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Learn Forex Trading at the School of Pipsology  
Forex education is crucial for beginners.

More lessons, more content, and more corny jokes to satisfy your hunger for forex education. The School of Pipsology is designed to help you acquire the skills, knowledge, and special abilities to become a successful trader in the foreign exchange market.

If you want to jump straight to the lessons and start learning how to trade forex, just [click here](#). Our definition of a successful trader is having the ability to do three things:

Make pips

Keep pips

Repeat

If you can repeatedly do these three things, then you're on your way to being a superstar forex trader!!!



**Course Outline:**

<p><i>Pre-school Lessons</i></p> <ul style="list-style-type: none"><li>What is Forex?</li><li>Why Trade Forex?</li><li>Who Trades Forex?</li><li>When Can You Trade Forex?</li><li>How Do You Trade Forex?</li></ul> <p><i>Kindergarten Lessons</i></p> <ul style="list-style-type: none"><li>Brokers 101</li><li>Three Types of Analysis</li><li>Types of Charts</li></ul> <p><i>Elementary School Lessons</i></p> <ul style="list-style-type: none"><li>Grade 1 Support and Resistance Levels</li><li>Grade 2 Japanese Candlesticks</li><li>Grade 3 Fibonacci</li><li>Grade 4 Moving Averages</li><li>Grade 5 Bollinger Bands</li></ul> <p><i>Middle School Lessons</i></p> <ul style="list-style-type: none"><li>Grade 6 Oscillators and Momentum Indicators</li><li>Grade 7 Chart Patterns</li><li>Grade 8 Pivot Points</li></ul> <p><i>Summer School Lessons</i></p> <ul style="list-style-type: none"><li>Elliott Wave Theory</li><li>Harmonic Price Patterns</li></ul> <p><i>High School Lessons</i></p> <ul style="list-style-type: none"><li>Grade 9 Trading Divergences</li><li>Grade 10 Trading Environment</li><li>Grade 11 Trading Breakouts and Fakeouts</li><li>Grade 12 Fundamental Analysis</li><li>Grade 13 Currency Crosses</li><li>Grade 14 Multiple Time Frame Analysis</li></ul>	<p><i>Undergraduate Lessons</i></p> <ul style="list-style-type: none"><li>Freshman Year Market Sentiment</li><li>Trading the News</li><li>Carry Trade</li></ul> <p><i>More schooling Years for the U.S. Dollar Index</i></p> <ul style="list-style-type: none"><li>Intermarket Correlations</li><li>Using Equities to Trade FX</li><li>Country Profiles</li></ul> <p><i>Junior Year Developing Your Own Trading Plan</i></p> <ul style="list-style-type: none"><li>Which Type of Trader Are You?</li><li>Create Your Own Trading Plan</li><li>Keeping a Trading Journal</li></ul> <p><i>Senior Year Risk Management</i></p> <ul style="list-style-type: none"><li>The Number 1 Cause of Death of Forex Traders</li><li>Position Sizing</li><li>Setting Stop Losses</li><li>Scaling In and Out</li><li>Currency Correlations</li></ul> <p><i>Graduation Lessons</i></p> <ul style="list-style-type: none"><li>Forex Trading Scams</li><li>Binary Options</li><li>Personality Quizzes</li><li>Graduation Speech</li></ul> <p>The End - You're Done!</p>
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Get **Forex** tutorials [on-cloud](#);

Equip your self with **JSE** knowledge in easy steps, graduate to be a money market trader.

**Master how to make easy money by only learning how money makes the world go round,**

*Don't gamble; take a chance to make a Calculated Risk*

### How much does a pip rate:

How to work number

USD/JPY at an exchange rate of 119.80 its\_  $(.01 / 119.80) \times 100,000 = \$8.34$  per pip

USD/CHF at an exchange rate of 1.4555 its\_  $(.0001 / 1.4555) \times 100,000 = \$6.87$  per pip

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When USD is second

EUR/USD at an exchange rate of 1.1930 its\_  $(.0001 / 1.1930) \times 100,000 = 8.38 \times 1.1930 = \$9.99734$  rounded up will be \$10 per pip

GBP/USD at an exchange rate or 1.8040 its\_  $(.0001 / 1.8040) \times 100,000 = 5.54 \times 1.8040 = 9.99416$  rounded up will be \$10 per pip.

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### Margin & leverage

For example, let's say you open a mini account which provides a 200:1 leverage or 0.5% margin. Mini accounts trade mini lots. Let's say one mini lot equals \$10,000. If you were to open one mini-lot, instead of having to provide the full \$10,000, you would only need \$50 ( $\$10,000 \times 0.5\% = \$50$ ).

### Leverage

Leverage is the ratio of the amount capital used in a transaction to the required security deposit (margin). It is the ability to control large dollar amounts of a security with a relatively small amount

### How the heck do I calculate profit and loss?

So now that you know how to calculate pip value and leverage, let's look at how you calculate your profit or loss.

Let's buy U.S. dollars and Sell Swiss francs.

The rate you are quoted is 1.4525 / 1.4530. Because you are buying U.S. dollars you will be working on the "ask" price of 1.4530, or the rate at which traders are prepared to sell.

So you buy 1 standard lot (100,000 units) at 1.4530.

A few hours later, the price moves to 1.4550 and you decide to close your trade.

The new quote for USD/CHF is 1.4550 / 1.4555. Since you're closing your trade and you initially bought to enter the trade, you now sell in order to close the trade so you must take the "bid" price of 1.4550. The price traders are prepared to buy at.

The difference between 1.4530 and 1.4550 is .0020 or 20 pips.

Using our formula from before, we now have  $(.0001/1.4550) \times 100,000 = \$6.87$  per pip  $\times 20$  pips = \$137.40

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### Finding the Pip Value in your Account Denomination

Now, the final question to ask when figuring out the pip value of your position is, "what is the pip value in terms of my account currency?" After all, it is a global market and not everyone has their account denominated in the same currency. This means that the pip value will have to be translated to whatever currency our account may be traded in.

This calculation is probably the easiest of all; simply multiply/divide the "found pip value" by the exchange rate of your account currency and the currency in question.

If the "found pip value" currency is the same currency as the base currency in the exchange rate quote:

Using the GBP/JPY example above, let's convert the found pip value of .813 GBP to the pip value in USD by using GBP/USD at 1.5590 as our exchange rate ratio. If the currency you are converting to is the counter currency of the exchange rate, all you have to do is divide the "found pip value" by the corresponding exchange rate ratio:

.813 GBP per pip / (1 GBP/1.5590 USD) Or

$[(.813 \text{ GBP}) / (1 \text{ GBP})] \times (1.5590 \text{ USD}) = 1.2674 \text{ USD per pip move}$

So, for every .01 pip move in GBP/JPY, the value of a 10,000 unit position changes by approximately 1.27 USD.

If the currency you are converting to is the base currency of the conversion exchange rate ratio, then multiply the "found pip value" by the conversion exchange rate ratio.

Using our USD/CAD example above, we want to find the pip value of .98 USD in New Zealand Dollars. We'll use .7900 as our conversion exchange rate ratio:

0.98 USD per pip X (1 NZD/.7900 USD) Or

$[(0.98 \text{ USD}) / (.7900 \text{ USD})] \times (1 \text{ NZD}) = 1.2405 \text{ NZD per pip move}$

For every .0001 pip move in USD/CAD from the example above, your 10,000 unit position changes in value by approximately 1.24 NZD.

### The formula for calculating the transaction cost is:

Transaction cost (spread) = Ask Price – Bid Price

### Cross Currency

A cross currency is any pair in which neither currency is the U.S. dollar. These pairs exhibit erratic price behavior since the trader has, in effect, initiated two USD trades. For example, initiating a long (buy) EUR/GBP is equivalent to buying a EUR/USD currency pair and selling GBP/USD. Cross currency pairs frequently carry a higher transaction cost.



## Forex Order

### Limit Entry Order (if I believe there will be a reversal movement)

A limit entry is an order placed to either buy below the market or sell above the market at a certain price.

For example, EUR/USD is currently trading at 1.2050. You want to go short if the price reaches 1.2070. You can either sit in front of your monitor and wait for it to hit 1.2070 (at which point you would click a sell market order), or you can set a sell limit order at 1.2070 (then you could walk away from your computer to attend your ballroom dancing class).

If the price goes up to 1.2070, your trading platform will automatically execute a sell order at the best available price.

You use this type of entry order when you believe price will reverse upon hitting the price you specified!

### Stop-Entry Order (when you feel that price will move in one direction)

A stop-entry order is an order placed to buy above the market or sell below the market at a certain price.

For example, GBP/USD is currently trading at 1.5050 and is heading upward. You believe that price will continue in this direction if it hits 1.5060. You can do one of the following to play this belief: sit in front of your computer and buy at market when it hits 1.5060 OR set a stop-entry order at 1.5060. You use stop-entry orders when you feel that price will move in one direction!

### Stop-Loss Order (preventing additional losses)

A stop-loss order is a type of order linked to a trade for the purpose of preventing additional losses if price goes against you. REMEMBER THIS TYPE OF ORDER. A stop-loss order remains in effect until the position is liquidated or you cancel the stop-loss order.

For example, you went long (buy) EUR/USD at 1.2230. To limit your maximum loss, you set a stop-loss order at 1.2200. This means if you were dead wrong and EUR/USD drops to 1.2200 instead of moving up, your trading platform would automatically execute a sell order at 1.2200 the best available price and close out your position for a 30-pip loss (eww!).

Stop-losses are extremely useful if you don't want to sit in front of your monitor all day worried that you will lose all your money. You can simply set a stop-loss order on any open positions so you won't miss your basket weaving class or elephant polo game.

## Trailing Stop

A trailing stop is a type of stop-loss order attached to a trade that moves as **(price fluctuates)**.

Let's say that you've decided to short USD/JPY at 90.80, with a trailing stop of 20 pips. This means that originally, your stop loss is at 91.00. If the price goes down and hits 90.60, your trailing stop would move down to 90.80 (or breakeven).

Just remember though, that your stop will **STAY** at this new price level. It will not widen if market goes higher against you. Going back to the example, with a trailing stop of 20 pips, if USD/JPY hits 90.40, then your stop would move to 90.60 (or lock in 20 pips profit).

Your trade will remain open as long as price does not move against you by 20 pips. Once the market price hits your trailing stop price, a market order to close your position at the best available price will be sent and your position will be closed.

The forex market can be broken up into four major trading sessions: the Sydney session, the Tokyo session, the London session, and Pipcrawler's favorite time to trade, the New York session.



Time Zone	EDT	GMT	Summer (approx. April – October)
Sydney Open Sydney Close	6:00 PM 3:00 AM	10:00 PM (22:00) 7:00 AM	Tokyo Open Tokyo Close
			7:00 PM 4:00 AM
			11:00 PM (23:00) 8:00 AM
London Open London Close	3:00 AM 12:00 PM	7:00 AM 4:00 PM	<b>New York Open</b> <b>New York Close</b>
			8:00 AM 5:00 PM
			12:00 PM 9:00 PM

Time Zone	EST	GMT	Winter (approx. October – April)
Sydney Open Sydney Close	4:00 PM 1:00 AM	9:00 PM 6:00 AM	Tokyo Open Tokyo Close
			6:00 PM 3:00 AM
			11:00 PM 8:00 AM
London Open London Close	3:00 AM 12:00 PM	8:00 AM 5:00 PM	New York Open New York Close
			8:00 AM 5:00 PM
			1:00 PM 10:00 PM

The difference between the bid and the ask price is popularly known as the spread.

On the EUR/USD quote above, the bid price is 1.34568 and the ask price is 1.34588. Look at how this broker makes it so easy for you to trade away your money.

If you want to sell EUR, you click "Sell" and you will sell euros at 1.34568.  
If you want to buy EUR, you click "Buy" and you will buy euros at 1.34588.



Actual open and close times are based on local business hours. This varies during the months of October and April as some countries shift to/from daylight savings time (DST). The day within each month that a country may shift to/from DST also varies.

You can see that in between each forex trading session, there is a period of time where two sessions are open at the same time. During the summer, from 3:00-4:00 am EDT, the Tokyo session and London session overlap, and during both summer and winter from 8:00 am-12:00 pm ET, the London session and the New York session overlap.

Naturally, these are the busiest times during the trading day because there is more volume when two markets are open at the same time. This makes sense because during those times, all the market participants are wheelin' and dealin', which means that more money is transferring hands.

Now, you're probably looking at the Sydney open and thinking why it shifts two hours. You'd think that Sydney's open would only move one hour when the U.S. adjusts for standard time, but remember that when the U.S. shifts one hour back, Sydney actually moves forward by one hour (seasons are opposite in Australia). You should always remember this if you ever plan to trade during that time period.



### Best Days of the Week to Trade Forex

So now we know that the London session is the busiest out of all the other sessions, but there are also certain days in the week where all the markets tend to show more movement. Know the best days of the week to trade forex. Below is a chart of average pip range for the major pairs for each day of the week:



Pair	Sun	Mon	Tue	Wed	Thu	Fri
EUR/USD	69	109	142	136	145	144
GBP/USD	73	149	172	152	169	179
USD/JPY 41	65	82	91	124	98	
AUD/USD	58	84	114	99	115	111
NZD/USD	28	81	98	87	100	96
USD/CAD	43	93	112	106	120	125
USD/CHF	55	84	119	107	104	116
EUR/JPY 19	133	178	159	223	192	
GBP/JPY 100	169	213	179	270	232	
EUR/GBP	35	74	81	79	75	91
EUR/CHF	35	55	55	64	87	76

As you can see from the chart above, it would probably be best to trade during the middle of the week, since this is when the most action happens.

Fridays are usually busy until 12:00 pm EST and then the market pretty much drops dead until it closes at 5:00 pm EST. This means we only work half-days on Fridays.

#### How to Read a Forex Quote

Currencies are always quoted in pairs, such as GBP/USD or USD/JPY. The reason they are quoted in pairs is because in every foreign exchange transaction, you are simultaneously buying one currency and selling another. Here is an example of a foreign exchange rate for the British pound versus the U.S. dollar:

#### GBP/USD forex quote

The first listed currency to the left of the slash ("/") is known as the base currency (in this example, the British pound), while the second one on the right is called the counter or quote currency (in this example, the U.S. dollar).

When buying, the exchange rate tells you how much you have to pay in units of the quote currency to buy one unit of the base currency. In the example above, you have to pay 1.51258 U.S. dollars to buy 1 British pound.

When selling, the exchange rate tells you how many units of the quote currency you get for selling one unit of the base currency. In the example above, you will receive 1.51258 U.S. dollars when you sell 1 British pound.

The base currency is the "basis" for the buy or the sell. If you buy EUR/USD this simply means that you are buying the base currency and simultaneously selling the quote currency. In caveman talk, "buy EUR, sell USD."

You would buy the pair if you believe the base currency will appreciate (gain value) relative to the quote currency. You would sell the pair if you think the base currency will depreciate (lose value) relative to the quote currency.

Long/Short First, you should determine whether you want to buy or sell.

If you want to buy (which actually means buy the base currency and sell the quote currency), you want the base currency to rise in value and then you would sell it back at a higher price. In trader's talk, this is called "going long" or taking a "long position." Just remember: long = buy.

If you want to sell (which actually means sell the base currency and buy the quote currency), you want the base currency to fall in value and then you would buy it back at a lower price. This is called "going short" or taking a "short position". Just remember: short = sell.



To begin trading you have to have a broker, a bank account that will be accessible such as a check account or an account that can do online shopping for transactions ;

Download a software from your broker , your settings will be send to you by Email

Develop your calculated risk strategy, begin the practice Cautiously by opening a Demo account.

Know your stock market how it is situated; though it is hard to predict how the market is going to play out, practice monitoring the are many news channel to do your stock market, don't be clueless when the market is in a state of Relapse or Improvement,



Acknowledge the pricing of minerals and resources such as OIL/ GOLD / have an inside how the in relation major currency is influencing yours.

**LEASON 2...**Markets moving averages Performance Forex impart...