

# Welcome to "Forex 101: A Beginner's Guide to the Currency Market."

If you're new to the world of trading, this guide is your starting point. Here, you'll learn the core concepts, tools, and practices that form the national currencies. It's the largest financial market in the world, with a daily trading volume exceeding \$6 trillion.

## Why Forex?

- Open 24 hours a day, 5 days a week
- High liquidity and leverage options
- Potential to profit in both rising and falling markets

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## Chapter 2: Currency Pairs Explained

In Forex, currencies are traded in **pairs** (e.g., EUR/USD, GBP/JPY). Each pair consists of:

- **Base Currency:** the first currency (e.g., EUR)
- **Quote Currency:** the second currency (e.g., USD) If EUR/USD = 1.1000, that means 1 Euro is worth 1.10 US Dollars.

**Major pairs include: EUR/USD, USD/JPY, GBP/USD, USD/CHF, AUD/USD, USD/CAD.**

| CURRENCY PAIRS                                                                                                                                                                |                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>USD PAIRS</b><br>EURUSD<br>USDJPY<br> GBPUSD<br>USDCHF<br>USDCAD<br>AUDUSD<br>NZDUSD    | <b>EURO PAIRS</b><br>EURUSD<br>EURJPY<br>EURGBP<br>EURCAD<br>EURAUD<br>EURCHF<br>EURNZD                                                                                      |
| <b>YEN PAIRS</b><br>USDJPY<br>EURJPY<br> GBPJPY<br>CHFJPY<br>CADJPY<br>AUDJPY<br>NZDJPY    | <b>POUND PAIRS</b><br>GBPUSD<br>EURGBP<br> GBPJPY<br>GBPCHF<br>GBPCAD<br>GBPAUD<br>GBPNZD |
| <b>SWISS PAIRS</b><br>USDCHF<br>EURCHF<br> CHFJPY<br>GBPCHF<br>CADCHF<br>AUDCHF<br>NZDCHF  | <b>CAD PAIRS</b><br>USDCAD<br>EURCAD<br> CADJPY<br>GBPCAD<br>CADCHF<br>AUDCAD<br>NZDCAD   |
| <b>AUSSIE PAIRS</b><br>AUDUSD<br>EURAUD<br> AUDJPY<br>GBPAUD<br>AUDCHF<br>AUDCAD<br>AUDNZD | <b>KIWI PAIRS</b><br>NZDUSD<br>EURNZD<br> NZDJPY<br>GBPNZD<br>NZDCHF<br>NZDCAD<br>AUDNZD  |
| URBANFOREX                                                                                                                                                                    |                                                                                                                                                                              |

## Chapter 3: Understanding Pips, Lots & Leverage

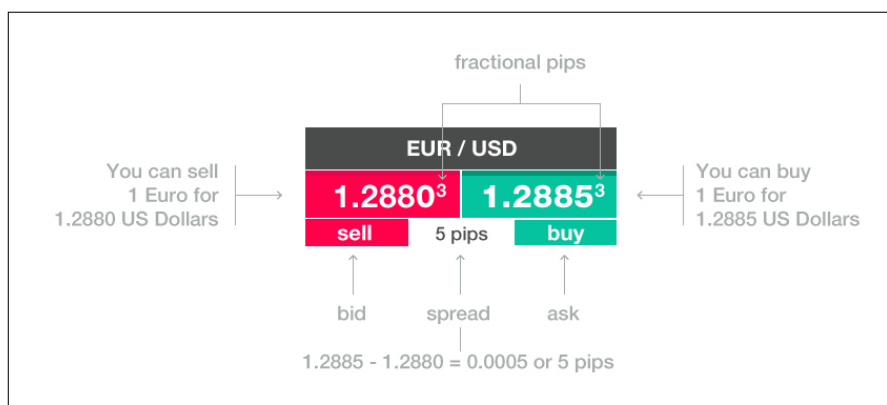
### Pip (Percentage in Point):

- The smallest price move in a currency pair (usually 0.0001). **Lots:**
- **Standard lot** = 100,000 units
- **Mini lot** = 10,000 units
- **Micro lot** = 1,000 units **Leverage:**
- Allows you to control a large position with a small amount of capital (e.g., 1:100 leverage means you can trade \$10,000 with \$100).
- *Caution:* Higher leverage increases both potential profits and losses.

## Chapter 4: How to Read a Forex Quote

Example: EUR/USD = 1.1200 / 1.1202

- **Bid Price:** 1.1200 (price you can sell at)
- **Ask Price:** 1.1202 (price you can buy at)
- **Spread:** Difference between bid and ask (in this case, 2 pips)



## Chapter 5: Types of Forex Orders

- **Market Order:** Buy/sell instantly at current price
- **Limit Order:** Buy/sell at a specific (better) price
- **Stop Loss:** Automatically exit a trade to limit losses
- **Take Profit:** Automatically close a trade at a desired profit level



## Chapter 6: Fundamental vs. Technical Analysis

### Fundamental Analysis:

- Focuses on economic indicators, news, interest rates, geopolitical events

Forex Factory is a go-to platform for beginner traders to understand how news impacts the markets. With its real-time **economic calendar**, market updates, and active forums, it helps you learn the fundamentals of forex trading and how to trade around news events.

| Date       | Time    | Currency | Impact | Detail                           | Actual  | Forecast | Previous | Graph |
|------------|---------|----------|--------|----------------------------------|---------|----------|----------|-------|
| Sun Mar 29 | 7:50pm  | JPY      | Low    | Prelim Industrial Production m/m | -3.4%   | -1.8%    | 3.7%     |       |
| Mon Mar 30 | All Day | EUR      | Low    | German Prelim CPI m/m            | 0.5%    | 0.4%     | 0.9%     |       |
|            | 3:00am  | CHF      | Low    | KOF Economic Barometer           | 90.8    | 89.3     | 90.3     |       |
|            |         | EUR      | Low    | Spanish Flash CPI y/y            | -0.7%   | -1.0%    | -1.1%    |       |
|            | 4:30am  | GBP      | Low    | Net Lending to Individuals m/m   | 2.58    | 2.58     | 2.48     |       |
|            |         | GBP      | Low    | H4 Money Supply m/m              | -0.2%   | -0.2%    | -0.7%    |       |
|            |         | GBP      | Low    | Mortgage Approvals               | 62K     | 62K      | 61K      |       |
|            | 5:21am  | EUR      | Low    | Italian 10-y Bond Auction        | 1.34115 |          | 1.36115  |       |
|            | 8:30am  | CAD      | Low    | RMPI m/m                         | 6.1%    | 5.1%     | -7.8%    |       |
|            |         | CAD      | Low    | IPPI m/m                         | 1.8%    | 0.6%     | -0.3%    |       |
|            |         | USD      | Low    | Core PCE Price Index m/m         | 0.1%    | 0.1%     | 0.1%     |       |
|            |         | USD      | Low    | Personal Spending m/m            | 0.1%    | 0.3%     | -0.2%    |       |
|            |         | USD      | Low    | Personal Income m/m              | 0.4%    | 0.3%     | 0.4%     |       |
|            | 10:00am | USD      | Low    | Pending Home Sales m/m           | 3.1%    | 0.5%     | 1.2%     |       |
|            | 9:45pm  | NZD      | Low    | Building Consents m/m            |         |          | -3.8%    |       |
|            | 7:05pm  | GBP      | Low    | GfK Consumer Confidence          |         | 1        | 1        |       |
|            | 7:15pm  | USD      | Low    | FOMC Member Fischer Speaks       |         |          |          |       |
|            | 9:00pm  | AUD      | Low    | M4 New Home Sales m/m            |         |          | 1.8%     |       |
|            |         | NZD      | Low    | ANZ Business Confidence          |         |          | 34.4     |       |
|            | 8:30pm  | AUD      | Low    | Private Sector Credit m/m        |         | 0.5%     | 0.6%     |       |
|            | 9:30pm  | JPY      | Low    | Average Cash Earnings y/y        |         | 0.7%     | 1.3%     |       |

## Technical Analysis:

- Focuses on price charts, trends, and indicators (e.g., Moving Averages, RSI, Bollinger Bands)

**Bollinger Bands & RSI Strategy**



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## Chapter 7: Risk Management

- Never risk more than 1-2% of your account on a single trade
- Always use a stop-loss
- Keep a trading journal to track and improve (Edgewonk)

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## Chapter 8: Choosing a Forex Broker

Look for:

- Regulation (FCA, CySEC, ASIC, etc.)
- Low spreads & commissions
- Reliable trading platform (e.g., MetaTrader 4/5, Tradingview)
- Fast execution and good support

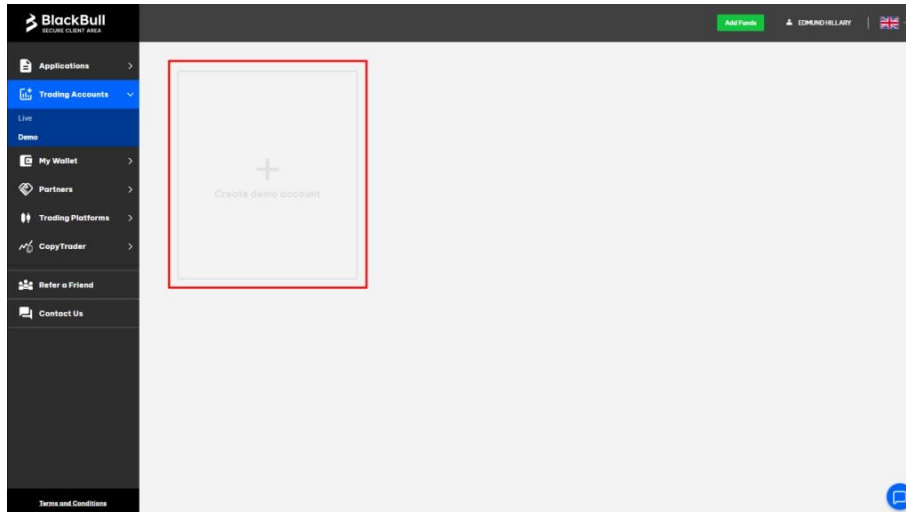
**Sign up through our broker:** <https://blackbull.com/en/live-account/?cmp=5p0z2d3q&refid=5092>

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## Chapter 9: Opening a Demo Account

Before trading real money:

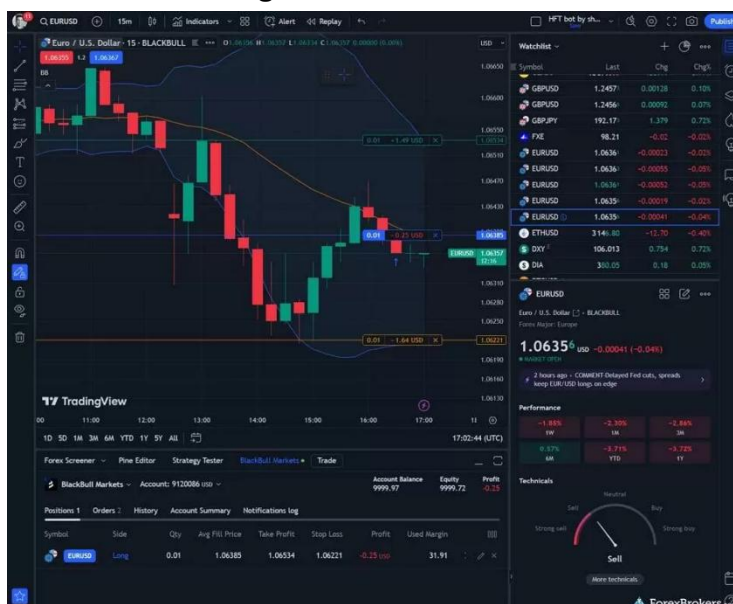
- Practice on a **demo account** to get familiar with market conditions
- Learn to manage emotions and test strategies risk-free



## Chapter 10: Your First Trade

Steps:

1. Choose a currency pair
2. Analyze using technical/fundamental methods
3. Place a trade with proper lot size & stop-loss
4. Monitor and manage the trade



## How to Place a Trade with a 1:3 Risk-Reward Ratio (for Beginners)

A 1:3 risk-reward ratio means you're willing to risk 1 unit (e.g. \$10 loss) in exchange for the potential to gain 3 units (e.g. \$30 profit).

### Steps to place a trade:

**1. Determine your entry point:**

Analyze the market and choose a logical entry, such as after a pullback in an uptrend.

**2. Set your stop-loss (maximum loss):**

Place your stop-loss below (for long trades) or above (for short trades) a key level, like a recent low or high.

*Example: You buy at 1.2000 and place your stop-loss at 1.1980 = 20 pips risk.*

**3. Calculate your take-profit (target):**

Multiply your risk by 3.

*Example: 20 pips risk  $\times$  3 = 60 pips reward  $\rightarrow$  your take-profit is set at 1.2060.*

**4. Place your trade:**

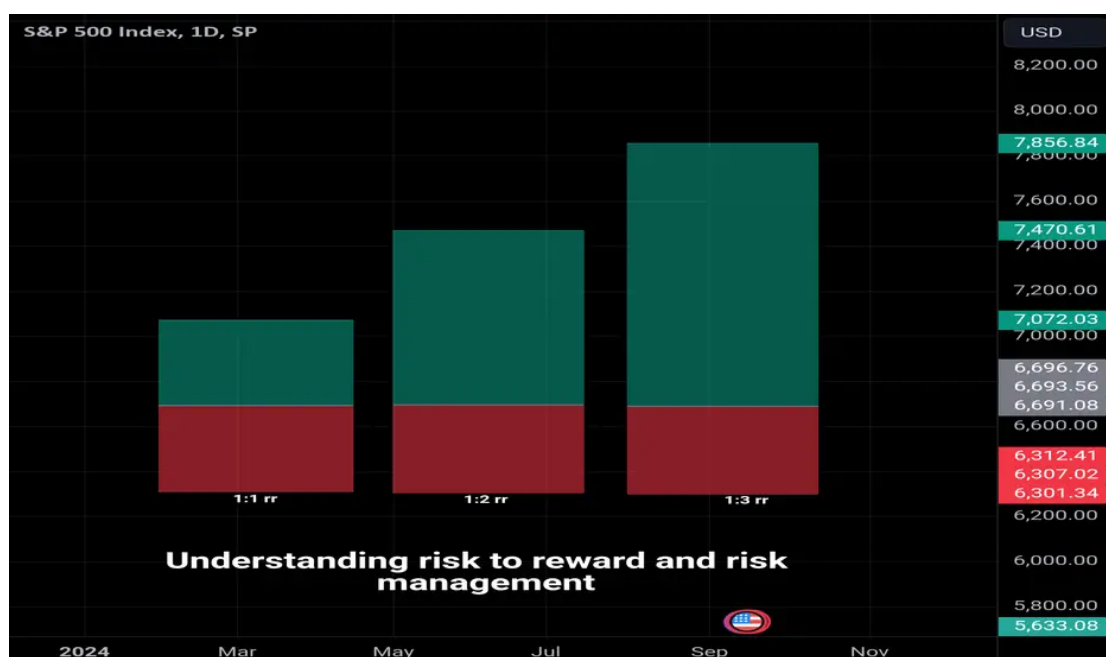
Set your entry, stop-loss, and take-profit before executing the trade. This keeps your emotions out of the decision.

**5. Risk management:**

Don't risk more than 1–2% of your account per trade.

*Example: If you have a \$1,000 account, risk a maximum of \$10–\$20 per t*

This approach helps you stay profitable over the long term, even if you don't win every trade. With a 1:3 ratio, you only need to win 1 out of every 4 trades to break even.



### **Final Tips for Beginners**

- Stay consistent and patient
  - Focus on learning, not just earning
  - Avoid overtrading (max 2-3 trades a week)
  - Always keep improving your skills
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### **Conclusion**

You now have the basics to start your Forex trading journey. Continue learning, test responsibly, and grow step by step.

**Next Step: Buy our next E-book: Understanding Currency Pairs & Price Quotes Made Simple, or Join the Fortune Vault Community!**



# **FORTUNE VAULT**