



# 101Signals

## WHAT IS FOREX?

Forex trading is currency trading and commodities, as well as any ordinary trade in the world. Forex name comes from the English word FOREX (foreign exchange market) and means currency market. This market allows you to trade without a large investment. Today, the Forex market is considered the most successful, because this is the era of speed and global trade.

All people in the world are unknowingly by Forex market participants, for example, when we go to another country and go to the ATM, in order to convert their money into foreign currency, it is the basis of Forex. Currently, tens of thousands of traders and private investors around the world are discovering the possibilities of trading in the Forex market.

Properties of the foreign exchange market in the world market lies in the fact that it is possible to trade via the Internet, the market is open 24 hours a day, closed on Friday evening and re-opened on Monday, and the most important feature is the leadership of the share of profitable trades and the number of successful stock traders .

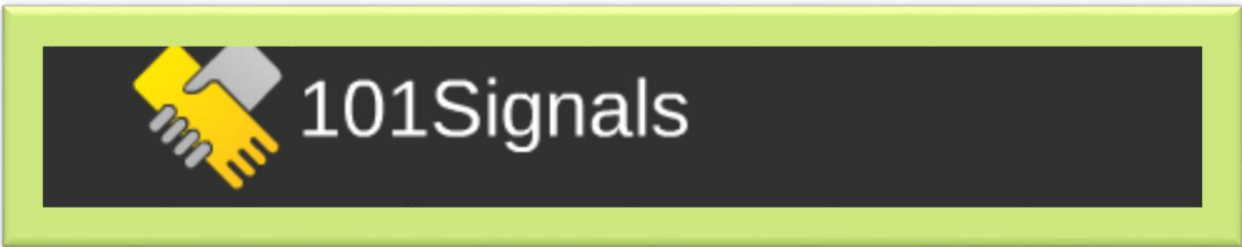
## DEFINITION OF FOREX MARKET

### What is the PIP?

The point is very small scale of the change in the currency pair in the forex market. It can be measured in terms of the quotation or in terms of the base currency. The point is a unified unit, which is the smallest amount by which to change the quote currency, which is usually \$ 0.0001 to the dollar pairs.

For example, if we bought a 10,000 euro against the dollar, the price of EUR / USD 1.3560, this means  $10,000 * 1.3560 = 13,560$  dollar value of the deal. If it moves the Euro against the dollar to 1.3570 this mean value of the deal has become  $10,000 * 1.3570 = 13,570$ . A move of 10 PIPS (points) on a pair of Euro summit 10,000 dollars to buy euros we will make profit of \$ 10.

As for gold process is very easy, A move of gold is calculated by the dollar, as we have the process of buying 100 ounce on the price of \$ 1.300 and then the price rose to \$ 1.310:  $1.310 - 1.300 = \$ 10$  A move of, this means that the way we calculate the profit is:  $100$  (the amount of gold) \* \$ 10 (A move of) = \$ 1,000 profit.



## How to Buy and Sell?

Buying and selling in the forex market is a very easy process, the secret is to buy from a cheap price or to sell from expensive price rate. For example If we have a car was priced \$ 1,000 and there are several offers from people to buy a car; display first \$ 1,500 and \$ 1,200 the second, we are supposed to choose the offer which is the most value in order to win more.

Different meaning for to Buy and Sell: Bid/Ask – Short/Long

## TRADING TOOLS

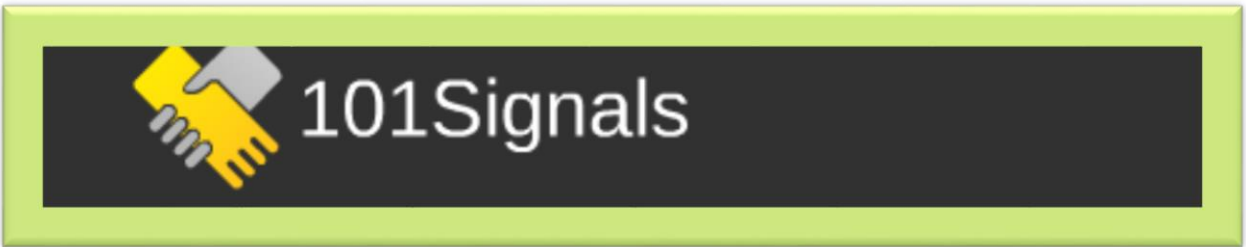
Forex trading provides contracts of buying and selling a specific amount of a particular currency at a predetermined price by a futures contract. Futures for foreign exchange quotes from the central banks that come with expiration dates for each of the contracts. Forex futures serve two main purposes of financial instruments. First, it can be used by companies to remove exchange rate risk inherent in cross-border transactions. Second, it can be used by investors to speculate and profit from fluctuations in currency exchange rates.

Most currencies take place in the major currency pairs, the dollar (USD) against the currencies of the euro area (European countries that have adopted the euro as their currency), Japan, Great Britain, and Switzerland. There are also a lot of business opportunities in the minor pairs, which believes that the US dollar traded against the Canadian, Australian, and New Zealand dollar.

## Leverage

Margin Trading is usually based on online influence, as it allows for the brokerage effectively by borrowing more money than you have deposited as collateral. Refers to the influence that the ratio of loans to the safeguards of your own. There is a leverage ratio of 50: 1, for example, means that guarantees your own can be leveraged 50 times. More specifically, if you open an account with \$ 1,000, you can open the size of a big deal, such as \$ 50,000. 100: 1, could be the same \$ 1,000 deposit, to open on the size of the deal until \$ 100,000

Equation is simple: every \$ 1 deposit hit him in the size of Leverage = margin available for trading.



## Currency Pairs

As we have said in the past that Forex provides trading on the currency, this means that trading is on pairs of currencies and not on his solo, always when we buy a certain currency in return sell another currency, for example LPI EUR / USD since bought it, we bought the euro and sold On the other hand the dollar and vice versa. LPI price EUR / USD 1.3560 today this means that for every 1 euro equals 1.3560 dollars.

We need to understand for each currency pair the currency which located on the right side is the base currency and the party left is the secondary currency:

The Main Currency Pairs: • EUR/USD • USD/JPY • GBP/USD • USD/CHF