

# Forex Trading Course: From Basics to Advanced

Welcome to the "Learn for Earn" Forex Trading Course! This program is designed to equip you with the knowledge skills to trade currencies confidently in the global forex market. Starting with foundational concepts, the course progresses to advanced strategies, ensuring a clear and structured learning path. Each module includes theory, practical examples, quizzes, and assignments to reinforce learning.

by Learn for Earn



# Module 1: Introduction to Forex Trading

**Objective:** Understand the basics of forex trading and the structure of the forex market.

## 1 What is Forex Trading?

- **Definition:** Forex (foreign exchange) is the global market for trading currencies.
- **Example:** Buying EUR/USD means buying euros and selling US dollars.
- **Importance:** Largest financial market with \$7.5 trillion daily volume (2025 estimate).

## 2 How Forex Works

- Currency pairs: Major (EUR/USD, GBP/USD), Minor (EUR/GBP), Exotic (USD/TRY).
- Bid/Ask prices: Bid (price to sell), Ask (price to buy), Spread (difference).
- **Example:** EUR/USD bid 1.1000, ask 1.1002, spread = 2 pips.

## 3 Market Participants

- Central banks, commercial banks, hedge funds, retail traders.
- Role of brokers: ECN, STP, Market Makers.

## 4 Trading Sessions

- Asian, London, New York sessions; overlap times (e.g., London-NY overlap, 8 AM-12 PM EST).
- Best times to trade based on volatility.

## 5 Key Terms

- Pip: Smallest price movement (e.g., 1.1000 to 1.1001 = 1 pip).
- Lot: Standard (100,000 units), Mini (10,000), Micro (1,000).
- Leverage: Borrowing to increase position size (e.g., 1:100).
- Margin: Collateral required for trades.

## Learning Activities:

- **Quiz:** Define key terms (pip, lot, leverage).
- **Assignment:** Research and list 5 major currency pairs and their current bid/ask prices.
- **Practical:** Open a demo account on MetaTrader 4/5 and explore the interface.

# Module 2: Getting Started with Forex Trading

**Objective:** Set up for trading and understand risk management basics.

## Choosing a Broker

- Regulation: FCA, ASIC, NFA, CySEC.
- Account types: Standard, ECN, Islamic.
- Spreads, commissions, and platform (MT4, MT5, cTrader).

## Trading Platforms

- MetaTrader 4/5: Installation, chart setup, placing orders (market, pending).
- Tools: Indicators, drawing tools, timeframes.

## Types of Orders

- Market orders: Buy/sell at current price.
- Pending orders: Limit, Stop, Stop-Limit.
- **Example:** Setting a buy limit at 1.0950 for EUR/USD.

## Risk Management Basics

- Risk-reward ratio: Aim for 1:2 or higher (risk \$100 to gain \$200).
- Position sizing: Risk 1-2% of account per trade.
- Formula:  $\text{Position size} = (\text{Account balance} \times \text{Risk \%}) / (\text{Stop loss in pips} \times \text{Pip value})$ .
- **Example:** \$10,000 account, 1% risk, 50-pip stop loss, pip value \$1 = 0.2 lots.

## Trading Psychology

- Common emotions: Greed, fear, overconfidence.
- Importance of discipline and a trading plan.

## Learning Activities:

- **Quiz:** Match order types to their definitions.
- **Assignment:** Compare 3 regulated brokers based on spreads and regulation.
- **Practical:** Place 5 demo trades with a 1:2 risk-reward ratio.

# Module 3: Technical Analysis Fundamentals

**Objective:** Learn to analyze price charts using technical tools.

## Chart Types

- Line, Bar, Candlestick charts.
- Candlestick patterns: Doji, Hammer, Engulfing, Morning Star.
- **Example:** Bullish engulfing pattern signals potential reversal.

## Support and Resistance

- Support: Price level where buying interest emerges (e.g., EUR/USD at 1.0900).
- Resistance: Price level where selling pressure appears (e.g., 1.1200).
- Role reversal: Broken resistance becomes support.

## Trend Analysis

- Uptrend: Higher highs, higher lows.
- Downtrend: Lower highs, lower lows.
- Sideways: Range-bound market.
- Tools: Trendlines, Moving Averages (MA50, MA200).



## Indicators

- Momentum: Relative Strength Index (RSI), range 0-100, overbought (>70), oversold (<30).
- Trend: Moving Average Convergence Divergence (MACD).
- Volatility: Bollinger Bands.
- **Example:** RSI at 75 suggests overbought, potential sell signal.

## Fibonacci Retracement

- Key levels: 23.6%, 38.2%, 50%, 61.8%.
- Usage: Identify potential reversal zones in a trend.
- **Example:** EUR/USD retraces to 50% level at 1.1050 after rallying from 1.0900 to 1.1200.

## Learning Activities:

- **Quiz:** Identify candlestick patterns from provided charts.
- **Assignment:** Draw support/resistance levels on a EUR/USD 4-hour chart.
- **Practical:** Apply RSI and MA50 on a demo chart and note 3 potential trade setups.



# Module 4: Fundamental Analysis

**Objective:** Understand economic factors driving forex prices.

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## Economic Indicators

- Interest rates: Higher rates strengthen currency (e.g., Fed rate hikes boost USD).
- GDP growth: Strong GDP supports currency.
- Inflation: CPI, PPI; high inflation may lead to rate hikes.
- Employment: Non-Farm Payrolls (NFP), unemployment rate.

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## Central Banks

- Role: Federal Reserve, ECB, BOJ, BOE.
- Policy tools: Interest rates, quantitative easing.
- **Example:** ECB cuts rates, EUR weakens.

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## News Events

- High-impact events: FOMC meetings, NFP, CPI releases.
- Low-impact: Consumer confidence, retail sales.
- How to trade news: Avoid trading during high volatility or use pending orders.

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## Geopolitical Factors

- Trade wars, elections, conflicts.
- **Example:** US-China tensions weaken CNY.

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## Economic Calendar

- Tools: ForexFactory, Investing.com.
- How to use: Filter high-impact events for USD, EUR, GBP.

## Learning Activities:

- **Quiz:** Match indicators to their impact on currency.
- **Assignment:** Analyze the impact of a recent NFP report on USD pairs.
- **Practical:** Monitor an economic calendar for 1 week and note price reactions.

# Module 5: Developing a Trading Strategy

**Objective:** Build and test a personalized trading plan.

## Types of Trading Strategies

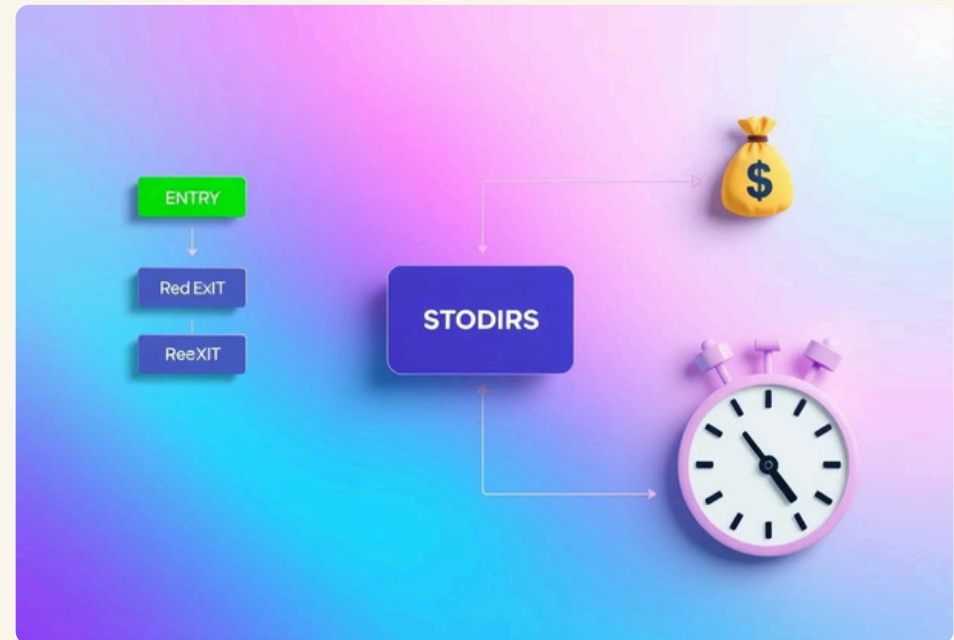
- Scalping: Short-term trades (135 minutes, 5310 pips).
- Day trading: Trades within a day.
- Swing trading: Trades held for days/weeks.
- Position trading: Long-term trades (months).

## Building a Strategy

- Components: Entry/exit rules, risk management, timeframe.
- **Example Strategy (Swing Trading):**
  - Timeframe: 4-hour chart.
  - Entry: Buy when price breaks above MA50 with RSI <70.
  - Stop loss: Below recent swing low.
  - Take profit: 1:3 risk-reward.
- Backtesting: Test strategy on historical data (e.g., 6 months of EUR/USD).

## Learning Activities:

- **Quiz:** Differentiate between scalping and swing trading.
- **Assignment:** Create a trading plan with entry/exit rules. **Practical:**
- Backtest a strategy on EUR/USD 4-hour chart for 3 months.



## Trading Plan

- Define goals: Weekly/monthly profit targets (e.g., 5% monthly).
- Rules: Max 3 trades/day, risk 1% per trade.
- Journaling: Record trade details (entry, exit, outcome, emotions).

## Strategy Optimization

- Adjust parameters: Tweak stop loss, take profit, indicators.
- Forward testing: Test on demo account for 1 month.

# Module 6: Advanced Technical Analysis

**Objective:** Master advanced charting techniques and tools.



## Price Action Trading

- Pure price movement analysis without indicators.
- Patterns: Inside bar, pin bar, fakey.
- **Example:** Pin bar at support signals strong buy.



## Harmonic Patterns

- Gartley, Butterfly, Bat, Crab patterns.
- Fibonacci ratios for pattern completion.
- **Example:** Gartley pattern on GBP/USD with D point at 61.8% retracement.



## Elliott Wave Theory

- 5-wave impulse, 3-wave correction.
- Rules: Wave 3 cannot be shortest, Wave 2 cannot retrace beyond Wave 1.
- **Example:** Identifying Wave 3 in an uptrend for entry.



## Volume Analysis

- Volume indicators: On-Balance Volume (OBV), Volume Weighted Average Price (VWAP).
- Usage: Confirm trend strength (high volume in breakout).



## Multi-Timeframe Analysis

- Align trades with higher timeframes (e.g., daily trend, 1-hour entry).
- **Example:** Daily uptrend, enter on 1-hour pullback to MA50.

## Learning Activities:

- **Quiz:** Identify harmonic patterns from charts.
- **Assignment:** Analyze EUR/USD using Elliott Wave on a daily chart.
- **Practical:** Apply multi-timeframe analysis to 3 currency pairs.

# Module 7: Advanced Risk Management

**Objective:** Minimize losses and protect capital in volatile markets.



## Advanced Position Sizing

- Adjust size based on volatility (e.g., ATR-based sizing).
- Formula:  $\text{Position size} = (\text{Account balance} \times \text{Risk \%}) / (\text{ATR} \times \text{Pip value})$ .



## Hedging

- Offset risk by opening opposite positions.
- **Example:** Long EUR/USD, short USD/CHF to hedge USD exposure.



## Correlation Analysis

- Positive correlation: EUR/USD and GBP/USD move together.
- Negative correlation: EUR/USD and USD/CHF move oppositely.
- Usage: Avoid overexposure to correlated pairs.



## Drawdown Management

- Types: Absolute, maximum, relative drawdown.
- Rule: Stop trading if drawdown exceeds 20%.
- Recovery plan: Reduce position size after losses.



## Stress Testing

- Simulate worst-case scenarios (e.g., 10 consecutive losses).
- Adjust strategy to withstand such events.

## Learning Activities:

- **Quiz:** Calculate position size using ATR.
- **Assignment:** Analyze correlation between EUR/USD/USD and GBP/USD.
- **Practical:** Hedge a demo trade and track results.

# Module 8: Advanced Trading Psychology

**Objective:** Develop mental resilience for consistent trading.

## Overcoming Biases

- Confirmation bias: Seeking only trade setups that align with beliefs.
- Loss aversion: Holding losing trades too long.
- Strategies: Stick to rules, use checklists.

## Building Confidence

- Trust in strategy through backtesting and demo trading.
- Gradual scaling: Start with micro lots in live trading.

## Handling Drawdowns

- Emotional coping: Take breaks, review journal objectively.
- Avoid revenge trading after losses.

## Learning Activities:

- **Quiz:** Identify psychological biases in trading scenarios.
- **Assignment:** Write a 500-word essay on maintaining discipline.
- **Practical:** Keep a trading journal for 2 weeks, noting emotions.



## Long-Term Mindset

- Focus on process over profits.
- **Example:** Aim for 80% rule adherence, not \$500/week.

## Mindfulness Techniques

- Meditation, journaling to stay calm.
- **Example:** 5-minute breathing exercise before trading sessions.



# Module 9: Live Trading & Portfolio Management

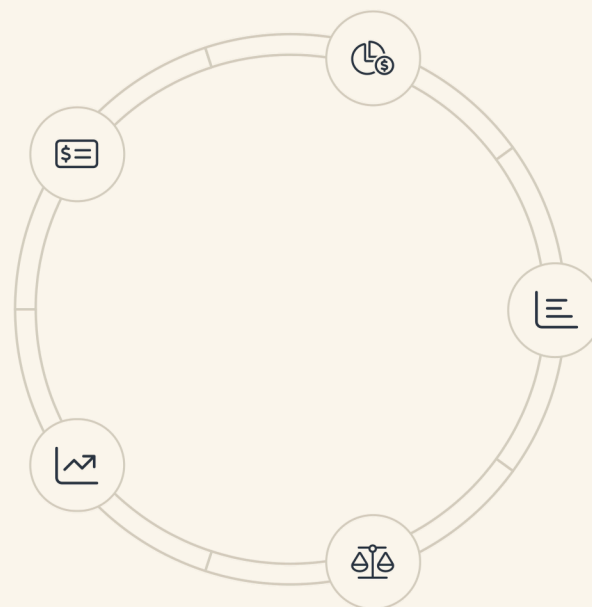
**Objective:** Transition to live trading and manage a forex portfolio.

## Going Live

- Start with \$500-\$1,000 account.
- Risk: 0.5-0.2% per trade initially.
- Compliance: Verify broker KYC requirements.

## Scaling Up

- Increase position size after consistent profits (e.g., 6 months).
- **Example:** Double lot size after 20% account growth.



## Portfolio Diversification

- Trade multiple pairs (e.g., EUR/USD, USD/JPY, AUD/USD).
- Allocate capital: 50% majors, 30% minors, 20% exotics.
- Avoid overexposure to one currency.

## Performance Tracking

- Metrics: Win rate, average risk-reward, monthly return.
- Tools: MyFxBook, Excel spreadsheets.
- **Example:** Target 3-5% monthly return with <10% drawdown.

## Tax and Legal Considerations

- Report profits as capital gains (consult local laws).
- Keep records of all trades.

## Learning Activities:

- **Quiz:** Calculate portfolio allocation for 5 pairs.
- **Assignment:** Create a trade tracking spreadsheet.
- **Practical:** Execute 10 live trades with micro lots.