
Roadmap to Successful Forex Trading

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Continental Capital Investment

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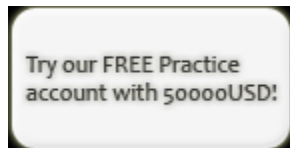
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1 What is Forex Trading?

Forex trading stands for dealing in international currencies. Here, one can sell currency of one country to buy that of another. The trader deals in Foreign Exchange [Forex] at the most appropriate time to profit from the transaction. Good ability to forecast market movements plays a vital role here. One may wonder how Forex trading can be such a lucrative earning opportunity since fluctuations in exchange is so little.

But remember, when done in big volumes, a minor change can mean a lot. There are many non-monetary advantages to it as well. Anyone who wants to deal in Forex can do so, since only the basic knowledge, a PC and an internet connection is required for it.



Forex can help you earn a lot of money. But there are certain conditions that apply when playing the market in Forex.

Firstly, one must have a thorough understanding of trends in the stock market, the basics of trading and risk-taking ability. You can get all the help you need for attaining these conditions very easily.

There are many sites on the internet which can help you clarify your basics and help you brave rough weather. A good reason why Forex trading can be considered is the fact that there are frequent fluctuations in currencies, though in percentage terms it may be small.

You gain if the fluctuation favors you and the reverse holds true as well. No one can accurately predict the trend of the currencies. Liquidity is another reason why Forex trading is so popular.

Now the most important part – in Forex, you can make huge sums of money even if your initial investment is on a lower side. You can invest as little as US\$2000 with the CCI Ltd. Mini you can start even at US\$200. There is no no upper cap to the amount of investment. So remember that even with a nominal investment, the earning ability is undoubtedly very high.

Most of the great businesses are connected to the world of internet today, and Forex trading is no exception. You can deal in foreign currencies right from your home. In fact, it is fully conducted online. You have the liberty to choose when you want to trade or from where and you don't need to meet any deadlines.

Basically, you can be your own boss. The process of online trading is fairly simple for anyone to understand. You just need to open an account for Forex trading with a recognized broker such as Continental Capital Investment (as shown here http://www.co-fx.com/account_opening.php) and they will complete the rest of the formalities. The only bit you need to do is get ready with your investment amount.

So, it is thus clear that Forex trading can be one of the best businesses to earn money. Though there is a level of risk attached to it, it can be avoided with due care and an alert mind!

2 The Importance of Forex Trading

Foreign Exchange [Forex] involves exchanging of different foreign currencies for profit. The reason for buying the currency of another country may be the need to buy some commodity of the said country as well, besides making money through the difference in exchange rates.

In the latter case, people buy currency of a foreign country when the rate in the market is low, and sell it off when the rates go up. Currency trading is usually done between the central banks, the government, speculators and MNCs. Nations cannot trade with each other without the presence of a foreign market.

A huge amount of money is daily traded in the Forex market, though the amount invested by an individual trader may be very low. No one individually can have any influence on the Forex fluctuations, not even the government. So it can easily be concluded that the level of the currency reflects the strength or the weakness of the economy of a country. So this makes the Forex market a good place for competition.

The government and the central bank do try to stabilize the currency of their country by speculating, buying and selling currencies at appropriate times. So they can influence the market if they conduct a trade in high volumes, though. To buy its own currency, however, the government or the central bank must have huge reserves of foreign currency with them. So it is virtually impossible to inflate the currency value artificially.

Banks trade a lot in foreign currencies and this forms a chunk of the volume in the Forex market. They buy currencies not only as individual bodies, but also on behalf of their clients. They trade in lots of futures. Till a few years back, the brokers could influence the volumes of trading in the Forex market. But due to the electronic services available now, the services of brokers is no longer required. It's easy to operate electronically.

Trading with international countries is possible only with the existence of Forex markets. When there is no Forex market, there is no common currency between two countries, so one cannot evaluate the value of one currency with respect to the other.

The buyer pays the seller in the former's currency. With the money so received, the seller buys goods in the buyer's country and sells those goods in his [seller] country.

Only then he is able to know how much he has earned through the export. In the presence of a Forex market, though, it is very easy for a seller to know of his earnings at the very instant that he conducts an export trade. In the same manner, the buyer too will have a thorough knowledge of the cost he will have to incur to buy goods from an international country.

Forex is traded in currency pairs such as described here http://www.co-fx.com/major_currencies.php
Or here: http://www.co-fx.com/cross_currencies.php

▲AUDNZD 1.2473 ▲AUDUSD 0.7828 ▼EURGBP 0.8490 ▲EURJPY 131.90 ▼EURTRY 2.1849 ▲EURUSD 1.3836 ▲GBPJPY 155.31 ▼GBPUSD 1.6292 ▼NZDUSD 0.6268 ▲TRYJPY 60.22 ▼USDAED 3.6700

3 The Main Order Types in the Forex Market

There are many kinds of orders which traders can place to profitably transact in the Forex Market.

Market Order	<i>is an order to buy or sell a stock immediately at the best available current price. A market order is sometimes referred to as an "unrestricted order".</i>
Limit Order	<i>is a type of limit order to buy or sell shares at the market open if the market price meets the limit condition. This type of order is good only for the market opening and does not last for the whole trading day.</i>
Stop Loss Order	<i>is an order in which an open position is automatically liquidated at a specific price. Stop Loss Order minimized potential losses if the market moves in the opposite direction of the investor's position.</i>
Entry Order	<i>Such an order is filled only when certain conditions are met in the market, which the order specifies. The entry order can be a limit entry order or even a stop entry order.</i>
Limit Entry Order	<i>As an example, let's assume that the current market price for GBP/USD is 1.9705-10. This implies that the trader can transact at these levels. Here, a trader can put a limit entry order to sell his holdings at a price more than the market price, say, 1.9715. His order would be executed only if that price is attained. In the similar manner, he can place an order for buying at a level of, say 1.9700, and his 'buy' order would remain pending till the price falls to that level.</i>
Stop Entry Order	<i>Such an order is generally used when the trader has sufficient grounds to believe that the currency is trading in a fixed range and believes that it is on the verge of a breakout from that range. He might want to buy at a price higher than the market price or sell at a lower price than the market price. In the same example, the trader may go ahead and buy at 1.9720 or sell at 1.9690, where he believes that once these levels are attained, the</i>

	<i>currency will only go up or fall further, as the case may be. A trader exercises the stop entry order only when a trader has reasonable grounds to believe that there will be sharp movements in the currency rates in the Forex market.</i>
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4 Understanding Forex Market Movement

Understanding expense trends of Forex is not easy at all. Businessmen often get wrong ideas and make agendas based on them and suffer losses. The following can help you understand the trends:

- ***Forex expense trends prediction***

Businessmen observe a certain level and jumps on to it thinking that it's stable. However, this is simply based on assumption and that never works in Forex business. There is no accurate prediction.

If wining is the goal, you have to base the business on the sure shot expense trends. Related to this, there are certain factors given below.

- ***The market obeys scientific laws***

There is a notion, which believes that market trends are based on logic. Some believers are Gann, Elliot and the followers of Fibonacci.

- **William D Gann** took more than 50 million dollars in profits out of the markets! In today's markets that would be closer to 500 million dollars! After many decades of incredible trading success, W D Gann moved to Miami, Florida where he continued his writings and studies up until his death on June 14, 1955.

Mr. Gann consistently repeated these incredible trading feats, issuing amazing forecasts in a number of markets one year in advance.

Since his death, W.D. Gann has become something of a legend in financial circles. His capacity to make big financial gains (both on the market, the Cuban lottery and horse racing) gave him a reputation for uncanny knowledge of market trends.

- **In the late 1920s, an accountant named Ralph Nelson Elliott** theorized that rather than being chaotic, the stock market tends to trade in a certain up and down pattern that is primarily affected by mass psychology. He referred to this pattern as "waves", and published his findings in the book "**The Wave Principle**" in 1938, and also in a series of articles in the magazine "Financial World".

The basis for the theory is the idea that **group psychology moves back and forth between optimism and pessimism, and prices tend to reflect this by moving according to society's current mood.** Elliott proposed that the pattern alternates between five waves and three waves, where in the first five, waves 1, 3, and 5 move in one direction and are called "motive" waves while the second and fourth waves move in the opposite direction, acting to correct each of the previous waves. Hence they are called "corrective" waves. In a bull market, when prices are generally rising, the general direction of the first group of waves is upward, and the trend is downward in a bear market. At the sixth wave, the trend reverses itself, and heads down in a bull market, and up in a bear market.

There are only three waves in this grouping, however, with the first and third traveling in one direction and the second wave correcting the first by traveling in the opposite direction. Each wave is driven by certain predictable actions in the marketplace such as short covering from the previous leg down, profit taking from the preceding rally, and traders “piling on” when a major rally is occurring. Traders who can develop a good understanding of these events will hold the key to the theory.

One interesting aspect of Elliott’s Wave Theory is that **each wave is made up of another 5-3 pattern, and then each of these smaller waves is also made up of a 5-3 pattern.** When patterns repeat themselves inside each other, this is known as a “fractal” effect. By recognizing this price action, traders can narrow the picture down and be able to visualize a more accurate picture of what is going on with the currency.

Although it was developed based on the stock market, the Elliott Wave Theory is also applied to forex trading quite regularly, as the foreign exchange market has many similarities to the market for equities. Some investors choose to base their analysis on a candlestick chart of daily forex prices, which is a type of bar chart that plots the high and low prices of the day along with the opening and closing prices. The body of each bar is denoted by the gap between the opening and closing price and is white if the currency rose that day and black if it declined. In addition, each bar is augmented by a “wick”, which is a line representing the high and low prices for the day. This chart is popular because it is very visual and extremely easy to understand. By plotting the waves according to Elliott’s theory, one can extrapolate the trend and try to tell the general direction and length of the current and next waves. By doing this, traders are able to make an educated guess as to where the currency price is headed.

Although this information is valuable, the Elliott Wave Theory is just one piece of the technical analysis puzzle, and the smart trader will use this tool along with several others to get a better picture of the forex market. No one method should be relied upon by itself, but when combined with other indicators such as the five-point pivot line system, the Elliott Wave Theory can help the forex trader greatly.



The Fibonacci Series was developed in 1202 by the Italian mathematician Leonardo Fibonacci. He was a prominent mathematician of the Middle Ages, and originally devised the Series as a solution for estimating the population growth of rabbits. Not only did Fibonacci discover the Fibonacci Series, he was also the first European to introduce the Hindu/Arabic number system in Europe. His great contributions to mathematics are recognized around the world, and his memory lives on through mathematical calculations all over the world.

The first few numbers of the Fibonacci Series are:

1,1,2,3,5,8,13,...

The process of finding the numbers of the Fibonacci Series is derived from the following formula:

$$u(n + 1) = u(n) + u(n - 1)$$

Each following number in the Fibonacci Series is found from adding the two previous numbers. Mathematicians were trying to find the ratio between two consecutive numbers in the Fibonacci Series, called the ["Golden Ratio."](#) They found the number to be about .6180339887, which is about equal to:

$$(1+\text{SQRT } 5)/2$$

The formula to find a given number in the Fibonacci Series is:

$$u(n) = 1/\text{SQRT } 5\{[(1+\text{SQRT } 5)/2]^n - [(1-\text{SQRT } 5)/2]^n\}$$

The Fibonacci Series has been used as an estimate to determine patterns of development and growth in nature, especially for asexual reproduction. For example, the placement of leaves on a garden plant follows the Fibonacci Series. The leaves will grow in a spiral around the stem, with each leaf growing at an exponential rate following the Fibonacci Series. The leaf pattern will repeat itself, with leaf #6 growing directly underneath leaf #1. This pattern of

asexual reproduction is defined by the phyllotactic series, which is made up of the Fibonacci Series in both the numerators and denominators. The leaf below is in the 2/5 phyllotaxy.

However, if everybody knew everything, prices would never have been a surprise and markets would be non-existent. The layman would accept these ideas and their fantastic suggestions. However facts say otherwise.

- ***News and how to use it for your profit***

The significance in News is in its influence on the Market Movements. Here for visit our Market Commentary update on a daily basis at http://www.co-fx.com/market_commentary.php or visit our HotStocks at http://www.co-fx.com/hot_stocks.php but you can also simply subscribe to our [RSS feed](#) and get the News that count daily to the device of your choice. When you want it and where you want it.

Let's see how trends occur.

- ***The actual forex expense trend***

Basics + Individual Insight into them = Forex Market Trends

People are seldom rational. They often function emotionally, which is why logical reasoning does not always hold true. The real human psychology is consistent but these matters have no logic:

1. People make costs move to extreme and these passing points can be used profitably.
2. Carry on with business. Don't get into guessing.

- ***How to beat your competitors***

Forex is a sport and competition is based on chances. You may not be able to determine chances but you will never lose.

That applies not for every instance but try out on big probability situations and you will surely take the cake with very few losses. Get huge proceeds in due course of time.

Voracity and panic resolve in fluctuating costs, creating points that are visible on Forex schedules and can be used gainfully.

It's a game so when prices fluctuate on your side, get to business. Control your finances well and be a winner.

- ***Errarum humanum est - yet loosing isn't!***

Forex markets teem with those who attempt guessing and try to get a non-existent undisclosed trend cipher. Even though Forex expense trends seem disordered, basing your business on cost fluctuations will make you a winner.

Disclaimer

Trading foreign exchange on margin carries a high level of risk and may not be suitable for all investors. The high degree of leverage often used in currency trading can work against you as well as for you. Due to the nature of leveraged products, investors can lose more than their initial deposit. The content of this website does not constitute a recommendation and consequently, you should consider the information in light of your objectives, financial situation and needs before making any decision about whether to acquire any Continental Capital Investment financial product. For more information Please feel free to contact us at +6496320100

5 Trading Forex – there is no taking sides

It is difficult for Forex traders to realize that the currency market is extremely unpredictable. As new traders spend a long time trying to learn the mechanics of the foreign exchange trade and focus their time and energy on trying to find a method for predicting movements, they naturally expect there to be rules governing the movement of the market. This not being the case, many traders find themselves at a disadvantage.

While Forex traders have a number of tools at their disposal, which allow them to judge the right time to open or close a position, many prefer to rely mostly on one tool. So, having opened a position, they watch their favorite indicator and, to a large extent, base their trading decisions solely on it, ignoring the others.

This works well enough until that indicator starts telling them something different from what the others are. Traders caught in an open position which their favorite tool is telling them to hold, will often do so, despite the fact that other tools are telling them to close and get off the market, and end up losing money.

The basic problem, of course, is that the trader is not looking at the market as is, but through the lenses of his own expectations about it and further using his favorite indicator to reinforce those ideas instead of looking at the bigger picture. And, encouraged by the fact that his chosen indicator is forecasting the profit he wants, the trader is focusing more on money than on the market.

If the Forex market was not unpredictable, it would collapse because all traders would profit all the time. There are many tools that can help traders predict the direction of the market and they usually do an efficient job. Our Metatrader indicators are:

Divergence Indicators	Multi-TimeFrame Indicators	General Purpose Indicators	Statistical Indicators
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But even in the hands of the most experienced traders, the best tools occasionally fail to predict the market's movements correctly.

Losing in trade because of predicting the market wrongly is an innate part of Forex trading and traders need to accept it. Besides, they need to learn to avoid getting in a position where they do not have many choices.

For this, the trader needs to accept the fact that the foreign exchange market pretty much has a mind of its own and the traders have to follow its movements instead of trying to make it go in the direction they want it to.

- ***Forex trading tools***

There is no one single super smart Forex trading tool which gives you profit, profit and more profit. The only possible solution is to use a combination of different tools to identify the favorable market forces to get a maximum number of high probability trades over a period of time. Trendlines are the most popular and reliable Forex trading tool which many successful traders give their testimonial for.

- ***Three trend lines strategy***

Trend Lines are an important tool for trend identification and confirmation in technical analysis. It is a straight line that connects two or more price points and then extends into the future to guide you.

There will be lines drawn across significant lows in an uptrend, and significant highs in a downtrend. To roughly classify trend lines, we can divide them into three as short term trendlines, medium term trendlines and long term trendlines.

- 1. Short Term Trendlines**

Draw these lines across the most recent two lows for an uptrend or across most recent two highs for a downtrend. Best observations are found on a smaller time frame such as a 15 minute or 30 minute chart.



2. Medium Term Trendlines

These are best observed on a higher time frame like a 60 minute chart. It either connects the nearest significant low to current price action to the previous significant low in an uptrend or the nearest significant high to current price action to the previous significant high in a downtrend.



3. Long Term Trendlines

It uses higher time frames such as the 4 hour chart or the daily chart to draw long term trendlines using the same method of Medium Term Trendlines. The long term trend line is

considered as an effective Forex trading tool. The daily chart is used mostly by traders of big institutions who do not usually engage in small moves on an intra day level.



By drawing a trend line on a daily chart you can graphically analyze where price is and where it is likely to bounce. But employ trendlines as a Forex trading tool with caution and discretion. Covering your charts with every trend line possible will result in confusion and blurry analysis.

It is not a good idea to rely completely on a short time trend line. They merely give you a defined picture of current price action. These are broken often during the course of a day. Their main use is to give you a clear, instantly recognizable graphical representation of current price behavior.

If you notice price coming back to test a trend line on the higher time frames, look at other factors. Draw in horizontal lines to mark key support and resistance using previous highs and lows. Draw Fibonacci retracement and extension levels. Calculate the daily pivot points (**Pivot Point** is a technical indicator derived by calculating the numerical average of a particular stock's high, low and closing prices.) and put them on your chart. Have the 200 EMA (Exponential Moving Average) shown on your charts.

6 Road Map to Success – Baby Steps

When 95% of traders lose money, what makes you think you can win?

To see your chances of succeeding as a forex trader, here is a checklist for you to see and become one of the elite traders, who make tremendous long term profits. Following are a few ways to lose money.

You may wish to change your mind immediately if you are thinking of trying any of them. Do this to avoid losses and continue your forex education!

1. Following a Forex Robot with Simulated Gains - You can apparently achieve success without any effort as promised by these. You are asked to accept their track records simulated going backwards. Your equity will get destroyed by trying them.

2. Day trading and Scalping - Due to the random short term volatility, simply doesn't work. Like the robots, even people selling these always have simulated track records. Many more of these all fall into the category of trying to find someone else to give you success. This does not work in forex markets. Apart from needing a trading edge, you also have to understand ways and reasons of it leading you to success. Let's look at this in detail.

- ***Success a & Confidence a winning combo***

The combination of a simple robot helping you to understand and trade with discipline is what forex trading is about. You need to know what you are doing to trade with discipline. This translates into having confidence, which you definitely don't get from someone telling you what to do. You get confidence from your own knowledge and learning.

- ***Losses & Discipline***

As you have to keep executing trading signals through losing periods, discipline is hard. This has to be continued till you hit a home run, even when the market is fooling you and taking your money.

- ***The trading edge***

What separates out your forex trading system from the 95% losers is your trading edge. You can answer what is your trading edge and how will it help you beat the majority. You don't have one if you don't know what it is.

Only a few succeed in forex trading. These elements are present in the winners' forex trading strategy:

- Having a solid understanding of forex trading
- knowing exactly why the system will lead to success
- Having confidence and discipline to follow your own plan
- Knowing that the responsibility for your trading success is in your hands alone

You have to stand alone,

be confident of your actions

and be disciplined to follow your plan in forex trading.

- ***Loss or Win – it always is your decision***

Sounds simple, however it actually depends on your approach to forex trading - with the right mindset and the right education. The trader beats himself, rather than the market beating the trader in forex trading.

Learn the basic fundamentals, get a suitable system, become confident, get an edge and be disciplined. Do all of these to enjoy currency trading success.

7 Trading Forex – beware of your emotions

Getting emotional in the stock market is the worst thing that can happen to investors. The same goes for Forex traders as well. Seeing paper losses in everyday trade is pretty common.

Once to take a decision to buy something and make losses, you still hold on even if situations turn from bad to worse, only because you feel that things might turn back in your favor once again. The main problem here is that, the decision to stick to a losing trade for a long time is an emotional one, since you are in no mood to accept a loss and get out of the trade.

Forex market is largely influenced by the general market and you must always trade on what the indications based on the market are, and not just initiate one since your heart tells you to. At times, you might be so emotionally attached to a given currency in the Forex market, that most of your exposure to the Forex market would be in that particular currency.

Nothing wrong with it, as if you have reasonable grounds to believe that the currency will do well, then you will actually profit from the exchange. The ‘wrong’ thing is opening up a trade in a currency just because your heart tells you to.

In the case, if you strongly feel about any given currency, then it’s better to check the reality by having the look at what the market is indicating. That will give you a clear picture of whether or not you should trade in that currency.

The basic thing that is needed to be remembered is that once you have initiated a trade, and are incurring paper losses, and by all indications, things are likely to get even worse for you, then it is much better to book losses and come out of it rather than sticking to it till a time you ultimately are able to see some gains from it. Remember, the markets have little room for emotions.

Forex trading is not a win-win situation. Be prepared to lose on some trades as well. That’s the precise manner in which the market works. It is not really a question of whether you are right or not, the fact remains that markets move in an unexpected way and they have a knack of surprising people when they

least expect it. All the fundamentals and even experience may be thrown into the air when the markets decide to do something.

So just follow the indications that the market gives you. If you feel that after initiating a trade, things are not going the way you had foreseen, book your losses and get out of it. You can invest the amount in some other trade and make good gains rather than sticking to your losing trade.

8 Forex Trading Strategies – Chanel breakout

Forex system happens to be the greatest global trade. It taps into some movements for businessmen to gain well. One accepted Forex business agenda utilized rather gainfully in the business is called Channel Breakout.

Forex Trading Channels – Channels consist of paths made on a schedule to trace the array where exchange had been transacted in a time span. They can be simply constructed. Observe the schedule in a time span and draw lines linking the comparatively tall spot business expenses, and down under linking a comparative low spot business expenses. This will give you a picture of the business array existent during a time span like, six months.

Channel Breakout – Once the value of exchange goes up the peak network line, there is a rising network getaway. Also, once the value goes down below the lowest network spot, you get a downward network getaway. Network getaways happen upwards and downwards. With enough Forex input with scientific scrutiny, everyone may utilize the process for getting a gainful exchange business agenda.

You have to build the channels very carefully. Every meeting of lines doesn't indicate a proper getaway. If there is any fallacy in the line construction, what you observe is business out of the array, which just leads you back inside. Therefore, before anything else, gain enough knowledge on Forex.

Gainful Control of Forex channels – When you figure out the working of networks, gains will happen. Construct the business with enough pauses. Then, in case of an incorrect getaway sign, you will get tolerable losses or if luck favors you, a very low profit.

But if you are on the correct side of a proper network getaway, the tiny lack you received will be moved away and you get a good big satisfactory gain.

Any proper Forex business shareholder worth his name capitalizes on channel breakouts. In case you want to cash in the exchange markets, take out a certain amount of time for a Forex education to build this agenda and various technological scrutiny processes.

That will build up the exchange agendas, which would yield gainful consequences. If you don't give some time to completely figure out the stakes and yields contained in a Forex business agenda, you may not get the desirable consequences. So you see, your gain just depends on you.

9 Time is Money – how to time your entries in Forex

When you sense a trading opportunity, the deciding factor is to know exactly when to buy. Unfortunately this is the very point at which most lose the plot by timing their entry levels improperly. But here are some basic guidelines to help you at those crucial moments:

- ***Support & Resistance and how to make them work***

If you try and use the fundamental rule of the share market – “buy low, sell high” – in Forex trading, you’ll actually lose money. To understand you need to know how the system of support and resistance works.

A support price is a historically tested price at which traders intervene and buy, so as to “support the market”. The more times this price is tested, the more bankable the support price will be.

Inversely, a resistance level is defined as a level at which “prices were resisted from moving any higher”. Here too the more times this level is tested, the more reliable it becomes.

- ***Buy low – Sell high is NOT the ultimate truth***

The reason why this traditional wisdom is counterproductive in Forex trading is that if you actually wait for prices to fall, you’re going to end up missing some of the best opportunities for making money. Consider: when a currency starts to pick up, what are the chances of its pulling back?

What if it doesn’t and steadies out? If you keep waiting for a pullback, you could end up never getting in on the trade because most of the changes in currencies occur from new market highs and without any pullback.

So if you plan to focus your Forex trade strategy on waiting for an entry at support prices, wake up! You stand to lose out on the most profitable trades. What your Forex trading strategy should target is rather, to “buy high and sell higher” – i.e. you should try and do quite the reverse of what the general crowd is doing. Try and keep a lookout for any breakthroughs in support and resistance, and then sell and buy correspondingly.

- ***Guts and Money how they make an item***

The policy of going against the crowd takes courage to practice. But think over the strategy with a cool head and you shall find it is the most logical thing to do. How often have you heard of traders buying into support, but the market continuing its freefall, breaking the support?

And again, haven't you heard tell of the price continuing to soar and never getting to support, thereby making the trader miss the chance to capitalize on the trend?

So rather than be traditional and lose money, it is easier to adopt the breakouts policy: you won't be comfortable on entry but you will be making money. The trick is to break away from the pattern that the losing majority sets and to do what is productive and logical considering the common and predictable response.

10 The Importance of Accurate Charts

Do you want to earn money in the arena of foreign exchange? In order to accomplish so, you should possess in-depth technical knowledge, focused on the capability of tracking currency exchange rates, through interpreting actual forex charts. http://www.co-fx.com/market_charts.php

If you are an amateur in this field, you should quickly discover authentic forex charts from the Internet or may opt for free actual forex charts. The best option is however, to take the help of our state of the art metatrader charts offered on our website http://www.co-fx.com/market_charts.php as well as in our free demo accounts <http://www.co-fx.com/software/co4setup.exe> recognition software and mastering on it, you are well suited for this business.

Forex charts keep you updated about currency values at any time, even between short time gaps like minutes to long intervals like several years. The graphs depicting the oscillations in rates are line graphs, or bar diagrams or candlestick charts.

Line charts are easy to interpret and help you to broadly check ups and downs of prices. It aids you to track the current trend of rate movement. On the contrary, bar charts are not as lucid as line graphs but supply a much in depth information.

To summarize, the length of a bar chart depicts the amount of rise or fall in price and the breadth gives the duration, which has witnessed this. Initial and final rates are mentioned on chart so that you can identify the range and whether it's a fall or rise. There are pattern recognition software available that interpret the bar diagrams for you and make your task easier.

The Japanese were first found to use candlestick charts to plot their amount of their rice production. Since then they have been increasingly popular. Though they are similar to bar diagrams, they are colored.

Each color acts as a code to signify the rise or fall in price. The index is written on the graph itself. Thus candlestick plots are much more user friendly than bars. Candlestick charts have unique patterns and

they are as pretty as to be named after natural beauties. As soon as you are able to identify the particular pattern you will identify the market trend.

An actual forex chart is often complemented with many technical indicators such as trend, strength, volatility and cyclic movements. A forex chart is useful itself, but this adjunct information is provided to ease your task of market analysis to predict both movements in the market and market volume.



11 How to Calculate your Interest on Forex Trades

One of the best things about Forex trading is the fact that one can trade using leverage, thus borrowing as much as 1,000 times your capital in order to make a trade. However, borrowing money for trading in foreign exchange is the same as borrowing it for other purposes—interest must be paid on the loan.

However, as currency trading involves both buying and selling, the interest due on your loan can be offset by the interest earned on the currency you buy. Before going on to particular examples, let us take a look at interest rates in general, to see how the foreign exchange market is affected by it.

The government, because of rapidly rising prices, might decide to raise interest rates. This would increase the cost of the country's currency, and make demand and consumption fall, as borrowing would be more expensive.

This in turn would cause prices to fall and inflation rates would come down. Similarly, a country undergoing recession might lower interest rates to boost the country's economy, as lower price of currency would cause demand, and, therefore, supply, to increase.

Interest rates set by central banks also determine at what rate commercial banks can borrow from governments and lend to their customers, including forex traders. This tells us how interest rates affect this trade.

A trader who, for example buys GBP/USD, needs to borrow the Dollars to buy the Pounds and will, thus, pay interest on the USD and earn it on the GBP. If the interest rate the Bank of England sets for the UK Pound is higher than the one set by the Federal Reserve for the US Dollar, the trader will earn more on the UK Pounds he bought than he pays on the US Dollars he borrowed, thus making a profit.

However, unless there is a significant difference between the two interest rates, the net profit or loss will be marginal. Besides, while interest rates are set on an annual basis, trading positions are usually opened for short periods. This serves to significantly lower any gain or loss on interest rates.

In central banks, interest rates are set in accordance with a country's monetary policy—high interest rates make the currency more expensive to buy and lower interest rates make it less so. Imagining the government of a country with high inflation will help you understand how interest rates are used.

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