WHAT IS MINE IS YOURS

Forex From Zero: A Practical Beginner’s Guide

Understand the market before you risk money

Educational notice
This guide is for general education only. It is not financial, investment, legal or tax advice, nor a recommendation to buy or sell any instrument. Forex and leveraged products are high risk; you can lose some or all of your capital. Practise on demo, verify broker specifications and never risk money needed for essentials.

What forex is

Forex is the exchange of one currency for another. A pair such as EUR/USD compares the euro (base currency) with the US dollar (quote currency). Buying EUR/USD means buying euros and selling dollars; selling does the opposite. Forex is a decentralised global market accessed by retail traders through brokers.

Pairs and quotes

Major pairs include EUR/USD, GBP/USD and USD/JPY. Crosses do not include USD; exotic pairs combine a major currency with a less-traded currency. The bid is generally the sell price and the ask the buy price. Their difference is the spread, a trading cost that can widen during news or thin liquidity.

Pips, lots and leverage

A pip is commonly 0.0001 for most non-JPY pairs and 0.01 for many JPY pairs. A standard lot is commonly 100,000 base-currency units; mini and micro lots are commonly 10,000 and 1,000. Verify each broker’s contract specification. Leverage magnifies exposure and losses; margin is not a cap on possible loss.

Orders and costs

Market orders seek immediate execution and can slip. Limit orders seek a specified price or better; stop orders activate after a trigger. A stop-loss is not guaranteed to fill at its exact price. Include spread, commission, swap/financing and slippage when evaluating a strategy.

A sensible learning path

Learn terminology, practise reading candles, mark swing highs/lows, study support and resistance, understand order types, then test one simple setup on historical data and demo. Before entering any trade, state the reason, invalidation point and cash amount at risk.

Practice

Identify base and quote currencies in five pairs. Calculate a spread from bid and ask. Measure the pip movement between two prices. On demo, place and close a practice trade and inspect the costs. Explain in your own words why leverage increases risk.

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