 | 209.9 | 07/10 |
| China | 3.658 | 3.700 | 3.630 | +0.020 | +0.55% | 320.4 | 129.7 | 07:25:41 |
| Colombia | 6.500 | 6.560 | 6.500 | +0.015 | +0.23% | 604.6 | 413.9 | 07/10 |
| United States | 2.361 | 2.361 | 2.361 | +0.007 | +0.31% | 190.5 | 0.0 | 06/10 |
| Vietnam | 5.340 | 5.351 | 5.340 | -0.011 | -0.21% | 488.6 | 297.9 | 04:55:45 |