

Top 10 tips for currency traders

THE FUNDAMENTALS OF CURRENCY TRADING

A FOREX.com educational guide



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Top 10 tips for currency traders

Before you start something new, begin with the fundamentals. Let's look at trading tips every trader should consider before trading currency pairs.

1 KNOW THE MARKETS



Take the time to study currency pairs and what affects them before risking your own capital; it's an investment in time that could save you a good amount of money.

FOREX.com has videos and tutorials that will take you through every aspect of forex trading. Put the extensive knowledge of the FOREX.com Global Research Team to work for you. Access our on-demand videos, free guides, live webinars and daily research to help you learn more about the forex market.

2 MAKE A PLAN AND STICK TO IT



Creating a trading plan is a critical component of successful trading. It should include your profit goals, risk tolerance level, methodology and evaluation criteria. Once you have a plan in place, make sure each trade you consider falls within your plan's parameters. Remember: you're likely most rational before you place a trade and most irrational after your trade is placed.

Read "How to Develop a Trading Plan" on FOREX.com to get started.

3 PRACTICE



The best way to get a feel for forex trading is without any of the risk.

Put your trading plan to the test in real market conditions with a risk-free FOREX.com demo account. You'll get a chance to see what it's like to trade currency pairs while taking your trading plan for a test drive without risking any of your own capital.

**The best time to start practicing is now.
Sign up for a free demo account today.**

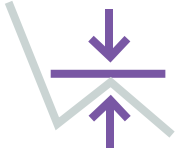
4 FORECAST THE “WEATHER CONDITIONS” OF THE MARKET



Successful traders need to be aware of market conditions and plan accordingly.

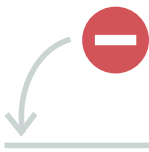
Fundamental traders prefer to trade based on news and other financial and political data; technical traders prefer technical analysis tools such as Fibonacci retracements and other indicators to forecast market movements. Most traders use a combination of the two. No matter what your style, it is important you use the tools at your disposal to find potential trading opportunities in moving markets.

5 KNOW YOUR LIMITS



This tip is a simple yet critical one that many traders miss: know your limits. This includes knowing how much you're willing to risk on each trade, setting your leverage ratio in accordance with your needs, and never risking more than you can afford to lose.

6 KNOW WHERE TO STOP ALONG THE WAY



You don't have time to sit and watch the markets every minute of every day. You can better manage your risk and protect potential profits through stop and limit orders, getting you out of the market at the price you set. Trailing stops are especially helpful; they trail your position at a specific distance as the market moves, helping to protect profits should the market reverse. Keep in mind, however, that placing stop and limit orders may not necessarily limit your risk for losses.

7 CHECK YOUR EMOTIONS AT THE DOOR



You have an open position and the market's not going your way. Maybe you could make it up with a trade or two that don't fit with your trading plan... just a couple couldn't hurt, right?

"Revenge trading" rarely ends well. Don't let emotion get in the way of your plan for successful trading. When you have a losing trade, don't go all-in to try to make it back in one shot; it's smarter to stick with your plan and make the lost back a little at a time than to suddenly find yourself with two crippling losses.

8 KEEP IT SLOW AND STEADY



One key to trading is consistency. All traders have lost money, but if you follow your trading plan and take it a trade at a time, those losses will likely pose less of a threat to your overall strategy. Educating yourself and creating a trading plan is good, but the real test is sticking to that plan through patience and discipline.

9 DON'T BE AFRAID TO EXPLORE



While consistency is important, don't be afraid to re-evaluate your trading plan if things aren't working like you thought. As your experience grows, your needs may change; your plan should always reflect your goals. If your goals or financial situation changes, so should your plan.

10 CHOOSE THE RIGHT TRADING PARTNER FOR YOU



It's critical to choose the right trading partner as you engage the forex market. Pricing, execution, and the quality of customer service can all make a difference in your trading experience. FOREX.com is a worldwide leader in currency trading and offers competitive pricing, great customer support and helpful guides and tutorials so you have a wide range of tools to start trading forex.

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