FOREX

CHAPTER-1 THE BASICS OF FOREX TRADING

HIGH-RISK WARNING:

Foreign exchange trading conveys a high level of risk that may not be suitable for all financial specialists. Leverage makes additional risk and loss exposure. Before you choose to exchange remote trade, cautiously think about your venture targets, experience level, and hazard resilience.

You could lose a few or the entirety of your underlying investment; do not contribute money that you cannot bear to lose. Educate yourself on the risk associated with foreign exchange trading and look for guidance from an independent or advisors in case you have any inquiries.

WARNING:

We give references and connections to choose sites, and different wellsprings of monetary and market data as instructive support of its customers and prospects and does not underwrite the assessments or proposals of the sites or different wellsprings of data. Customers and possibilities are encouraged to deliberately consider the conclusions and investigation offered in the sites or other data sources with regards to the customer or prospect's examination and essential leadership.

None of the web journals or different wellsprings of data is to be considered as comprising a reputation. Past execution is no assurance of future results and we explicitly prompt customers and prospect to painstakingly audit all cases and portrayals made by counsels, bloggers, cash directors and framework merchants before contributing any assets or opening a record with any Forex vendor. Any news, assessments, research, information, or other data contained inside this site is given as general market critique and does not comprise venture or exchanging counsel.

We explicitly renounce any obligation for any lost head or benefits without constraint, which may emerge legitimately or by implication from the utilization of or dependence on such data. Similarly, as with all such warning administrations, past outcomes are never an assurance of future results.

What is Forex trading?

Forex trading or money trade as it identifies with individual retail investors and investors refers to the trading of global monetary forms against each other in an around the world, decentralized financial market that operates for the day, apart from weekend.

How can one profit from Forex exchanging?

Buy low and sell high is the stunt here! The costs of monetary standards in the small trade market frequently change; that is, rise and fall. In that capacity, the profit potential originates from these adjustments in currency prices.

Online trading removes the requirement for intermediaries (for example, banks). What is more, indeed, it tends to be a remunerating experience. In any case, similar to some other business, you should be appropriately arranged. The most significant planning you should accomplish for your trading business is to get the best possible training.

How can one be beginning exchanging monetary standards?

If you wish to initiate a profession in Forex trading, you should enrol with a Forex business firm and afterwards deposit the amount you need to use in your trading account. When you have finished the depositing procedure, you are prepared to start trading.

Since there are many trading fields, an individual can decide to begin exchanging, settling on a legitimate decision through careful assessment is essential.

Advantages of online Forex trading

Simplicity

Online Forex trading has low barriers to entry, making it effectively available to all brokers with internet access. Merchants can get to the market 24 hours per day, from their desktop and mobile phone.

Flexibility

With online trading, you are not limited to one market. You can trade Forex, indices, and commodities. It is everything accessible to you inside the style of trading you decide to receive.

Transparency

With online trading, there are no surprises. Since you have full control to monitor your trading status, you realize the amount you can lose and the amount you can make. It allows you to trade effortlessly and in a casual mode, which is how you ought to be when trading currency consistently.

How are monetary standards exchanged the Forex advertise?

In the currency market, currencies are traded in pairs. Note that a currency pair is comprised of the base currency and the quote currency or the counter currency. For instance, the citation EUR/USD, EUR is the base currency, while the USD is the quote currency. The currency pair points out the amount of the quote currency expected to get one unit of the base currency. For instance, on the off chance that EUR/USD is exchanging at 1.3900, at that point it implies that you'll require 1.3900 dollars to buy 1 euro.

Accordingly, the quote currency is the thing that gives your profits or loses for every exchange you take part in while trading in the foreign exchange market.

What are pips?

Pips are the units of calculation utilized by Forex brokers to compute the profit or loss from the trades they make. On the off chance that you take a gander at any currency quote beginning from the left and count four places, at that point the fourth spot is the pips a value in a section. For instance, when the money pair moves from an estimation of 1.4022 to 1.4026, at that point, it has moved by 4 pips. What is more, when a pip has an estimate of $10, at that point the profit is $40. To figure the estimation of pips, brokers typically utilize the accompanying pips recipe:
The approaching cost for the money exchange
Divided by one pip
Multiply by the value of trade.
The aftereffect of this gives the estimation of the quantity of pips picked up or lost in a trade.

What is bidirectional trading?

In the foreign exchange market, there are constantly two currency forms being traded. One currency is bought while the other is at the same time being sold. For one currency to rise in value, at that point the other currency must fall in value. Accordingly, either the base currency or the quote currency will consistently be rising in value, which means there is consistently the possibility to profit.

On the off chance that the base currency is falling in value, at that point, it implies that the quote currency is strengthening. In this way, bidirectional trading the Forex market empowers you to place trades paying little mind to the course of the market.

Leverage is a common practice in currency trading and allows traders to greatly magnify the speed and impact of the trades they place. Leverage is what has transformed Forex from just another form of trading to a highly exciting but also highly volatile activity.

It is of the essence to note that leverage is a double-edged sword. This means that you can magnify both the profits potential and loss potential of your trades. For example, if a trader opens a trade with a margin of $50 and a leverage of 200 times, then it means that the actual trade value will be 50 x 200 or $10,000. If the trader records a gain, the profit will be 200 times greater than it would otherwise have been. On the other hand, if the trader experiences a loss, then the loss will be 200 times more than it would otherwise have been.

Because leverage can have such a dramatic impact on your trading, it is essential to set clear limits and targets for your trades to reduce the risk of a meltdown in your account.

Trade model

Let's say you want to open a trade on EUR/USD. You think the market will rise, and the EUR will strengthen, so you decide to buy the EUR/USD. The rate is 1.4000, and you are willing to invest $100 from your account.

You decide on the leverage of 100 times. Thus, the amount of trade will be $10,000. Your margin is 1%, that means that if the value of the pair drops by one percentage, then you will lose your trade margin and your trade will be closed.

However, if the markets go in the direction you expected, then on a gain of 1% you will profit by $100. You can then close the deal and bank the $100 you earned and the $100 you invested.

How does one carry out an analysis of the market?

There are two main ways of undertaking market analysis: technical analysis and fundamental analysis, you will learn about both of them in the next lesson.

Chapter 2 MARKET ANALYSIS

Welcome to the Market Analysis course! In this course, you will adapt basically, rapidly and intelligently about utilizing basic and specialized investigation when exchanging. Keep in mind that you can observe every individual exercise as regularly as you might want. We should begin at whatever point you are prepared…

There are two main types of market analysis:
Technical Analysis
Fundamental Analysis

Technical Analysis

To succeed as a Forex trader, you must undertake a detailed analysis of the market before placing any trades on the trading platform. Analysis of the market involves forecasting market behaviour to identify the best places to enter and exit trades.

Technical analysis is a strategy of forecasting future market movements by studying historical price patterns and trends in the foreign exchange market. Whereas technical analysts may use various tools and theories in attempting to predict correctly market moves, the most common instrument used by all is the chart.

There are three main principles in technical analysis:

l. Market action is the king

Followers of technical analysis hold that all the fundamental conditions that could affect the behaviour of a currency are already reflected in the price movements.

2. The market movement follow trends

Technical analysts hold that the rise and fall of currency prices in the foreign exchange market occur in an orderly manner, which is both systematic and easy to forecast. The three major types of trends are upwards, downwards, or sideways.

3. History tends to repeat itself

The movement of currency prices in the foreign exchange market has been tracked for several years. And a lot of studies have revealed several repetitive patterns that often appear on charts. Therefore, technical analysts believe that patterns that appeared in the past are likely to occur in the future

Fundamental Analysis

Fundamental analysis is a type of market analysis that involves examining the economic, social, and political factors and their influence on the value of currencies. Traders using fundamental analysis as the basis for making informed decisions on when and how to trade currencies believe that its macroeconomic condition reflects the value of the currency in the Forex market. It means that the currency of a country with a strong economy will have a higher value than the currency of a country with a weak economy.

It is important to mention that economic news, as well as important political events, have the power to trigger significant movements in the Forex market. As such, by analysing them, you can better understand how the market is likely to move in the future.

When examining economic data on an Economic Calendar, you should study the previous results and forecast results, and then compare them with the actual results. Movements in the market happen when there is a difference between market expectations – based on the previous and forecast results – and the actual result.

Here is a description of some of the key economic data that often cause movements in the Forex market:

l Interest rates:

Interest rates are regarded as possibly the most significant mover of currency prices in the foreign exchange market. It is of the essence to note that each currency has a daily interest rate determined by the nation's central bank.

Lower interest rates can cause the value of a nation's currency to weaken, and higher interest rates can cause the value of the currency to strengthen. If a central bank of a country makes its interest rates to be high, this will increase the yield of holding the currency; therefore, the currency would become more attractive to keep as weighed against its counterparts. As a result, its value would rise.

Conversely, if a central bank of a country decreases the interest rates of a country, then this would make the currency less attractive to hold. As a result, its value would come down.

l Growth indicators

Growth indicators exhibit the status of the economy of a country. If the indicators are positive or increasing, it usually suggests the good overall economic condition of the country. Naturally, this would attract foreign investors and make the value of its currency to appreciate.

Some of the growth indicators closely monitored by currency traders include Gross Domestic Product (GDP), Gross National Product (GNP), Consumer Price Index (CPI), construction indexes, capital expenditure, and government spending.

l Inflation rates

Inflation alludes to the general increase in the prices of goods and services within a certain territory over a specific period. Inflation indicators like PPI (Producer Price Index) in a country are usually employed as a means of measuring its underlying economic growth. As such, central banks normally have checks and balances to ensure inflation rates do not go out of control.

A country with a high rate of inflation has a low purchasing power and thus a poorly performing currency. To increase the strength of such a currency, the government may decide to raise the country's interest rates.

l Employment indicators

Employment reports provide a sign of how the economy of a country is performing. If the number of individuals getting jobs in a country is regularly increasing, then it means that the economy is expanding. Conversely, if there is no remarkable growth in a country's employment rate, then it indicates that its economy is not performing as expected and can weaken its currency.

For instance, the Non-Farm Payrolls report, which is an employment report released monthly from the US, plays a vital role in determining the strength of currencies in the foreign exchange market.

l Balance of trade reports

Balance of Trade (BOT) means the difference between the imports and the exports of a country. If a country has more exports than imports, then this usually translates to it having a strong currency. The opposite is also true.

How does one trade news and events?

Trading the markets based on important news events is a popular fundamental trading strategy that is practised by several traders around the world. News traders attempt to anticipate how the market will react to events and time the biggest movements.

Fundamental traders watch for surprising news that differs from the market expectations and can result in substantial price changes. It is of the essence to note that news results can have a surprising impact on the market, so fundamental traders need to beware of this. Worth mentioning, critical economic news releases from the world's largest economies often trigger price movements in the currency market. And, following the most important news releases with the greatest market impact is one fundamental strategy for trading the Forex market.

Therefore, you should learn which releases to look out for, when they are due out, and how to trade based on the observed results. This trading style requires considerable research but allows well-informed traders to reap significant rewards. It is important to remember that market movements based on news events can only last for a few minutes, so watching the news as it occurs is crucial to this strategy's success. And, you should beware of a contrary market impact when trading key events in the marketplace.

Chapter 3 The Psychology of Trading

Welcome to the Psychology of Trading course!

In this course, you'll learn all about the decision-making process of trading: simply, quickly, and interactively. Specifically, we will discuss some of the common psychological obstacles to trading and provide some solutions to them. Remember that you are free to watch each lesson as often as you'd like. So now, if you're ready, let's get started.

Fear of loss

Fear is what often gets in the way of successful trading. That's why understanding and controlling your fears is so important. So, how do you stop your fears from controlling your trading? The answer lies in developing a trading plan. As the old adage goes "Failing to plan is planning to fail", your plan is what will help you in navigating the Forex waters with profit. As such, your plan should set your trading goals and identify the price levels and strategies you'll focus on. If you don't yet feel like you know enough to plan in this way, then you might want to concentrate on practice trading for some time or seek out more traders' education before starting to trade on a real account.

How to overcome the fear of loss

Success as a trader requires overcoming your fears and developing the confidence to learn from your mistakes. To realize long term success, you'll need to believe in your ability to make more money than you lose. Further, you should always stick to your trading plan regardless of the conditions of the market. That makes it easier for you to continue to place trades, even after a string of losing positions. And, in the long run, you'll emerge a victor.

Greed

Most traders know what it feels like to hold on to a trade for too long and see significant profits go down the drain due to this. When this happens, it's often the trader's greed that's to blame. Greed changes the way you think and act and can cause you to make mistakes in the market, which can cost you dearly.

A lot of new traders imagine that it's possible to earn returns of 100 or 1000 times their initial investments from just a few days of trading. Add a high leverage rate into the mix, and you have a sure-fire recipe for disaster – courtesy of greed. It is important to note that success in Forex trading requires determination, hard work, and discipline.

However, greedy traders always think that this business is not based on any rules, and they end up placing trades without proper analysis. The result? Massive devastations on their trading accounts.

How to overcome greed when trading Forex
Your decision to invest in the markets should be based on rational analysis.
l Since trading is not gambling; you should never treat it like it.
l Remember that there are a lot of opportunities in the markets, but you'll only be able to exploit them if you can learn to control emotions like greed.

l After all, when you think you've spotted an opportunity, shouldn't you go all in? The answer is NO.
l Don't risk your account in a single trade – it's the classic mistake of an inexperienced trader and it means letting your greed control you.
l Always remember that the market can go against you.
l Dance to the tune of the market, do not dance at your tunes

Position management
In Forex trading, position management involves controlling how you invest and the amount of money you allocate for entering each trade in the market. As a trader, your position management strategy is crucial for successful trading. It's of the essence to note that you may not be able to control the markets, but you can influence how you invest and the amount of risk which you take.
Your money management strategy should answer these two key questions:
l How much money should I risk on any single trade?
l What size of trades should I be making?

Position management solutions

As a trader, your first goal should be to preserve your capital. If you can stay in the market long enough to achieve some big wins, then it should cover the costs of your losing trades and deliver you some good returns on your investment.

And you can only achieve this by having a good money management strategy. Most experienced traders never risk more than 2% of their trading capital on any single trade. Thus, with a $10,000 account, that means your maximum potential loss should be $200 on any single trade.

Risk management

It's no secret that you can't control the direction of the market or the extent of its swings and movements. But there is one way in which every trader can achieve real control over their trading – and that's through proper money management.

Money management is a set of rules and guidelines designed to help you keep risk at a level where you're comfortable.
Effective money management asks, then answers these three key questions:
l What should my risk-reward ratio be?
L is the right amount of risk for me to accept per trade?
L how much risk should I take across my account?

These questions sound simple but getting them right is the key to your success as a trader. With the right money management strategy in place, you can be wrong 50% of the time when you trade and still profit overall.

Risk management solutions

The risk-reward ratio helps traders determine the level of risk in a trade. It shows how much a trader is risking versus the potential reward they can make if the trade becomes a success. So, how do you calculate the risk-reward ratio?

It's simple:

The "Stop Loss" displays your risk, and the "Take Profit" displays your potential reward. So, if on a specific trade your stop-loss is set at $100, and your take profit is set at $200, then the risk-reward ratio is 100:200 or 1:2. The larger your risk-reward ratio, the more quickly you'll be able to absorb losses through time. An acceptable risk-reward ratio for beginning traders is 1:3. Any number below 1:2 is too risky, and the trade should be avoided.

Chapter -4 Forex Trading Strategies

Welcome to the Forex Trading Strategies course!

In this course, you will learn simple, quickly and interactively about a variety of Forex trading strategies that range from necessary to more advanced and complex strategies. Remember that you can watch each individual's lesson as often as you would like. Let's start whenever you are ready.

l **Day trading**

Day trading strategies encompass all trading styles that involve closing out all trading positions before the end of the trading day. Day traders usually have a concise term time horizon and take only intraday positions aiming for a fast profit. Day trading allows Forex traders to avoid taking overnight risk where their portfolio is exposed to unmonitored exchange rate movements that occur when they are asleep or inattentive to the market. Scalping is an example of a day trading strategy whereby a Forex trader might attempt to buy on or near the market bid and then quickly sell out the position at or near the offer side to gain a few pips.

l **News trading**

News trading strategies involve trading Forex based on the release of important news events or economic data. News trading is usually a concise term trading strategy where traders try to predict how the Forex market will react to the observed news event. When the outcome differs substantially from the Forex market's consensus expectations, the result is often a sharp exchange rate movement that can provide news traders with a quick profit. Popular economic releases to trade include employment, inflation, growth and retail sales data, as well as central bank interest rate decisions. Remember that the observed impact of news can sometimes be counter-intuitive, depending on what outcome the market was expecting.

l **Swing trading**

Swing trading strategies typically attempt to profit from both trends and counter-trend corrections by taking positions that follow the momentum of the market. Swing trading can be performed in all time frames, although it is most commonly used as a short to a medium-term trading strategy that may involve taking overnight positions. Swing traders usually employ a combination of technical indicators that assess the market's momentum and trend to help them trade and provide trading signals for taking and then reversing their trading positions. Popular swing trading momentum indicators include the Relative Strength Index or RSI. Popular trend indicators include moving averages and Wilder's Average Directional Movement Indicator (ADX).

l **Trend trading**

Trend trading involves first identifying and then following an established directional market movement or trend. Trend trading can be performed over any time frame, but it is typically a longer-term trading strategy where traders routinely take overnight positions. A trend trader will usually identify trending chart patterns like channels and employ one or more technical indicators to assess the strength of the market's trend and provide trading signals for entering and exiting trend trading positions. Popular trend indicators include moving averages and MACD. Wilder's Average Directional Movement Index (ADX) can also be used to gauge the strength of a trend. A trend trader will look for a good time to buy in an uptrend or to sell in a downtrend. They will usually hold no position in a flat or ranging market.

l **Carry trading**

Carry trading involves buying a higher interest rate currency and selling a lower interest rate currency to capture the interest rate differential existing between them. Carry traders typically take leveraged positions that they hold over a long term time frame. Ideally, a carry trader would expect the higher interest rate currency to appreciate relative to the lower interest rate currency over the trade's projected time frame to generate even more profits. An example of carrying trading might involve buying the Australian Dollar and simultaneously selling the Japanese Yen for six months or more to capture the positive interest rate differential.

l **Chart level trading**

Chart level trading involves pursuing exchange rate charts to identify significant levels of support and resistance. Support and resistance levels are usually an indicator of underlying human psychology that prompts a significant market reversal at a particular exchange rate. They often occur near round numbers. Chart level traders typically attempt to sell ahead of resistance and buy above support. They often place their stops just beyond the chart level in case it breaks.

l **Classic chart pattern trading**

Classic chart pattern trading involves perusing exchange rate charts for chart patterns that have reliable outcomes and then trading the appropriate range or breakout signals as they arise. Classic reversal chart patterns that indicate the market may be changing direction include Head and Shoulder Tops and Bottoms, Double and Triple Tops and Bottoms, and Saucer Tops and Bottoms. Classic continuation chart patterns include Flags and Pennants, where the market pauses briefly after a substantial move before breaking out to make another move in the same direction. Classic consolidation patterns include triangles, wedges, and ranges where the market trades between established converging or flat parallel lines before breaking out. The primary classic trending pattern is the Channel, which consists of a set of sloping parallel trend lines between which the market trades as it moves in either an upwards or downwards direction.

l **Technical indicator trading**

Technical indicator trading involves computing one or more indicators that provide trading signals which can be used to forecast and profit from exchange rate movements. Technical analysis offers traders a variety of indicators computed mathematically from market observables like price, volume and open interest that can be used alone or in combination to devise a technical indicator trading strategy.

Popular technical indicators used in trading strategies include moving averages, the Moving Average Convergence Divergence or MACD oscillator, Bollinger Bands, the Average Directional Movement Index or ADX, the Relative Strength Index or RSI, William's Alligator indicator, Stochastic, and On Balance Volume. Technical indicators provide traders with a more objective way to determine market direction and timing for entering and exiting positions.

Conclusion

Proper training is essential for achieving success as a Forex trader. Without the right preparation and expertise, inevitably, a trader's possibilities of succeeding are substantially reduced. This e-book, The Building Blocks for Succeeding with Forex Trading, was created by traders and for traders to equip traders with the right skills of earning big returns from trading currencies.

You must learn at your own pace and take time to familiarize yourself with the foreign exchange market. Only then should you consider entering trades in the market. Whether you are an investor who wants to learn Forex trading for the first time or someone who wants to give Forex trading a try, then take the first steps with this easy-to-follow e-book. Notably, the lessons in this guide give new and experienced traders alike all the essential tools and resources to start buying and selling currencies in the Forex market.

CFD

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Chapter1 Understanding Contract for Differences

For as far back as not many years, Contract for Difference has significantly picked up prevalence all around. This money related instrument was presented in the '80s and given the name 'equity swap.' So what precisely is contracted for the difference? This is an understanding between the seller and the buyer, demonstrating that the vender will pay the individual purchasing any contrast between the estimation of the benefit toward the finish of the agreement and the analysis of the advantage at the hour of going into the Contract. (Or on the other hand, acquire cash from the purchaser if the distinction ends up being harmful.) Well, most likely this may sound to some degree misdirecting when in the real sense the CFDs are set apart to advertise every day and not at all like a choice, they don't have a fixed lapse.

There is no instability premium or time an incentive in a CFD. It is only a one for one value swap. You don't convey the fundamental, and simply like any offer, it is settled in real money on the off chance that you are prepared and ready to smooth your position. Also, similar to the value swap the Contract for Difference's are OTC implying that the agreements can without much of a stretch be intended to suit a person's needs, and they also maintain a strategic distance from the trade expenses. Selling might be gotten troublesome on the off chance that you neglect to get a merchant for your custom Contract for Difference.

If you can't value a CFD like a choice or convey/get the fundamental instrument, the CFD depends on the truly, what is the purpose of exchanging? One of the known qualities of CFD exchanging is that you can really exchange on edge – and this is essentially the motivation behind why most retail financial specialists are exchanging CFD - and in real sense utilize next to no funding to begin. For example, Singapore trade licenses 1:20.

Another advantage you will get the opportunity to appreciate as a financial specialist is the capacity to appreciate markets that are moving downwards matching a fairly short position. They are not so much short as nothing has been acquired. To state reality, the whole financier network enjoys the possibilities of the Contract for distinction (CFD) business. They get the opportunity to gain great commission from exchanges, in addition to they likewise had the chance to get the financing charges and in light of day by day stamping to showcase default hazard is stayed low.

In actuality, CFDs are today so pervasive amid the financier network that even the Australian Stock Exchange (ASE) is attempting to be a piece of the game by basically enlisting trade exchanged CFDs. They are likewise trying to additionally broaden their item offering and simultaneously winning the trade expense for every single exchange.

Like I referenced before on, CFDs are marginal. Also, there are always two sorts of edge: introductory and variable edge. Give me a chance to give you a model. Much of the time, the variable edge is set at a specific rate with stocks, however with regards to CFDs and stamping to-showcase setting a fixed rate is entirely superfluous.

For instance, if a CFD investor decides to buy 200 shares using Contract for Difference at, let's say $200. Then the price depreciates to $180, therefore, means that the broker will have to decrease the account by $4000 (200 shares x $20) and this will be in the variable margin. Alternatively, if the share price skyrockets to $110, the broker will have to credit the CFD traders account by $1000 in the positive variable margin. When the markets are volatile, they are always in a position to increase without notice.

The original margin, on the other hand, is normally debited from a customer account upfront and after the credit is flattened, it gets credited. In such a situation, the buyer will only have to put up $500 (5% of $100 x 100) and borrow the remaining amount, which is $9500. Not you can see why the whole brokerage community is very excited and happy to finance AND also make a commission on these products. Again, referring to the sample above if DBS increased $10 and the client sold, they would possibly earn ($11,000 - $10,000) = S$1000 from a mere $500 investment. Minus, obviously, financing and brokerage. Certainly not bad for your average client.

So, now that you have a rough idea of what CFD is, it's time to understand the reason why you have to trade CFDs. Well, the result is making profits but below are some of the unique benefits that you never heard.

Before we jump on to the advantages of trading CFD, first let me help you define a common term that you will come across "A Pip."

What is A Pip?

Pip is an increment used to account for both losses and profits, and it is commonly used in the forex market, to mean "points" or even "ticks". But when it comes to the CFD products, the "pip" is used to refer to the last digit in a price quotation.

Well, the general value of a pip depends on both the common currency of your account, CFD product that you are trading and the overall size of your trade. A trader can view the current pip value of just any instrument in his or her trading account in the Dealing Rates window, which is in the pip cost.

CFDs Pip Cost

The Pip Cost indicates how much loss or profit one pip is worth if you are holding 1 CFD of that same instrument. All this is displayed in the common currency in your account.

Chapter 2 Why trade CFD?

Now let's discuss the advantages. We all must admittedly confess that CFDs have today become a favourite short term trading product to most businesspersons. There are several key advantages that investors get to enjoy when trading within this derivative. Here, I'm only going to outline to you the top five.

Advantages of Trading CFD

1. **CFD trading permits the investor to make fair use of leverage**

CFD simply means that investors do not have to invest all their capital just to enter the position. Let's say for example if the ratio of the specific position is 10:1 and you are willing to invest $2000, then that means you will be entitled to $20,000 worth of CFDs. Leverage can be good at times, but you also have to be extra careful because it can quickly destroy you. If you are not watchful, you can quickly lose much more than what you have, but if correctly done, you will have an opportunity to engage in several other trades.

2. **As the trader you do not have actually to purchase the underlying asset**

It means that you will instead be entering into a contract with the broker. This will also assist because you will not be required to pay a stamp duty since you are not physically taking control of the asset. But there are particular naturally still taxes that you will have to pay in case of any gains.

3. Contracts for Difference allow you the investor to trade in many financial markets

This is very true! And as a matter of fact, you will not necessarily have to create more than one account hence making it very flexible. Another thing is that when you trade with one account, you also get to track your daily reports and statements easily.

4.Ability to use guaranteed stop-loss orders.

This means that the trader will be allowed to set the amount of loss they can accept before they close their position. With a definite stop loss, your work will automatically close the moment that amount is reached which you will agree with me that it will save you some reasonable amount of capital, mainly when the movements are occurring in your absence. You are not available to see whatever is going on in the markets.

5.CFD trading allows the investor to earn money from upwards or downwards movements in the derivative they have chosen.

What this means is that you will be able to create a contract on leveraging the drop of the market or the aloft movement.

Of course, there are several other positive aspects regarding Contract for Difference trading; the ones I have listed for you are just a slice of the many main reasons that have made this product to become popular. However, it is essential that you completely understand the various implications when using leverage and when trading on margins. Don't ever forget to implement the stop-loss orders because you can easily lose all your capital and even much more.

Now that you know the benefits associated with trading CFDs. Let me take you through the different tips, Hints and even methods that you can employ to become successful when trading.

Chapter 3 **Concept of Trading CFD**

5 Tips, Hints and Methods for Success - CFD Trading System

Ways of CFD (CFD Trading System) is basically a contract or agreement to exchange the difference in value of a specific share (or any financial instrument or commodity) between the opening time of the Contract and the closing time. The following are some of the top tips, hints and methods that will undoubtedly assist you when trading.

Cultivate A Winning CFD Trading Strategy – Whether you are unemployed, employed or even a student, you can still trade quickly and successfully using Contract for Difference. It takes way less than 5 minutes just to implement a profitable trade. This is a bonus to individuals who have a fixed and busy schedule. Furthermore, you don't have to trade daily, as you can just take new trading positions about 4-8 times monthly. But for you to get the best out of the system, you have to take at most one Contract at a time and do intense study; this will certainly give you some advantage and high chances of making a good profit.

How to select an Ideal CFD Trading Platform - As a CFD trader, I know you might be wondering how this is possible. But below is the step you need to follow when choosing your ideal trading platform:

· An ideal trading platform should allow trade on the world's trade markets throughout the day every trading day.

· It is crucial that a platform has a customizable interface which can easily provide an interface for a wide range of markets such as indices, commodities, shares, and Forex.

· Free trading tools are supposed to be offered.

· Trading platform needs to be very easy to use and should also provide absolute functionality, and it should allow the investor to access any market he or she desires easily.

The Contract for Difference Trading Strategies – just like any human activity or business, making a profit in CFD largely depends on carefully designed strategies. Continue reading to find out the key strategies that you must include when trading.

· Invest in your financial education as it will significantly help you create a fulfilled dream.
· Invest a lot of time learning the simple and basic concepts of the business.
· Always trade in any market (up or down) as it can help you generate a lot of wealth.
· Stop attending so many seminars; in the long run, there is no better way of succeeding other than self-education.

Best Tips on Trading Systems and Methods: identify an expert – this is the easiest and the best to start your trading career. Anyone successful in CFD trading strictly follows his or her footsteps:

· You also have an option of identifying an existing plan and tweaking it to suit you. In other words, I mean adaption a current plan to fit your own. This is more like following a pattern that is proven to give good results.

· Strictly use backtested plans – This is a process of running a particular system through a set of historical information. This entire process largely depends on the repeatability of performance, and it is best for confirming your plan's success.

· Match your plan with your tools: Contract for Difference tools include but not limited to - charting package, the stock broke firm and back testing facility.

Day Trading Education: In an extremely competitive financial market, any individual with the intent to make a profit must, by all means, make trading education a personal priority. So, what are do this trading education include?

· Online courses and training programs: To invest and trade in Forex, futures, and stocks

· Purchase or download some important eBooks and books on the subject: Religiously Study them to develop a balanced and sound education

· It is vital that you subscribe to monthly and even weekly journals. And don't forget to review the regular activities of different brokers privately.

We all know the financial markets for their ease of leading focused investors to attain financial victory leveraging factors. In the recent past, it was just the mega-rich individuals and financial institutions that had the financial muscle to participate in the financial markets as they are now known. All the available recourses online today make it easier for just any individual to trade and experience the benefits already mentioned.

But is there a right time frame to use especially when day trading CFDs?

Well, I admittedly confess that this is a pervasive question among many investors and even those new to this trading platform. I have outlined to you the three most vital factors that you need to consider when looking for your ideal time frame to trade.

1. What size wins similar to your losses are you after?

2. Strictly use three different time frames to trade safely.

3. Share CFDs against index CFDs or Forex. The different time frames to consider

What size wins similar to your losses are you after?

No doubt that one of the most important and somewhat ignored components of day trading success is finding the appropriate ratio of win and loss or what other individuals refer to as risk: reward ratio. Every trader must have this idea planted in his or her mind of how vital it is to locate the various opportunities of day trading where the chances of winning are high about 1.5 to 2 times the risk.

If you keep this in mind all the time, then you are sure of locating high prospect opportunities and completely disregard the need to trade CFD just for the sake of trading. Well, trading for the sake of trading will not only waste your hard-earned cash, but it will also destroy your valuable time and again drain your confidence which will, in turn, make it hard for you to try any other trade. In this regard, you may want to choose the time frame the offers you plenty of opportunities for making a profit after you have established your setup.

Strictly using three different time frames to trade safely.

As a trader, you must have a winning ration of over 60%. This is because of trading over a limited time frame hence minimizing the chances of winners running. For you to easily locate high probability setups that will without a doubt win you more than 60% of the time, you have to identify medium-term, long-term, and short term frames to maximize your chances of success.

If at all you are using a 30-minute chart to trade, it would be wise for you to trade in the direction of the trend and also have the 1-hour chart and 5-minute chart trending in a similar direction as your 30-minute chart. The 5-minute chart will detect the initial setup; then the hourly chart will make sure you are trading with the prevailing trend and use the time your entry using the 30-minute chart. You can be sure that the combination of these three different time frames will put the probabilities of day trading success significantly in your favour.

Share CFDs against index CFDs or Forex. The different time frames to consider

Contingent on the chart you are given access to and the kind of CFD broker you are using, you will get the perfect time frame for day trading. When trading CFDs, the best thing is to use the 1minute chart for the first 40 minutes, and then proceed to the two-minute map over the next 3 hours before finally closing using the 5-minute chart. When you trade index CFDs or Forex, you will get enough liquidity and opportunity using anything from a one minute chart to even the one hour chart.

Now that we have answered the question "when" it is time to shift gears to how you can pick the ideal time frame when trading CFDs.

Discover How to select the Ideal Time Frame for Trading CFDs

As a CFD day trader, it is essential to know how to generate high profits within the shortest time possible.

Now I want to take you through the several ways you can easily identify the perfect time frame for you when trading.

Firstly, the use of multiple time frames when carrying out your chart analysis will significantly influence your success as a CFD day trader. Exploiting your entry will start from using a long medium and short term chart to concentrate on the best access on your time frame.

For instance, you can trade a 15-minute chart, meaning you can be able to use a daily chart, four hourly charts and then lastly the 15 minutes to time your entry. Initially, your challenge is to get the three charting time frames that reliably locate winning trades.

So, how big will your CFD trade wins be?

The next main factor is determining the size of your wins compared to your losses. And like we mentioned up there, this is commonly referred to as your risk: reward ratio. Day Traders always have comparable size wins to losses, and CFD traders need to be extra careful when the typical size of a loss is way greater than their wins. And, like I mentioned earlier, for you to successfully trade your percentage win must be over 60%.

An example of a great win percentage are the robots present on the Forex markets such as FAP Tubo or even Forex Megadroid who suggest between 85%-95% win rates. Many of the high win percentage trading systems have huge losses which can overwhelm the account when they happen.

Overtrading is the quickest way of getting poor, so by all means, avoid this detrimental activity.

Chapter 4 PLATFORMS OF TRADING (WHERE & HOW)

Guide to Choosing the Right CFD Provider and Platform for You

There are particular things that you need to be very keen about when looking for a CFD broker and platform.

Firstly, you have to consider the broker's reputation in terms of level experience and how long they have been working, there rating in the sector and who they are backed.

The unfortunate thing is that you will always come across those that have absolutely no experience, so it is utterly important that you carry out proper research and only go with a name that is trusted. Hopefully, the guidelines below will greatly assist you when choosing a CFD broker.

Right outside of the broker's reputation, you have to make sure that the client funds are safely kept in a different trust account. This will go a long way in ensuring that you can withdraw your money from the account anytime you need it.

Plus, you have to be careful and make sure that the instruments you are interested in trading are readily available in your desired trading platform. This should be the number one question when looking for a CFD broker.

Most people starting in CFD trading only want to trade things that they are familiar with; for instance, Australian equities. Even in this situation, nonetheless, particular platforms and brokers will be better, especially in what they offer to the trader.

You will, however, come across platforms that are somewhat restrictive when it comes to the number of shares, they offer, restricting themselves, for instance to the top 50 ASX stocks. If you are particularly interested in trading more speculative stocks or even smaller cap, you will have to get a platform that offers a wider range of share CFDs. Certain platforms provide up to 500 Australian share CFDs.

Apart from shares, several traders and investors are looking to get access to more exotic markets, for example, commodity and currency markets. Those interested in gain adequate exposure to oil or gold, for instance, will have to make sure that their CFD broker offers all these instruments.

The next crucial consideration when choosing a broker involves commissions and fees. As a trader, you need to be much updated on the various costs that are involved in CFD trading.

Commissions, similar to those that are paid to share brokers, are the costs experienced when a transaction, such as a sale or a purchase, is made. Just like share brokers, there is a major difference between the most expensive CFD broker and the cheapest CFD broker. Characteristically, a competitive fee for CFD brokers will be no more than 0.1% of the position size, or, the lowest fee of between $7 and $10 per transaction.

So, does this work practically? How?

Let us say for example you take a $6000 position size, in BHP.

So, what would be the commission on this particular position on a 0.1% commission rate? It simple

$6 (0.1% x $6000 = $6).

Another example is if you are interested in a $12000 position size in the market, the commission will turn out to be $12 (0.1% x $12000 = $12).

So far, the cheapest commission rate for regular traders is 0.1% and 0.08 for an investor who has high turnover volumes. As an expert, I recommend that no individual should pay way more than 0.125 for brokerage.

Even though it may not seem like a big difference, it is very easy for excessive commissions to add up with time and can accumulate to hundreds if not thousands of dollars. Keep in mind that this money is better off in your account if not in your pocket!

The interest charge is the other part of the fee structure.

Since CFDs are a leveraged financial instrument, fundamentally what takes place when one is taking a position is that he or she must first put up a deposit, commonly referred to as a margin requirement. The broker ends up putting the rest.

Again, let us consider the $6000 position size in BHP, and let us assume that BHP has something like a 10% margin rate, which means that you only have to put 10% of the $6000 which is just $600. It is always the broker who puts the rest of the remaining cash, which you borrow.

Just like any other financial institution, after borrowing money from a CFD broker, you will be forced to pay interest on the position. Of course, the most competitive rate that we (traders) are aware of is the Reserve Bank Cash Rate. Less competitive rates can be as wide as the RBA rate where in some cases it goes even up to 3%. But anything above 3% as far as I'm concerned is just too much.

Also, with these commission rates, even though it does not seem like there is a big difference, it can quickly accumulate with time if you choose a broker with high-interest charges.

Another primary consideration when choosing a CFD broker is whether he offers a Market Maker (MM) model or Direct Market Access (DMA).

Generally, a DMA broker will reflect the liquidity and price that is present on the exchange over which it is offering a market.

For instance, if we sit at the ASX and observing stock XYZ being traded at $20, then that is the exact price that will be quoted on the DMA platform.

Additional features of DMA platforms are:
l No additional spreads
l The capability of being be a price maker and a price taker
l Clients being able to participate in the closing and even opening market auctions
l DMA brokers are the framers of the market, who simplify the ability to trade CFDs.
l Main Advantage of using a DMA broker

The most significant advantage of using a Direct Market Access (DMA) CFD broker instead of a Market Maker (MM) type broker is about the transparency of pricing into the broader market. With a DMA broker, you are sure that you will see 100% of the market action throughout. Everything in the market depth is displayed and available all the time. This simply means that you will deal directly with the market rather than using a middleman.

When it comes to the maker, it works a bit differently and has the following features:
l Never quotes the same price as those of the underlying exchange
l There is a possibility for potential requotes and extra spreads
l Market makers are strictly price takers
l The client cannot engage in opening and closing market auctions

As MM brokers have another hedging methodology, the high chances are that they will get profit from the performance of the customer's positions. This means they have an interest in how a client loses or makes money, coupled with the capability to manipulate the prices.

You can choose to call them suspicious, but that sounds just like a recipe for trading account destruction. Moreover, my experience has led me to believe that some MM brokers can decide to charge particular clients a specific price, and other clients a different price, just for the same instrument. But this is always to benefit clients who have more significant accounts at the expense of the ones with smaller accounts.

While there is nothing unlawful about any of the practices mentioned above, trading can be challenging as it is without your broker influencing the prices and favouring other clients. That makes it wise for you to use a CFD provider who offers a DMA platform.

As usual, though, you need to always consider your own needs and situations, besides reading the distinct brokers' Product Disclosure Statements -PDS- before making your last decision.

The final concerns when choosing a CFD broker are not quite as crucial but can, without a doubt, make a big difference to your trading situation. It involves a platform's functionality and reliability.

Well, no doubt that all trading platforms are quite serviceable, but some are better than others.

Even though at the beginning it is hard to evaluate, once you have decided to trade you want to make sure that the trading platform you are using is not going to crash and that the overall functionality of the platform entails standard features such as news feeds and also good live prices charts that have technical indicators.

The important thing to note is that today the CFD market has grown to be so competitive that you have to go for a broker that will cater to all your need and offer you a quality service. My advice to you is that you need to be choosey and do not settle for services that are less than what you need.

But I'm so sure you are wondering if indeed there are any particular trading platform that is indeed good for you. Well, the answer is yes! And below I'm explicitly discussing the Meta Trader 4

The uptime usually is less than 1%. It offers the traders with all the possible functions that need to be provided by the trading platform, and it is equally very intuitive and allows its users to grasp a subject of CFD trading completely. A good number of the automated CFD systems or the robots succeed on this software.

Meta trader always comes in PDA versions, desktop versions and succours windows and also Palm OS plus windows mobile. You can use the Meta trader data from your broker. With this, you will be able to easily stream lime current data relating to the charting software and many other related facets; for example, the screenshots.

Hundreds of brokerage communities globally use this particular platform to the trader. They are unquestionably satisfied with the way it performs and that only if unbiased testimonies are to be believed.

With its front-end trading interface, traders can enjoy critical technical analysis and also professional opinions apart from getting a charting software and screenshots with indicators. On these, those trading robots or programs perform their trend lines, candlesticks, and Fibonacci. As a trader, you can be sure that with MetaTrader four cannot only quickly develop your strategy but also do exceptionally well with it. It is no secret that the success of mete trader unleashed new grounds. It started seeking the best in terms of growth beyond the desktop meniscus.

Traders enjoy automation but that still needed office hour, for example, if you wanted to place a trader with your broker. Now you really can work from anywhere, even in the office. Meta trader allowed the trader to work from just any part of the world with the help of a PDA.

For those particular indicators that can be dragged and then dropped on the screen, Meta trader 4 has proclivity. It is far easier to download such indicators from the internet. For individuals that are entirely new to this subject, using Meta trader four will come spontaneously. The whole idea is just to get the software and begin right then. Funny enough, it may not even be necessary to go through the instruction manual.

MOL4 – this is a trading strategy programming language used strictly on a Meta trader four platforms specifically for assuming technical indicators.

Even when one has more than one account or maybe is running another for someone else, it is easier to proceed with Meta trader four multi-terminal. Thanks to Meta trader four which can now utilize the "professional" feature to incorporate and design robots. So, you will get not only a trading system but also a platform on purchasing the software. The robots are capable of clinically analysing the exit and entry points for a trade to estimate sell and buy positions.

Technical analysis in the present model was surely never easy. MetaTrader 4 has a game-changer and has completely changed how a trader would like to perceive CFD trading today.

CFD Robots

I'm sure that you have heard of the CFD robots and that they can offer a trader an edge. But how is this possible? Continue reading, and I will give your insight and complete information on how you can make the robots give you an edge as a trade.

Here is how you can learn to Make CFD Robots Give CFD Traders an Edge

Yes! It is important to know that indeed there are hundreds if not thousands of CFD robots for CFD traders that profess to offer them with an added advantage. Still, it is equally very essential to understand that so many CFD trading robots do not even function. Several traders today waste a lot of their quality time in the internet purchasing a lot of different robots and testing them. I think this time can otherwise be used in trading and sharpening trading skills. Rather than trying all of the CFD robots available on the market, would it not be better to look for a review site that test's all those reviews for you and then you choose the best robot?

It is never easy to review CFD robots since it is time consuming and can sometimes take weeks if not several months. Putting all these types of information together also requires a sizable database to keep all this important information, and this is not available in most individual's computers. No doubt that it also takes a lot of money since the CFD robots have to be tested on a live account to simulate an actual selling and buying situation. Another essential fact to keep in mind is that robots do not work for long simply because in most cases a lot of people buy the same robot and make money.

Many CFD robot testers that spend most of their time testing robots are mostly computer gurus who know a lot about programming, a little bit much more than an average person. Leaving the testing to the experts is something that I would strongly suggest as they can tweak the robot to do well in just any market situations, this is utterly vital as one of the common problems with robots is that they tend to fail when too many people purchase them. Most individuals only notice that their robot has been unable right after paying money for it.

There is a lot of CFD robot review sites that claim that traders can probably get an edge if they read them but then again most of the sites don't regularly test their robots or even update them. Regularly trying robots is very important as it keeps the traders updated and also ensures that they make reasonable profits from trading CFD. You should also know that CFD robots also become unsuccessful if liquidity in stocks vanishes; this mostly occurs when traders stop using robots when trading.

I have to confess that indeed robots that can help one make good profits from trading CFD are very hard to come by and can only be found in a couple of niche sites online, most people don't even know where to find these sites and as a result, visiting a CFD trading-robot review site guarantees that you as a trader will get an edge in the market. Many CFD robot assessment sites also have glitches because they never test their robots regularly as it is needed, it is these web sites that bring problems because they encourage the existence of robots which are not successful and also not used by professional traders.

Before purchasing a trading robot which can offer you and of course many other CFD investors and edge you may want assurance that indeed the site is reliable, utilize the competent software testers and try it on actual CFD trading accounts that contain real money. Well, no doubt that most of the sites don't use this particular level of testing, this is why it is vital that you take a closer look at two or even three internet sites and of course browse some online reviews before purchasing a CFD robot that claims to provide traders and edge in the CFD market.

Summary

How will you integrate yourself as a trader among those who know the steps to take when wanting to make the most out of trading CFD? I'm sure that with this E-book you will get not only the basic but also the complex concepts of trading CFD which will then help you elevate and make huge profits in this lucrative financial market. Now you can boldly brag about achieving the new lifestyle that accompanies a realm of vast economic opportunities in fruitful CFD Trading.

STOCKS

HIGH-RISK WARNING:

Stocks trading conveys a high level of risk that may not be suitable for all financial specialists. Leverage makes additional risk and loss exposure. Before you choose to exchange remote trade, cautiously think about your venture targets, experience level, and hazard resilience.

You could lose a few or the entirety of your underlying investment; don't contribute money that you can't bear to lose. Educate yourself on the risk associated with Stock trading and look for guidance from an independent capitalist or advisors in case you have any inquiries.

WARNING:

We give references and connections to choose sites and different wellsprings of monetary and market data as instructive support of its customers and prospects and doesn't underwrite the assessments or proposals of the sites or different abundances of data. Customers and possibilities are encouraged to deliberately consider the conclusions and investigation offered in the sites or other data sources with regards to the customer or prospect's examination and essential leadership.

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Introduction

If you hear the word "stocks", most people associate these words: "risk", "money" and "wealth". Yes, these could sum up the basics; however, stock trading is more complicated than just three words. You will learn how to trade stocks in this e-book, but firstly, let me introduce you, dear Reader, to the stock market.

Stock trading is the best business open door for the individuals who would prefer truly not to work for an organization, yet they are happy to put some cash in stuff. The vast majority of the individuals, who are in stocks, would prefer not to establish their organization, they instead put resources into loads of one. When exchanging you attempt yourself to indistinguishable dangers from setting up your very own new business, nonetheless, exchanging stocks are path simpler than beginning your organization. Numerous individuals will differ on this with me, be that as it may, this is reality. At the point when you start your organization, you need to set up a shop (assuming retail), or settle on concurrences with a few instalment processors (if on the web), which are difficult to do. You have to put resources into a few things as well, which, if everything goes well, will bring you tremendous benefits; however, it requires significant investment.

Exchanging stocks has been a big piece of business life since the 1970s. Be that as it may, in the previous decade stock exchanging turned out to be significantly more escalated and adaptable. Around 20-30 years back, just the well off and rich could bear the cost of the chance to "play" with the securities exchange, in any case, presently nearly everyone can exchange. It accompanies far and away superior alternatives; as the web has shown up and got prevalent, online securities exchanges have opened as well. Thus, you don't need to call someone or be there by and by if you need to purchase stocks, you can do it by simply signing into your record on the online stock trade's site and BANG – you can begin exchanging! You can do it from your office, your work environment (if your supervisor isn't anywhere near), from your preferred bistro, you can even exchange stock while lying your bed at home. This business has gotten a lot simpler during the years. In the following chapters of the e-book, I will introduce you to the world of stocks; I will teach you how to buy, sell and make profits from them. However, I will only teach you the techniques and the basics. I won't tell you how to use your money; you have to make your own decisions about your investments.

I bet you have a relative, a friend or a friend of a friend who has been in stock trading. If not, no problem, but let's assume you know someone who trades stocks as his primary job. If he or she is in stocks for a long time, that could mean he or she is a pro or just someone who can use his or her mind pretty well. Why would I say that? Because stock trading comes with various amounts of risks, which you can only avoid by educating yourself (e.g. via this e-book) and gaining experience in the field. Thorough research is a MUST in stock trading, as well as being precise and patient.

During your surf on the internet, watching TV or just wandering around the city where you live, you can see commercials that say "Trade stocks, get rich in 2 minutes!", "Live the American dream, be a stock trader!", etc. However, these are just marketing slogans that were made by a company's marketing department and are not right. Trading in stocks takes time and patience. Lots of and tons of patience. If you don't have that, don't bother to read this e-book (reading this takes patience too).

Stocks, What Are Those?

Stocks are the main point of this book. I am writing about those! So, let's start with a definition, the definition of a stock. Stock is a share in the ownership of a company. This means that you have a claim to the Company's assets and earnings. The more stock you have, the more share you hold in a company. Just for your interest and to avoid confusion, equity, shares, and stocks means the same.

Being an owner comes with several benefits. You own the Company's assets, for example, you have a share in the TV that's in the hall, or you own a per cent of the computers that the Company's workers are using. That sounds pretty cool, right? However, this per cent you own matters on how much stocks do you own. Usually, the own age percentage of a shareholder is quite small. You not only own a share of the assets, but you are entitled to a percentage of the Company's earnings, and you have voting rights. These, just as in the case of assets, matter how much stocks do you own.

A stock certificate represents your share of a company. Nowadays, however, you don't get the hold of these fancy papers with company logo and stuff, you only get to see your share online. Of course, there are only exceptions, especially if you trade stocks with old school methods. This is a pretty great improvement of the modern age since, in the "old days", people had to go down to the brokerage with their stock certificates and sell them personally. In the 21st century, you can do the latter by only clicking on a tab or by a phone call.

A normal shareholder (with few stocks), however, has no say in the running of the firm. You can't just call Tim Cook and tell him that Apple's upcoming smartwatch will be a piece of crap and they have to drop the idea. If you do this, the Company's customer service employees will most probably burst out in laughter (since you won't even have a chance to reach the CEO by phone). You are not entitled to free products too. You can't just go to a retail shop of the Company you have invested in and take the TV from the hall, just imagine yourself how ridiculously would you look!

The only say you have in a company's business is that you will get a vote per share at the firm's annual meetings. However, I have to disappoint you in this too since this is only a theory. In practice, big firm investors, the government (if it invested in the Company) or billionaires with huge stocks will decide on those elections. You only have a little say in this.

Having no or just theoretical voting rights in a company's business should not make you disappointed or sad. Your only goal with buying stocks is to make money from them and maximize profits—no need for company politics. However, if you want to gain voting rights in a company, you have to buy tons of stocks. If you acquire 51 per cent of the Company's shares, you will be the biggest shareholder, that means that you will decide what should happen with the Company. So, you will be the literary owner of the Company as long as someone won't buy you out of your share.

The very importance of being a shareholder is, as I have written in another paragraph that you are entitled to a percentage of the Company's assets and profits. Earnings can be paid out in the form of dividends. Dividends are usually paid out by shares, for example, if you own five equities, you will get a dividend per share, which is in this example 2$ per share. That means 2*5 so that the firm will pay you 10 dollars in the form of dividends.

Your claim on assets will come handy when a company goes bankrupt. During a bankruptcy, a company will go through a liquidation process. That means all assets will be sold out to creditors first, then to shareholders. So, you will only get your share of the Company's remaining assets after the creditors got theirs.

There's a very important feature of the stocks, the limited liability. This means when a company goes bankrupt and only have debts, you are not personally liable. So, the creditors can't take your personal assets; they always remain safe in stock trading. The maximum you can lose from bankruptcy is your personal investment in the Company. That's not the case with partnerships though, since if the firm goes bankrupt, the creditors can come after the partner and sell off his car, house, dog, cat, TV, computer, everything. So, be aware of that.

Why do companies sell stocks?

Why don't they just keep their money and profits for themselves? Why do they want to share those with shareholders? They do this since issuing stocks is a great way to raise money. It is much better than, for example, getting a loan for a bank. The Company won't even have to pay interests for the stocks, or just simply pay back the shareholders. No, they don't have to do that. Shareholders gain money if the Company is being successful, and that will be more than enough for them. Issuing stocks are called equity financing. The other type of financing that the Company can take is debt financing. Debt financing can be made by issuing bonds or by taking loans from banks. Going with loans can be pretty hard since you not only have to pay the full amount plus interest of the loan back to the bank, but you need to go through several risk screenings to be able to get that loan. Sadly, most of the companies who reach banks about their application being rejected with a reason of high risk. There are several risks that you have to take when you invest in a company. You can only make money when a firm is successful, however, if it isn't you lose quite a lot of money. You can even lose all your investment if the company goes bankrupt. As stated, you only get a few shares of the assets after a bankruptcy, so it is not worth the cost to wait until a company goes bankrupt to pull out your investment from it.

This should not take away your enthusiasm from investing in stocks since there is a "bright side". This bright side of stock trading is one sentence: The higher the risk, the higher the profits. If you take higher risks with an investment, you will get more profits from it in less time than in the case of low-risk investments.

Types of Stocks

There are two different types of stocks, the common stock, and the preferred stock. We will show this two in the upcoming paragraphs.

Common stock is the share type that most people refer. Common stock is where shares represent ownership in a company and where shareholders have a claim on the portion of a company's profits in the form of dividends. The normal rate of votes is one per share for the common stock. Most stocks that have been issued by companies on the market are common stocks. Common stocks are the highest risk equity types on the market, but the higher profit comes with higher risk.

With preferred stock, you get some degree of company ownership; however, you don't get any voting rights most of the time, but this can vary by firm. Preferred stock is different than common stock since, in the case of preferred stocks, you get a fix guaranteed dividend forever. In the instance of common stocks, you never guarantee a dividend, and, of course, not a fixed one. So, with this feature, we can state that preferred stock is much safer (risk is lower) than common stock, however, as I have said before, the more the risk, the more the money. With preferred stocks, you won't get that much earnings from dividends as you would get from common stocks.

Another feature of preferred stocks is that the Company can purchase the stock from the shareholders anytime with any reason. This attribute of the preferred stocks is called callability.

There are different classes of stocks too. Companies are categorizing shares into different classes, which usually affect the voting rights of the equities. For example, there is Class 1 and Class 2 stocks that a company is issuing. With Class 1, you get five votes per share while with Class 2 you get the usual number, one vote per share. Most usually, the more votes you get per share, the more the equity will cost. That's the price of being part of company politics.

How Do Stocks Trade?

I bet you have seen the scene where there's a trading floor, and traders in nice suits are waving their hands and papers while shouting. What you have seen would be a still of a stock exchange. However, that would be only one type of a stock exchange, the physical location one since there is another one. The online stock trading platform is a non-physical location where traders have to register and use their trading accounts to buy stocks online. No need for physical presence, no need to call anyone (you can if you want to) to buy shares, you only have to click with your mouse, confirm your decision and you did with it. Online exchanges are secure networks of computers, which have become the most popular method of trading stocks. Why is that? As you only have to sit down to your computer to trade stocks, it's much more comfortable than going to your country's capital city to the local stock exchange. The online method is faster, too, since buying a share only takes a few clicks, which is like 5-6 seconds.

The stock exchange makes the exchange of the securities between the buyer and the seller much easier, lowering the risks of potential scams.

In stock trading, there are two markets, the primary market, and the secondary market. The primary market is what most people don't know that exists; however, it is a very important part of the trade. The primary market is where securities are created, so at the secondary market, companies don't necessarily have to trade directly with investors. The secondary market is what most people are referring to; this is the place where you can invest your money in equities, sell them, do what you want with them. The secondary market is designed only for shares and investors; the issuing companies are not directly involved in this market.

The biggest and the most prestigious stock exchange in the world is, of course, the New York Stock Exchange, which is located at the well-known Wall Street. This is the right place for the biggest companies in the United States that, most commonly, are multinational companies, such as Apple. The New York Stock Exchange goes to the first type of exchanges, which is the category of physical stock markets. You have to be present to take your part in the business, to buy, invest in stocks, or just sell your share. The business concluded with an auction-style method. The highest bidder will be able to buy his desired equities while the lowest bidder will win the auction in the case of selling.

The most popular "over the counter" (secondary type exchange) is the NASDAQ, which is a digital stock trading platform. You don't have to be present while trading on this platform, you don't even have a chance to be present since this stock exchange is fully internet-based. NASDAQ has always been famous for its site's speed and reliability. We could say that the New York Stock Exchange is the biggest stock market in the world; however, NASDAQ is becoming as popular as the NYSE (New York Stock Exchange) as the world is becoming more and more modernized. I think that the time will come soon, where there will be no physical stock exchanges, only online ones, so making investments will become easier for investors and issuing companies.

The Changing of Stock Prices

Stock market prices change from time to time. This is the nature of the market, and it is due since the market forces it to change. The two main price changing components are the supply and demand. Supply and demand are not only important in stock trading; it is an essential element of basic economics. If there's much more demand than supply, then the prices of the stocks will go higher and higher. If more people want to sell equities than buy it, so there's more supply than demand, then the prices will be set to lower. No explanation needed for this, this is simply logic, and it is the nature of the market.

The system of supply and demand is not so complicated, so most of the people would understand it. However, what makes people like or dislike a product and what news and happenings are good or bad for companies are pretty hard to decide. However, an experienced investor (or a smart one) can decide whether these changes are positive or negative.

Deciding a company's worth is not as easy as you would expect. Most of the people believe that, and it is a principal theory, that a company's stock price is reflecting what the Company is worth. It is not valid, or just partly right. Since, a company's value can be calculated by checking its market capitalization, which is the shares outstanding multiplied by the Company's stock price. So, for example, a company that has a stock price of 200 dollars and 500 thousand outstanding shares is worth less than a company that has a stock price of 10 dollars and 500 million of outstanding shares. Let's do some maths with this example. Company 1's (let's call it that) market value can be calculated by 200 x 500.000, which is 100 million dollars. Company 2's market capitalization is 5000 million (5 billion) dollars, which came from multiplying 500 million with 10. So, it's a fact, in our example Company, 2 is worth more than Company 1 (by a lot). However, you won't get away that easy with this. Things are just becoming more complicated since a company's stock price also reflects the growth that investors are expecting in the future, along with the Company's current value.

No one knows what makes stock prices to change; however, we have some clues about what the cause would be. Of course, there is the supply-demand system. The more the demand, the more stock is worth. However, this is not a game-changer in the case of equities. You have to check for news about a company too. For example, let's state you want to buy Apple shares, but you don't know how Apple will perform on the market in the future. You have already checked the Company's products, and you have concluded that Apple's products are in high demand all over the world. That's why the Company's stock is worth more than, for example, a small company. Ok, you have made your conclusion with the demand-supply system, this is not close to enough though. You have to check out the latest news about the Company. You would like to see articles about Apple's new investments, scandals, new products or improvements, techniques that they would like to utilize, etc. You have to go in this, make a thorough research of the Company. It is not recommended by some experts though, but you can even check the latest gossips about the Company or some leaked product news. The fact is that most the leaks and gossips are true about companies, but you have to select by using your commons sense.

Buying Stocks

We have come to the most important part of our book: the process of buying stocks. Buying, so you have to invest your money in the shares you would like to buy. However, you wouldn't like to lose your money on this since nobody likes to see his money wasted. You are investing in equities come with different types of dangers. We will investigate this area (stock buying) thoroughly, since, as I have stated before, at the beginning of the paragraph, this is the most important part of stock trading. If you buy your stocks unwisely, you not only can lose your profits, but there's a chance that you lose all your investment on one single trade. This can easily happen when a company goes bankrupt and has only a few assets. The creditors get their shares; they take what they want from the firm that went bankrupt; however, you are only in the second, or third in priority. That means, if the creditors take every asset from the Company, you get ABSOLUTELY nothing. That is quite bad, huh? I will describe the way how not to get in this situation in this chapter, so you don't have to worry about this problem anymore.

As has been previously said (by me), there are tons of dangers out there. Before investing in a share, you need to consider the risks and dangers out there. Firstly, you need to evaluate what kind of risks you are willing to take. You don't want to lose lots of money; however, you don't necessarily want to make big bucks in a short time? That means you don't want to take big risks, right? If yes, then you should only buy stocks that you are sure of that are profitable. If you are a big player and wanting to take the higher risks, then go on, invest in something "juicy". Go for standard shares, since they bring you the most profits in the shortest time, however, when investing in high-risk equity, you have to make more thorough research than in the case of low-risk investment. Why is that, you would ask? I would answer that it is the case since you don't want to be dumb and lose your money in 10 minutes. High-risk stocks are called "high-risk stocks" because you can not only cut bigger profits on the business, but you can lose bigger amounts of money too.

So, you have to be careful with your cash. However, I am just only advising you what to do, you don't necessarily have to do these things, but if you are listening to me, you will most probably win on this.

How can you research stocks?

There are several ways to do that. First of all, you need to check what Company are your desired shares ids are attached. After you have done with that, you can proceed to the next step, where you have to find a site where you can check how those stocks have performed in the past years, months, weeks, days and hours. You don't have to go through on every hour of and days of the past five years; you have to decide the time frame you want to make your investment. If you want to invest long term, you only need to check out how has your Company performed in the past years and how your Company performs now. You don't need to check out the daily, weekly and hourly view of the shares; you only need to have the monthly and yearly listing ahead of your eyes to predict how the Company will perform in a long term time frame. If you would like to make a quite short term investment, then it is advised to only look for the past days and hours of the history of the firm's stocks. No need to check the long-term results, since you are only investing in the short term. Why would you need to check the Company's trade history thoroughly? No need for that. However, you can see into that if you want to but only do simple, quick research since you don't care about the details of the Company's long-term performance.

The Farm, The Bulls, and The Bears

If you start investing, you will, of course, hear three very important terms, the term of the bull, bear, and the farm. You don't know what they mean, but I am sure you will get to know these later. However, I'm writing this guide to get you informed on this, so let's see what the meanings are for these stock terms.

The Farm

Just imagine the whole stock exchange as the one on Wall Street. So, the picture that comes to your mind is a crowded place where people are standing and waving their papers and shouting, right? If not, never mind it, it doesn't matter. That didn't answer the question about the farm, am I right? Imagine the stock exchange as a farm where animals are bred. These animals are the people who are investing in stocks. On a farm's territory, different animals are present. So, there are many species of animals. However, in the instance of stocks, there are only four types of animals, the bull, the bear, the chicken and the pig.

The Bull

Optimistic traders in the stock market are called bulls. There's an association with them too, which is called the bull market. The bull market is when the economy is doing great, and the stocks are going higher and higher, so as the GDP of the current market/country. When there's a bull market, it is much easier to pick a company and invest in its stocks. However, the bull market won't last forever, and there are big dangers associated with it, like the overvaluing of stocks.

The Bear

The bear market is the opposite of the bull. It is when the economy is doing badly, stock prices are going lower and when the GDP is going downside (not necessarily, however). It is a tough job to pick a great investment when this market type is on. The best solution to go with is to use a technique called short selling. Another technique, which you could get good use on, is to wait until the bear market seems to end, invest in the stocks and start to gain huge profits when the bull market appears. If a person seems to think that the price of the stocks will drop most of the time is called the bear.

The Chicken

The chicken is a type of person who is always afraid of taking any risks in the instance of investments. They rather lose high profits just to keep their money safe. So, if a person is called a chicken on the stock market, he or she is most likely to take low-risk investments only.

The Pig

Pigs are pretty unprofessional investors, the just opposites of the chickens, however, chickens are not professionals either. They want to make huge profits in short time frames, which is quite hard to make if you think this through. So, what they do is: taking every hot deal without even doing their necessary research and investing huge money in them. Most investors like pigs since they invest big and they lose much, so they can give space to the bears and the bull, who are the wise ones here.

The Conclusion

So, we have reached the end of our book here. I have done my best by sorting all options, definitions, tricks and advises for you, my dear Readers. I hope you like my book, and I hope you will be successful in stock trading and generally, in the business world.

However, let's go through the book again. Don't worry; I won't write down all nine pages again, you wouldn't want that! Let's see the interesting points of this book, so it will be easier for you to remember what I have written in the previous chapters:

First of all, you should see the definition of stocks, the stock market, the exchange types and the general terms, which you will need for trading successfully. Don't forget these and, of course, carefully read and memorize them. They may not seem to be pretty interesting; however, the general terms and definitions define the whole subject I was writing of. If you fail to complete this step, you won't be able to understand my book. If you have not done that, here's the chance, go back to the first page and start reading that specific 2-3 pages!

Conclusion

After that you know what you have read, you need to understand it. Of course, you understood what I had written literally. But you need to understand the practice and the logic behind stocks. It is essential if you would like to start trading and investing in shares. If you don't want the latter, it is highly recommended anyway since you can learn things that you have never before read.

Let's state you have learned all the information that requires trading in stocks. You know what stocks are, how the market works, but what about the techniques? You need those for successful investments. Without a successful investment, you won't get any profits, so techniques and tricks that have been written by me in this book, are as important as learning the general terms and the logic of the stock market. You seriously need to invest time on this part though, since this will affect your business, how you will make your investments, how much profits you gain, and so on.

Thank you for reading this book, wishing you all great trading! Never miss a chapter!