



ProForexTrades

STRATEGY
eBOOK

A guide on the
basics of getting
started with **Forex**

Beginner's
Guide



Table of Contents

Introduction	02
Basics	03
Our Most Popular Trading Methods	06
Elliott Wave Theory	08
Supply and Demand	09
Special Dates	10
Trading Hours	11
Trendlines	12
Trade Examples	13
Next Steps	14

Introduction

We want to start by saying thank you for investing your time in this guide. As someone who is taking the steps to pursue your passion, you will find success in this field. Reading this short guide and putting in the effort necessary to learn and grow, you are surely the type of trader who uses losses and setbacks to move forward and develop yourself, and it seems like a safe bet that you will refuse to quit when your path seems difficult.

Basics

Maybe you are not sure where to start as you get into trading. In case you're completely new to this, let's cover some forex basics. Feel free to skip to the end of this section if you are already comfortable with our trading skills.

What is Forex? How does it work? What am I trading?

Forex can seem very complicated if you try to read about it at some sources, but it simply means "foreign exchange market". Say you are living in the US and you go on vacation in Europe: when you exchange USD to EUR, that is forex. You are exchanging one currency for another. Doing the math at the end of your trip, you realize that your leftover Euros are actually worth more than your USD. You exchange the currencies once again and end up with more money than you had before the first exchange. You probably already see the potential here. Imagine harnessing this concept many more times at a much faster rate, and instead of conducting the trades in person, you do it all online. "Betting" on whether the price of each currency will increase or decrease, you also have the option to add a layer to your investments, something that is not possible if you are investing in stocks.

What is a broker? What is MetaTrader 4? What is leverage?

Handling your buying and selling, a broker frees you up to research and discover profitable trades, optimizing your time and resources. When you use a broker, you can buy and sell hundreds of thousands of dollars in currency instantly via the broker's online dashboard.

On the MetaTrader 4 app, you enter your broker login credentials – and get started making your trades immediately. Wherever you are, you can check your trades on the app. While MetaTrader 4 may work for beginners, we recommend the Oanda app, which features a more powerful platform (if it's available in your country). For trading on a regular basis, we believe that Oanda is superior to MetaTrader 4, equipping you with the tools you need to operate at a high level.

Of course, if you are only getting your feet wet, you may consider opening a demo account on MetaTrader 4 which will let you try trading with no risk and no additional cost.

How do you make a trade? How do you set an SL/ TP? How do you enter a signal?

Once you have downloaded the MetaTrader 4 app, open "Settings," select "New Account," and tap "Open a Demo Account." You can then view all the pairs that you can trade on the "Quotes" page.



Selecting a currency pair, you will see the option to trade it or pull up a chart. If you tap “Trade,” you’ll see how to put in a signal. A signal is when someone tells you which trade to take, and in the example below, you can see a signal that we sent out and instructions for entering it into MetaTrader 4. We’ll talk more about why following signals could be a good or bad idea later on in the book. The Take Profit (TP) and Stop Loss (SL) are important because they will automatically close the trade for us when we hit our target levels, a necessity for any trader who wants to maintain consistency in their trades and avoid waking up to an empty account because of trades that got out of control.

Please be careful when you are taking signals: many new traders end up paralyzed by signals, never learning how to trade for themselves. Even though signals can be convenient when you are starting out, trading is never going to be as easy as copying signals. If it were, everyone would be doing it. It’s much better to walk on your own two feet!

For a guide about how to use Oanda, we have video tutorials available on our Training Channel.

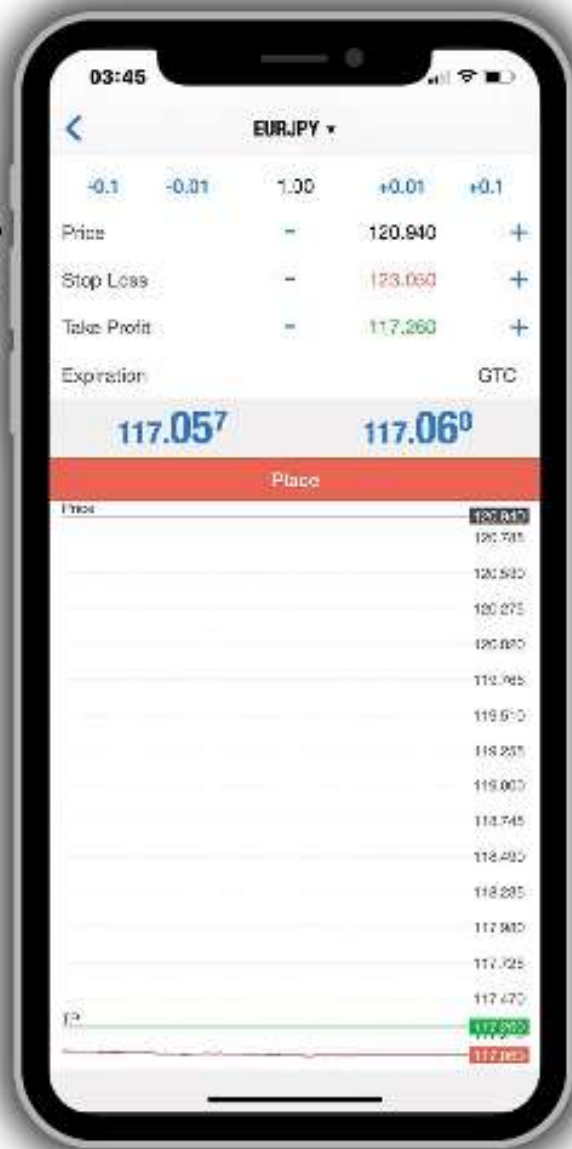


NEW SIGNAL
EURJPY SELL 1D CHART
SELL LIMIT
LIMIT ENTRY: 120.94
SL: 123.05
TP: 117.26
EXPIRATION: 10 days

ESTIMATED TIME TO COMPLETION:
60 days (Use Low Risk)

Signal Explained in Chart
© 1,8K edited 21:40

*SL above the major trendline, above the pennant structure formed by the union of the channel and last's trendline.
 Entry price at the below trendline and below the 0.786 Fibonacci level.
 TP above the previous Demand Zone and 0.236 Fibonacci level.
 Price is currently at a strong 3.18 level (0.618 Fibonacci level) and it can benefit to trade.*



03:45

EURJPY ▾

-0.1 -0.01 1.00 +0.01 +0.1

Price - 120.940 +

Stop Loss - 123.050 +

Take Profit - 117.260 +

Expiration GTC

117.057 117.060

Place

Price 120.940
 120.700
 120.500
 120.275
 120.000
 119.765
 119.500
 119.250
 119.000
 118.745
 118.490
 118.235
 117.980
 117.725
 117.470

117.260
 117.057

Long Term Trade

Day Trade



Swing Trade

What types of trades are there?

This is a question that we get often. Basically, there are three types of trades: day trades and scalping (short-term), swing trades (medium-term), and long-term trades.

For a day trade, you are closing the trade before the day is over, which is what the typical “forex trader” claims to do. To succeed at this type of trading, you will need to work a significant number of hours to get any substantial gains. Working a full-time job, you probably can’t day trade on the side.

For a swing trade, you may remain in a position anywhere from two days to one month. This is the type of trade that we send on our signal group. There are two reasons for that: day trades are

too quick for our international clients (and differing time zones), and swing trades are ideal for teaching new students by showing them more gradual progress. This is also the type of trade that will lead to the most consistent results in our experience.

Ultimately, the type of trade that you pursue will come down to your preference. We encourage you to try both day trades and swing trades and see which one fits your needs better, applying our technical analysis whichever way you choose to go. When we see a high volatility in the major time frame charts, we try to send trades in smaller time frames to avoid possible fakeouts and traps.

Our Most Popular Trading Methods

In this section, we are going to show you our most popular and most used tips and tricks. Once you grasp these concepts fully, you will have a reliable set of tools to start trading and to improve the consistency of your trades.

Risk Management

The way that we see it, poor risk management skills are the top reason that traders fail, end up discouraged, and quit. Read that sentence back because there is no way to overstate how important risk management skills are. Imagine saving up \$1,000 and trying your hand at trading with it. You make some poor trades over the next seven days, and you watch as your balance drops from \$1,000 to \$550 to \$230 to \$20. How discouraging would that be? The fact of the matter is that this happens all the time. No one knows exactly what they are doing when they are only starting out. The key is risk management.

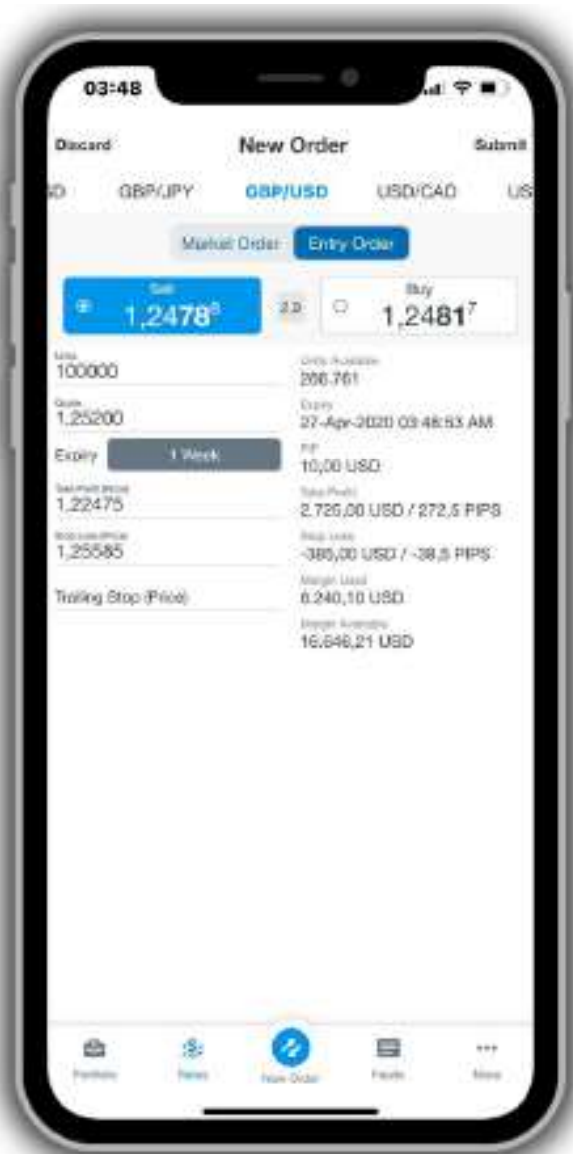
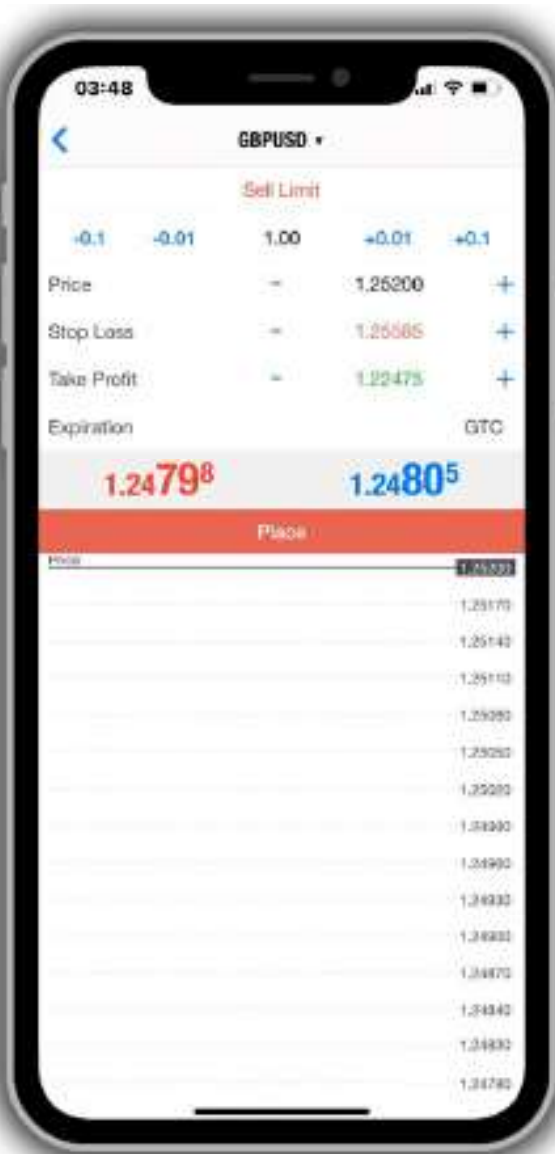
Many new traders will come out on top early on, turning their \$1,000 into \$1,500, and let their greed overwhelm their senses. They will envision themselves turning their small amount of money into a fortune overnight. If you realize that this is never going to happen, you will be much better off. You earned \$500 profit off a \$1,000 investment, but we guarantee you will not be able to do that over and over. As you try – and make riskier trades – you will set yourself up for disappointment, in the form of a disappearing account value.

How do you do earn a fortune as a forex trader? Why is it that 60% of traders are correct about their trades but 95% of traders lose money?

The answer is simple: it's risk management. Starting out (and our founder did this himself), you may risk 30-50% of your account on a single trade. One bad trade, following this strategy, will net you losses of as much as \$500, and within three or four trades, you will find your account emptied of its value. The correct amount to risk is not 30-50% but 1-5%. We recommend hovering around 2% risk per trade, which minimizes your loss on any single trade to \$20 (in a \$1,000 account). This is a manageable loss level for almost anyone, and it will prevent the sort of devastating losses that will discourage you from continuing to learn and try.

Reframe the question in your mind. Instead of asking "How do I stop making bad trades?" ask yourself "How do I minimize the pain that I feel from my losses so that I can keep moving forward?"

When you are on the right trading platform, it should be easy for you to calculate and manage your risk. This is one of the reasons that Oanda's FxTrade app is so useful: on Oanda, you can calculate how much risk you face with each trade. MetaTrader 4, however, leaves you guessing or running the calculations yourself. To earn a living from trading, you need to know precisely how much money you stand to lose if one of your trades doesn't work out. Check out the examples below, and for a more detailed tutorial, we have tutorial videos available in our Training Group.



On FxTrade by Oanda (pictured on the right), you get to decide how much you want to buy and sell according to the units, enabling a greater level of precision in your lot sizing. You can risk less than a 0.01 lot size, equivalent to 1,000 units. This is less than the lot size you can risk on MetaTrader 4.

Let's go back to the GBP/USD signal from before. That signal was SL: 1.2600 and TP: 1.3363. Entering that information into Oanda, you will see how many pips away the SL and TP are. From here, you can increase and decrease

your units on the left to match up to 2% of your account balance. You can also see how many "available units" you can purchase on the right side of Oanda, so say that we want to risk \$20 out of a \$1,000 account: we simply try several different numbers until the "stop loss – USD amount" equals \$20 (in this case, 900 units or \$19.98 if the trade goes bad). This is the fast, efficient way to see how much you could lose or gain. As you can see, we could gain \$49 or lose \$20 here. While this isn't the "overnight fortune" that many other traders promise, it is the intelligent way to do risk management.

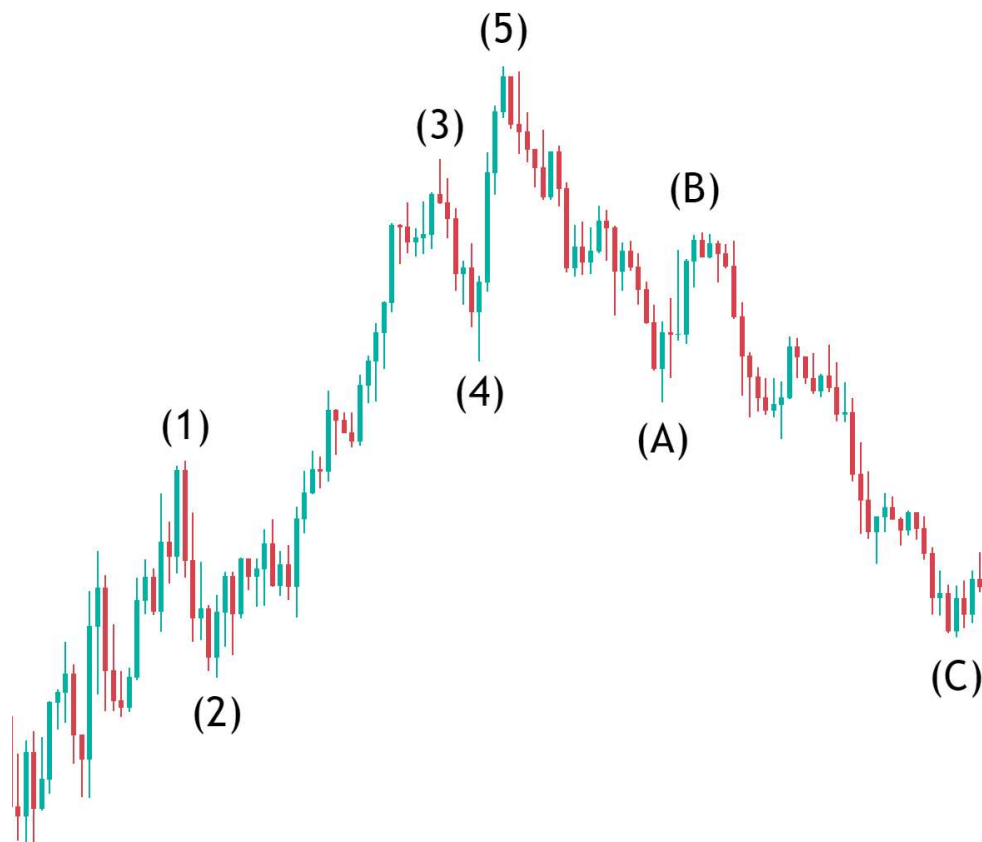
Elliott Wave Theory

Ralph Nelson Elliott (28 July 1871 – 15 January 1948), the namesake of Elliott Wave Theory, was an American accountant and author. Inspired by the Dow Theory and observations found in nature, Elliott concluded that he could predict the movement of the stock market by observing and identifying a repetitive pattern of waves. He was able to analyze markets in greater depth, identifying the specific characteristics of wave patterns and making detailed market predictions based on these patterns.

Simply put, Elliott said that movement in the direction of the trend is unfolding in five waves (called motive waves) while any correction against the trend is in three waves (called corrective waves).

The movement in the direction of the trend is labeled as 1, 2, 3, 4, and 5. The three-wave correction is labeled as a, b, and c. We can see these patterns in long-term as well as short-term charts.

Ideally, we can identify smaller patterns within larger patterns. In this sense, Elliott Waves are like a piece of broccoli, where the smaller piece, if broken off from the bigger piece, does, in fact, look like a small version of the big piece. Using this information (about smaller patterns fitting into bigger patterns), coupled with the Fibonacci relationships between the waves, we can make predictions about trading opportunities with solid R:R ratios.



Supply and Demand

What is supply and demand?

If supply is higher than demand, then price will go down and vice versa. This law rules all markets. Shaped by large financial institutions (banks, hedge funds, etc.), markets respond to economic events, and as institutions make big decisions, they cause strong movement, in turn creating supply and demand zones. When prices return to previous levels, other financial institutions make new orders of the same type,

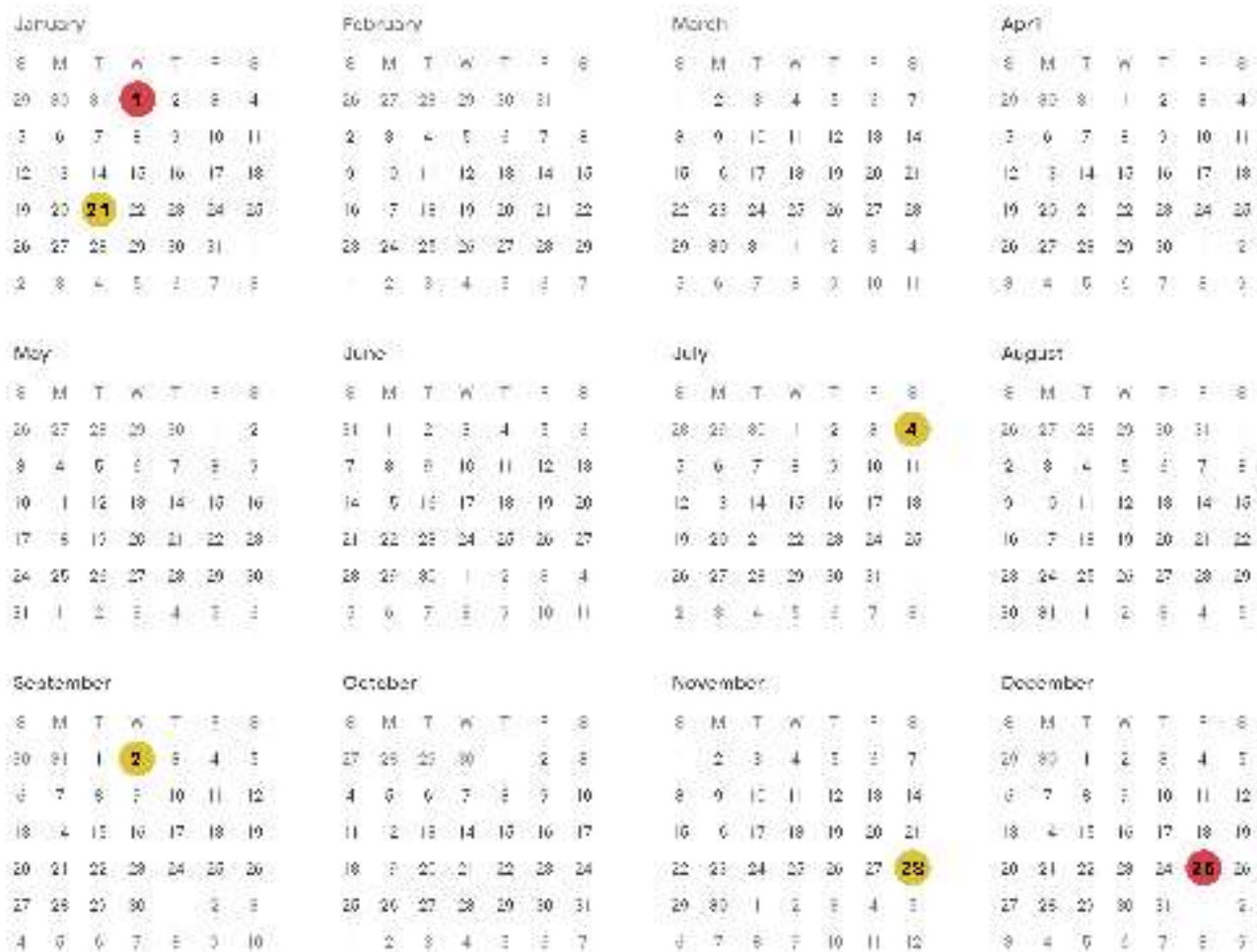
causing the price to go back in the same direction that it was moving before the original big decision.

You can see in this example that there are big, bearish candles after a consolidation period, marked as our supply zone here. Once the price returns to our supply zone, there is an influx of short orders, pushing the price back down.



Special Dates

There are some days in the calendar where the forex market could be inactive (low liquidity) or even closed. Even though the forex market is technically open 24 hours, 5 days a week, there are some exceptions:



Low-liquidity days:

- January 21st: Martin Luther King
- July 4th: Independence Day
- September 2nd: Labor Day
- November 28th: Thanksgiving

Forex Market closed:

- January 1st: New Year
- December 25th: Christmas Day

Trading on these days can be risky because big financial institutions are closed, causing a liquidity shortage that leads to abnormally spreads and swaps.

Trading Hours

There are some days in the calendar where the forex market could be inactive (low liquidity) or even closed. Even though the forex market is technically open 24 hours, 5 days a week, there are some exceptions:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24		
												American Session													
Asian Session																									
							European Session																		

Session Hours (GMT)

- US Session: 13:00 – 21:00
- European Session: 08:00 – 16:00
- Asiatic Session: 01:00 – 08:00

European Session

The European session, the main stock market of which is the London Stock Exchange, is one of the most liquid of all the sessions, and it tends to follow price action structures and patterns. You can usually spot an open gap between the Asiatic and European Session.

US Session

This is the largest session because the US economy is the largest in the world. It is also very liquid, comparable to the European session.

Asiatic Session

The Asiatic session is the least liquid period of the day. It tends to have a gap at the beginning (because of the accumulated orders placed between the close of the US session and the bell of the Asiatic session). In addition, it tends to have bigger spreads and less activity than the other two sessions.

Overlap

The Overlap is a time period between 13:00 and 16:00 where the European session and the US session run simultaneously. This is the most liquid period of the day, combining the liquidity of the two biggest sessions in the world.

Trendlines

What are trendlines?

Trendlines are some of the most popular tools in price action trading, forming the basis of almost every pattern. In forex trading, trendlines are probably the most common form of technical analysis. To construct a trendline, just pick two or more pivot points and join them. That's all there is to it. Often, they will act as dynamic S/R levels, and the more prices test the trendline without breaking it, the stronger the trendline is.

How do you identify them?

Trendlines are the union of two swing-highs or swing-lows. The more pivot points they connect, the more reliable they will be.

How do you trade them?

You can trendlines in different ways. For bullish trendlines, there are three main ways to trade them:

- Enter long once the price makes a drop and hits the trendline, making an exception for a bullish bounce.
- Enter short once the price breaks the trendline.



Trade Examples

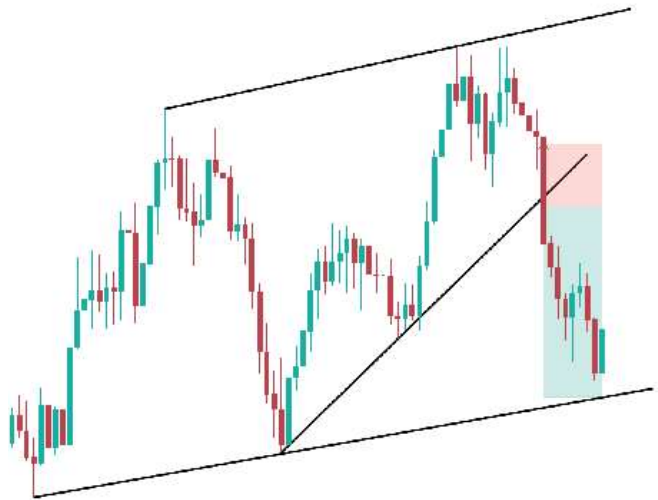
EUR/AUD 1D

From: 09/01/2018

To: 03/12/2018

For this trade, our team spotted the price bouncing on the rising trend line. We saw that the price had broken the support, so we had our signal group enter a sell.

Once the trade hit about 390 pips of profit, we saw that it was making a pullback and that it would be likely to move towards the monthly low and touch down somewhere near that bottom resistance. We had our signal group enter another sell during the pullback for an additional 460 Pips of Profit. This trade brought our group an average 850 pips of profit.



AUD/JPY 2D

From: 26/12/2019

To: 31/01/2020

Price was bouncing inside a rising wedge and completed a five-wave Elliott Wave pattern. As the five-wave pattern ended, we expected an upcoming ABC pattern. A market entry order was set at the top of the rising wedge (end of the fifth wave). SL was set above the golden zone and TP at the bearish trendline. The price dropped to the bearish trendline and made a retest on wave A, but we didn't close the trade, instead waiting for a price consolidation before another drop. At the end of wave B, the bears came in with lots of momentum and pushed the price to our target, creating the last wave for an Elliott Wave pattern.

Ready to Take your Trading Skills to the Next Level?

What does our Full eBook include?

The rest of our eBook contains more of our advanced strategies. Here are some of the contents contained in the rest of our eBook:

- Risk Management and Basic Price Action
- Supply and Demand Patterns
- Price Action Patterns
- Candlestick Patterns and Fibonacci
- TradingView Tools
- Watchlist
- Wolfe Waves
- Harmonic Patterns
- Properly Using Indicators and RSI
- More Trading Setups Examples

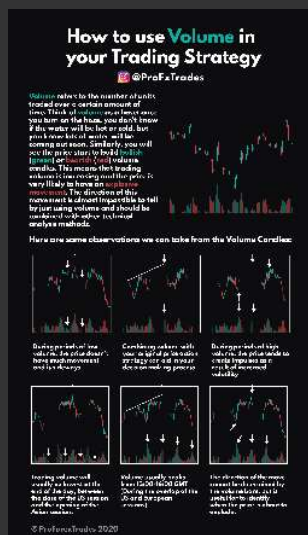
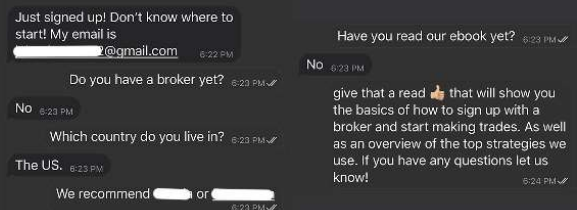
What is Our Elite Training?

- **Access to our Training Room.** This is where we post Training Videos, Animations, and other VIP Content. As well as weekly setups for our students to watch throughout the week

- **Access to our Signal Room.** This is where we send out current market trades so our students can learn valuable skills such as: How we find specific trades, where to set SL and TP, When to close early, etc.



- **1-on-1 Mentorship.** This is where we give our students hands on support with things like: Finding a verified broker in your county, getting an account setup, and making sure your first trade is entered properly, etc.



Lot Size Guide

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	0.1	0.5	1
Standard Lot	0.1	0.5	1
Mini Lot	1	5	10
Micro Lot	10	50	100
Units	10K	50K	100K
Acct. Size needed for 2% risk	2,500\$	12,500\$	25,000\$
Acct. Size needed for 5% risk	1,000\$	5,000\$	10,000\$
Risk for 20 pips (2%)	20\$	100\$	200\$
Risk for 50 pips (5%)	50\$	250\$	500\$
Avg. Spread Cost Major Pairs	2\$	10\$	20\$
Avg. Spread Cost Exotics	8\$	40\$	80\$
Win 1:2 R:R trade 30 pips SL	60\$	300\$	600\$
Loss 1:2 R:R trade 30 pips SL	30\$	150\$	300\$
Win 1:5 R:R trade 50 pips SL	250\$	1,250\$	2,500\$
Loss 1:5 R:R trade 50 pips SL	50\$	250\$	500\$

- Full eBook

For a more detailed explanation, please visit proforextrades.com/whatsincluded

Prices

To say Thank you for taking the time to read our beginners guide we'd like to offer you **15% Off any Training or Mentorship package with code: GETSTARTED**

Thank you,

The ProForexTrades Team

