

SIMPLE FOREX TRADING

"It can be really simple.."

By

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About the author

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1. WHAT IS FOREX TRADING? [\(Top\)](#)

Forex trading simply comes from the phrase Foreign exchange Trading and it refers to the exchange of one currency for the other.

It is a very huge business as most top financial institutions are involved in it, one way or the other. Foreign exchange offers one the ability to profit from price changes as both buyers and sellers can benefit from the exchange.

People at times buy a particular currency to hedge their funds in times of inflation and the most trusted currency is the US dollar due to its relative stability and economic strength of the USA.

Traders may also sell a particular currency when it is high enough in order to profit from it on the exchanging currency. This is common among Central Banks who hold most of their reserves in foreign currencies in order to finance certain capital projects of government in times of inflation.

Forex trading can be used to store a currency's value as well as carry on a profession. There are now many people who are making a living online by just speculating currencies and this is what forex is mostly about – Speculations. You may not know of need to know all the forex jargons or terms but you can still join the trade and make a profitable living from it

With the internet, traders across the world and even in developing countries in Africa can now trade forex online without having to leave their homes. It can be done real time, online and the turnover from online trading is making a lot of people self employed.

2. WHAT DO YOU NEED TO START? ([Top](#))

Basically, online Forex trading is all about buying, selling or hedging currencies and all you need to do these are:

- An Online Forex trading account e.g. [Marketiva](#)
- A domiciliary account or Funding and withdrawal system e.g. [Liberty Reserve](#)
- The Trading software
- The right knowledge

- An Online Forex Trading account

This has to do with signing up with an online forex broker that acts as the middle and on whose platform you will be able to trade. Forex brokers are registered companies which have a registered office within or outside your country but are trusted worldwide. They help in setting up and managing a trading portfolio for you. All you need to get an

account is by going to their official website and sign up. With an account, you will be able to start trading forex on the internet.

Some forex brokerage companies you could sign up with are fxtrade.oanda.com, [Marketiva](#), Liteforex.org, etc. I would recommend [Marketiva](#) because they give an easy way to set up and manage your account and customer service is great.

Signing up with Marketiva

To sign up with this company, just go to [Marketiva](#) and click on the Open account link. All it requires are your basic personal details and then you would have to confirm your personal id and address with a valid identity card and utility bill. After setting up your Marketiva account, you may start trading with as low as \$100 or less.

- A Domiciliary Account or Liberty Reserve account

Since you now have an online forex account, what you need in order to be able to add or withdraw funds to or from your account is a funding platform. A domiciliary account can do just this as it helps you transfer currency from your bank using bank wire to your broker's account. Marketiva accepts a varying number of deposit methods including Wire transfers, [Liberty reserve](#), Webmoney and E-dinar but not Paypal or credit cards. If you are dealing with small funds of say \$50 - \$2000, I would suggest you use [Liberty reserve](#) but if you are transferring larger

funds of say \$5000 - \$10,000, I would suggest you use bank wires from your domiciliary account because it is a safer and cost effective way of sending large sums of money.

To Open a Domiciliary account: Just visit your local bank and apply. It would require some documentation like personal id, international passport and initial deposit.

To Open a Liberty Reserve account: Just go to www.libertyreserve.com and click on Create Account. A liberty reserve account would require your personal details like name and address and then you would be given a unique LR ID with which you would be able to send and receive money online to other LR users like Marketiva.

- Trading Software

After signing up with your broker, what you will need is a desktop interface that will allow you to establish positions in the forex market. Marketiva uses [Streamster](#) and you can download this from Marketica.com and install it. You will be able to log in to Streamster to use the trading tools available. I would advise that after downloading Streamster, you should try and do a demo trade using the virtual trading tools. To make a virtual trade, you make use of virtual funds by logging into Streamster with an internet connection and then go to the left side of the window, under offer column and click on the buy price – window pops, select virtual trade in the dialog box and click on OK. This will buy a currency

of your choice using virtual funds and from that position you can as well sell by entering an exit target or just clicking on the position to sell after making your profit. So whatever Forex broker you use, try and get the software first and do demo trading. Make sure that you only install the program and use it only on a private computer.

- The Right Knowledge

Now that you are used to using the trading software and other tools, the only remaining thing is having a general knowledge about forex trading and how or when you can buy and sell in order to make profit. You can know what causes prices to fluctuate or steady and so on. Having the right knowledge of factors that will influence the market such as news, demand and so on will help you to stay in the game for a long time.

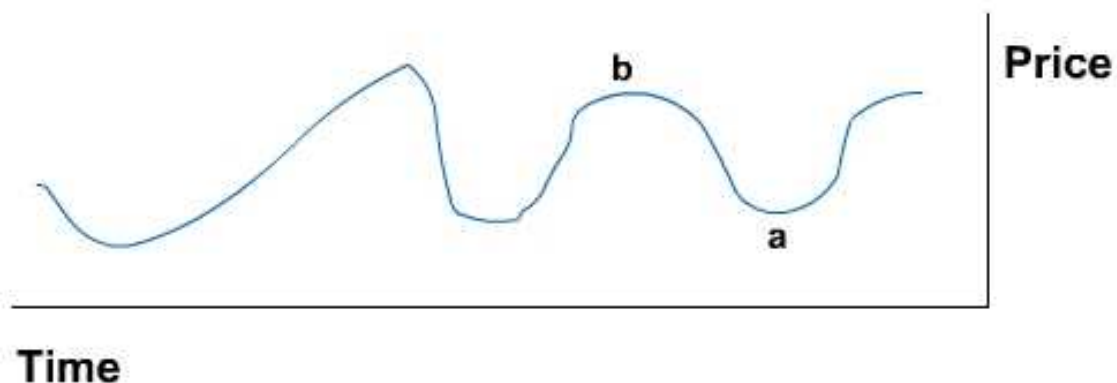
3. HOW TO TRADE FOREX (Top)

With the basic information you already have, by now you would know that the main goal in this business is to make profit and keep doing so for the long term. Losses are also sure to come as it is part of the learning process for newbies as well as being part of the hazards of a speculative business. However with the right techniques, you can stay longer in the game and keep growing your funds while at the same time limiting your losses.

For a newbie, I would advise that you do 2 things for now:

- Stick to the Charts
- Enter early and exit early

The Forex trading chart using Streamster looks something like this:



You could try to monitor your charts first and put it on a 15 – 30 minutes view in order to see past changes so as to be able to predict future changes also. 15 mins charts are good for scalping or short term profits. For more sustainable trading, you should use longer time frames such as 1 to 4hr charts. Learn a bit about forex indicators like Bollinger bands and RSI.

Try buying when the chart is at low(a) and then put an exit target at around high (b) where the price goes up. You may also short sell from b and then put your exit target at point a

How do you buy? Just go to the offer column on the left of streamster and click on buy price at the currency pair of your choice, e.g. EUR/USD. It will open up a dialog box where you can choose the options or just click on ok to buy. This will buy at the market price by default. However you can change to options to buy at a specific price by selecting on the Limit drop box rather than Market, then set your price. After the buy order has been executed it puts you in a position from which you can exit automatically or manually by selling by either selecting the exit target and stop loss or leaving it. Note: When you buy or Sell, you lose about 2 points(spread) which is the commission Marketiva or your broker would collect for allowing you to trade.

How do you Sell? Just go to the right down side of Streamster and under positions and click on your position. You can chose to exit immediately or just

set and exit target and stop loss which will enable you to exit after a predetermined profit or loss. Setting your exit prices can help you make a predetermined profit daily while at the same time limiting your losses. It is actually an automatic way to exit a trading position after you have reached a set goal.

Exit Target: is the profitable price you set at which you would want to exit a position by selling. I would advise that when making a buy order or editing an order, you should set up an exit target at around 20 pips. For instance, if you bought 1000 units of EU/US at \$1.3115, you can choose to sell it at \$1.3135 which will give you a profit of \$2 for every 1000 EU/US you had. You can do this by setting an exit target when you made the buy order or afterwards by editing your options.

Exit Stop-Loss: This is the least loss price at which you would want to exit a trade supposing your trade goes bad and the currency keeps depreciating. So suppose you bought in at 1.3115 and the price keeps falling, you can put your exit stop loss before you make a buy or sell order in order to limit your losses and I advise doing this for 20 pips if you have smaller live forex funds that cannot survive a 100 pip loss.

You may also use a risk: reward ratio of 1: 2 by setting stop loss at about 20 pips and target profit at 40 pips. This will reward you more for wins but punish you less for losses.

Profiting with Marketiva: One good thing about using the Marketiva platform is that they offer you a trading leverage of about a 100:1 and so this means that for every \$1 you bring, you get to trade with as much as \$100 funds but I think this leverage or loan is limited to \$1000 as it appears that the maximum leverage they can give is \$100,000. So the good news is that if you have \$100, you can trade currencies worth up to \$10,000. You could imagine what you could be able to do with a whooping \$10,000.

With \$100, you could risk 2%(i.e. \$2) and be making a profit of \$2 or more for every 20 pips. If you buy 500 units of eusd you can be making a profit of \$2 per win for every 20 pip movement if you use your leverage as $\$0.0020 * 5,000 = \10 . Now, if you buy 5000 units of EUR/USD at 1.3000 and exit at 1.3020, you would have gained 20 pips (\$2). Now repeat this 5 times and it becomes \$10 a day. You may also set your target at 100 pips and if it hits, you automatically get \$10 per each position opened. You could grow your \$100 to about \$500 within a month. Now with \$1000 in your account you could do more with Marketiva you will be able to trade up to \$100,000 giving you the ability to make $10,000 * \$0.0020 = \20 for every twenty pips win and with 5 wins a day(\$100), you could turn your \$1000 to \$3000 within a month. This is however also risky as you could loose as much as \$100 if the trade goes against you 5 times. Another method you could use which however involves higher risk trading is by using my early bird strategy and targeting for about

20 pips. You can try this just about 6 am Nigerian time (5am GMT) and buy eur/usd just when it drops a bit. Put exit target and stop loss at about 20 pips. It mostly works for buys and you could make as much as \$100 with a capital of \$1000 or \$1500 from just 20 pips and by buying 50,000 units of eur/usd.

4. VIRTUAL TRADING ([Top](#))

You can do virtual trading as opposed to Live trading in order to get a better grasp of your trading platform in this case Streamster if you are using Marketiva. This will help you know if you are improving and are good at speculating and whether you have a working strategy. If you use up all your virtual fund, then it means that you still have a lot to learn, if you profit from virtual trade time and over again let's say within a period of 1 month on a daily basis, then you have improved your skill and are now ready to go for live trading.

To do virtual trading with Marketiva, all you need to do is:

- Log into Streamster with your Marketiva log in details
- Go to offer column on the left
- Click on the price to buy at
- Under desk, select Virtual Forex
- Click on Ok and the order will be made

The good thing about this is that if you lose, you don't lose you real money

5. LIVE TRADING ([Top](#))

Live trading is when you actually start trading with your real forex funds. Live trading is only recommended if you are not new to forex and

already know how to do virtual trading on your platform.

To do live trading with Marketiva, all you need to do is:

- Log into Streamster with your Marketiva log in details
- Go to offer column on the left
- Click on the price to buy at
- Under desk, make sure that Live Forex is selected
- Click on Ok and the order will be made

You could also set your exit price in the dialog box to mark your profit spot. With live trading you will be able to grow your funds by consolidating your profits. You also stand to lose some part of your funds if the trade goes bad so it can be risky too

6. ADDING FUNDS ([Top](#))

Since you are already serious about making money online from forex trading, the next thing you ought to do in order to begin live trading is to add funds to your account. You can't start a serious forex trading business without committing some funds to it. This would involve taking money from your bank account, friends or stocks and putting it into your forex trading portfolio.

You can add funds to your account in Marketiva by selecting the Deposit Funds link in your Account Center page. Marketiva allows you to add funds using [Liberty Reserve](#), Bank Wire or other acceptable payment mode. Using bank wire from your Domiciliary account is quite cheaper and safer for sending large sums of money of say \$5000+. If you are transferring smaller funds of say \$10 - \$2000, you could use Liberty reserve as it is much faster although the LR exchangers in your areas would charge you a premium.

To add Funds using Liberty Reserve: Just make sure that you opened a Liberty Reserve Account and then buy LR from a local LR exchanger in your area. They normally sell LR at a fee and fund your account

almost immediately. Some LR exchangers fund your liberty reserve account if you pay by cash while others accept varying forms of payment but cash is mostly used. If you don't want to go through LR exchangers, then you may apply directly to LR major wholesaler (Ecardone.com). I think they offer deals for investors who can buy up to \$1500 monthly. Once your Liberty reserve account has been funded, then you can transfer to [Marketiva](#) or other forex account immediately using the funding tools located in Account center.

To add Fund using Wire Transfer: This would normally require a domiciliary account if your local currency is not on USD or your merchant's supporting currency. Just copy the banking instructions and details your broker requests of you and enter your required banking information where necessary. Wire transfers takes around 3 – 7 days to process.

Note: You may only withdraw funds using the same methods you used in depositing and vice versa. So if you used Liberty reserve in funding, you may only use it in withdrawing and same thing for Wire transfers or Webmoney and so on.

7. WITHDRAWING FUNDS ([Top](#))

If you've been doing forex trading for a while and have been profitable at it, chances are that you might want to make some withdrawals from time to time or just want to close your account for a particular reason. Well if you are interested in making a withdrawal for the sake of profitability, then it is good and this shows that you are already a seasoned trader. Most new forex traders tend to make a lot of losses time and time again no matter

the amount of funds they put into their account and you could hardly find them withdrawing.

Making withdrawals from your forex broker is quite easy as it involves logging into your account and applying for a withdrawal. If using [Marketiva](#), just go to account center and click on Withdraw Funds. This will take you to a page where you can select your withdrawal options either by Liberty Reserve or Wire Transfer. It may take up to 2 days to withdraw from Liberty Reserve and longer for Wire transfers. If your withdrawal looks suspicious or of a peculiar amount it may take longer for the sake of verification.

8. FOREX TRADING STRATEGIES ([Top](#))

A Strategy is a plan you use in order to achieve a goal. There are various forex trading strategies one can use to ensure that you carry on a profitable online forex business. It is not a risk proof business because there are at times you might still loose even with a smart strategy but it is all about ensuring that you limit your losses while maximizing your gains by using a disciplined approach.

A forex trading strategy involves a plan you set up for yourself and adapt to in order to be successful in your business.

Here are some strategies that I have been using and could help you trade successfully:

- Early Bird Forex trading: This basically involves entering and exiting a trade quite early in order to limit your potential losses. It is a moderate way of trading as you don't stay in one position for long and you can carry on this tactics if you need to still go to work by 8 a.m. I wake up around 5 a.m. GMT and enter a buy position and set an exit target at 10 pips. This generally exits in about an hour and by 6 a.m. GMT I am out of the trade with less casualties. This is generally good under normal market conditions and works best on Tuesdays to Thursdays when prices are moderate.
- Buy Low sell High: This is practically the simplest as it involves waiting when the market is down and prices are near day's low in order to buy and hold unto until prices go up. Setting your profit at ten pips is also safe especially for a new comer. However in some days, prices can go as high as 50 pips. It is just a simple strategy

of profiting from price increases. This is called entering LONG

- Short Selling: This is also referred to as entering SHORT and it involves selling when prices are high in order to buy when they drop. Unlike the above, you need to set your exit target at a price lower than your selling or entry price in order to make a profit on it. It can be quite confusing for people who have become used to buying when prices are down.
- Ten Pips Strategy: This has to do with just setting your profit and maybe your losses to only ten pips a day or at a time. It is a very safe way of trading and it limits your losses while also enabling a realizable profit target.
- Set and Forget Strategy: This involves setting your exit price immediately you enter into a position so that it would exit automatically whenever it reaches that price even if you are not there. It is a cool way of making recurring income from forex and it is based on your estimated pip earning for a particular day. For instance, you enter at 1.35 and expect that it could rise to 1.40 for that day so when entering you also set the exit target price and just log out of your computer. Whenever it reaches that price, it automatically sells for you. You can use this in combination with all strategies mentioned above.

There are many other Strategies developed by seasoned forex traders worldwide but the main

purpose of s strategy is to use a plan in order to achieve success.

9. FOREX TRADING VS STOCK TRADING [\(Top\)](#)

If I were asked to compare between the two, I would say that Forex trading is much more profitable than Stock trading like in the Capital Market. This is especially so when you consider that with Stock trading, you are not exactly in full control of your portfolio. It is mainly in the hands of your broker and considering the bureaucracy involved in making investment decisions, you may not be so swift in taking opportunities when it presents itself. Making a buy decision and executing it can take about 3 – 7

days in the capital market but with online Forex trading, you can buy and sell immediately depending on the price you set.

With Forex trading, the risks may be there but it has a much higher profit margin than stocks. The forex market is much more volatile and you could earn in a month from forex what you might not be able to make in a year from Stocks.

So if I was asked to choose between the two, I'd prefer selling all my stocks and move them to my Forex fund.

10. COMMON TERMS ([Top](#))

PIP: This means percentage in points eg 10 pips. It is the smallest price movement. For instance if price

of Eur moves from 1.3500 to 1.3400, that gives and 0.01 change which is equal to 1% or 1pip.

Bid: Means to sell

Ask: Means to Buy

Currency Pair: Once currency to the other eg EUR/USD

Broker: It refers to the registered company that acts as a middleman in the market. You can buy and sell forex through a broker, technically.

Leverage: This is using borrowed capital such as margin to increase the magnitude of your trade.

[Marketiva](#) offers a 1:100 margin and so can boost your funds by a 100

Margin: This is the amount of equity or funds contributed by a customer in a trade as a percentage of the current market value of the currencies held in a margin account.

Spread: This is the difference between the bid (selling) and ask (buying) price of a currency.

Exit Stop-Loss: This is the minimum loss price at which you would want to leave a trade or position.

Exit Target: This is the profitable price at which you would want to leave a trade or position

11. CONCLUSION ([Top](#))

There are really many ways to make money online but doing Forex trading is practically the fastest and most profitable. For the newcomer, you might experience some failures at the start and you may end up losing your funds one after the other. One tip I would have to tell those who continue having losses is to set an exit stop loss at around ten pips. If you are trading large funds, then set a realizable daily target and do day trading if possible. Forex trading is a mostly speculative business but if you are good at learning new things and from your mistakes, you would be able to grow your funds profitable using simple strategies.

Forex trading can be really simple if you make it look simple to you. It is not as complicated as it seems.

So here again are my key steps to Forex trading with Marketiva:

- Sign Up with [Marketiva](#)
- [Download Streamster](#) and install on your computer
- Log into Streamster using your Marketiva login
- Do Virtual trading for like 4 weeks
- Add funds

- Do Live Trading