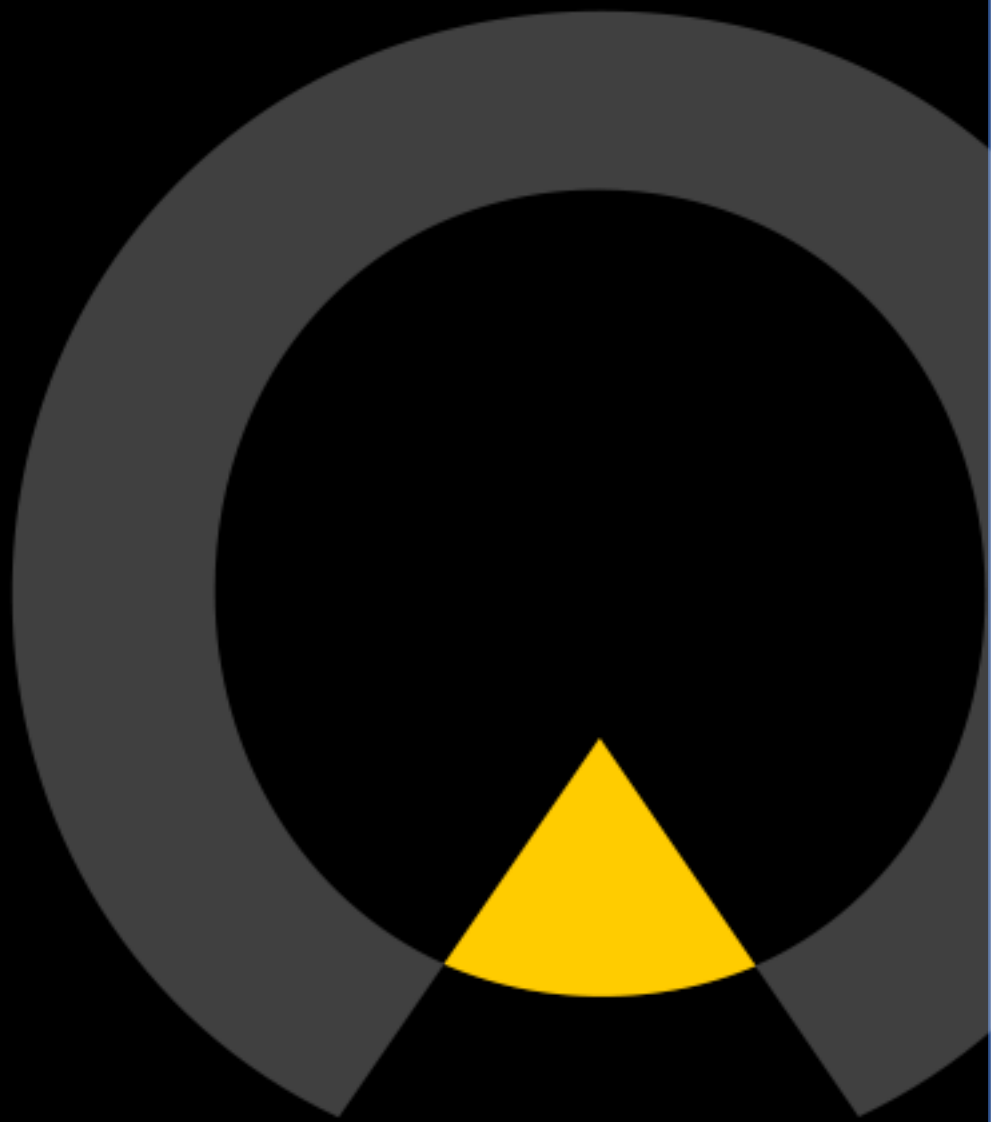


INFINOX TRADING BASIC



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What Is A Currency Pair

A currency is always measured against another currency and they are referred to as currency pairs. Currency pairs are generally segregated into three groups. These groups are known as Majors, Minors and Exotics. Major currency pairs are generally the most popular traded currency pairs. Almost all currencies are free floated, meaning that they don't have a set representation of value to another currency and can rise and fall in value independently.

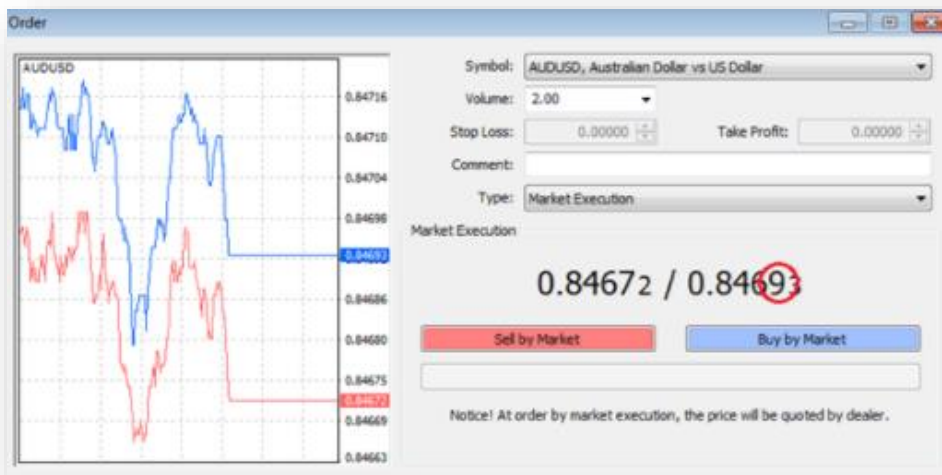
The currency pairs offered by INFINOX available for trading are:

Major Pairs	Minor Pairs	Exotic Pairs
AUD/USD	EURCHF	USD/NOK
USD/CHF	EURGBP	USD/SEK
GBP/USD	EURJPY	USD/ZAR
USD/JPY	GBPCHF	USD/HKD
EUR/USD	GBPJPY	USD/SGD
NZD/USD	EURAUD	USD/TRY
USD/CAD	CADJPY	USD/DKK

What Is A Pip?

A pip is a small measurement of change in the underlying currency. Generally, it is the fourth (0.0001) decimal place of a currency price, except with the Japanese Yen, where they have no denomination for cents in their currency (in the Japanese Yen, the pip is the second decimal place). Shown below is an image representing an order window reflecting the price of the AUD/USD.

The fourth decimal place is circled red to show which decimal the pip is in reference to. If the price 0.84693 moves to 0.84683 then there was a 1 pip movement.



A pip is a good reference measure to how much a trader can make based on the volume of their trades. For example, if a trader purchases a full contract (1 lot) the value of potential return and risk is \$10 profit or loss (of the second named currency in a pair) per pip movement. You can follow the table below as a reference to potential risk or return:

Trade Volume	Dollars per pip
1.00	\$10
0.10	\$1
0.01	\$0.10

Quite often, the annotation used to measure how well a trader is doing is to mention how many “pips” they have gained in a set time period.

What Is Bid & Ask And Spread?

With currency quotes, they are always represented with a Bid offer and an Ask offer. This denotes the price difference between buying and selling.

If you BUY, you are buying at the ASK price. if you SELL, you are selling at the BID price. Shown below is a list of currency pairs all showing a Bid and Ask offers.

Remember, if you opened a BUY position and you wish to close it, you are essentially SELLing it back, therefore the price you will be closing the position at is the BID price and vice versa.

The spread is the pip difference between the BID and ASK. If you were to look at the above image and referred to the AUD/USD then you will notice the BID as 0.84767 and the ASK as 0.84786.

This is a spread of 1.9 pips. $0.84786 - 0.84767 = 0.00019$.
 $0.00019 = 1.9$ pips

Symbol	Bid	Ask
GBPUSD	1.51722	1.51741
EURUSD	1.25167	1.25183
USDJPY	88.004	88.015
AUDUSD	0.84767	0.84786
USDCHF	1.06085	1.06108
USDCAD	1.05712	1.05749
NZDUSD	0.69296	0.69341
AUDNZD	1.22264	1.22321
AUDCAD	0.89621	0.89659
AUDCHF	0.89926	0.89988



What Is Leverage And How Much Do I Need To Trade?

Leverage is the amount that you are borrowing based on the deposit in your account. Default leverage is set at 1:50, meaning that for every \$1 you have in your account, you have a buying power of \$100. If you have \$1,000 in your account, you have buying power of \$100,000.

Something to remember is a full contract (1 lot) is 100,000 of the base currency.

So if you were looking to trade a Full Lot of the EUR/USD, then you would need the equivalent of EUR100,000 in your account to trade this.

If you wanted to trade a full contact and you had a leverage of 500:1, then you could take this position with only \$200 in your account ($\$200 \times 500 = \$100,000$). High leverage can help you take larger positions based on smaller capital in your account, but it is not without its pit falls. Larger positions result in larger dollar movements per pip and as such can wipe out smaller capital amounts in a short period of time.

Summary

We've now learnt the basics of Forex trading. So in summary. If you were to choose a currency pair, say for example the AUD/USD and executed a BUY of 2 full contracts (2.0) at the price of 0.84693.

You would have required a minimum of \$2,000 in your account with a leverage of 100:1 to take this position.

At a contract size of 2 Full lots you will make US\$20 per pip movement.

The BUY position denotes that if the AUD/USD price appreciates, then you will make money. Say if the AUD/USD appreciates to 0.84973, you have gained 28 pips, which is a profit of US\$560, which would equate to A\$659.

$28 \text{ pips} \times \$20 = \text{US\$}560$

(To place an order, please refer to the "Getting Started with INFINOX MetaTrader 4" Guide: Opening a position)

MetaTrader 4: The Very First Step To Trading Is Opening The Platform

The first sign of panic or confusion is as soon as the MetaTrader 4 platform opens. It's foreign and displays a number of charts, numbers, times and currency pairs. Some novices take this opportunity to close the MetaTrader 4 platform, turn off their computer, go to sleep and never return to trading..... ever.

Once you have overcome the initial hesitation of opening the MetaTrader 4 platform, take the time to have a look at the data available. The market watch window shows current prices for the currency pairs available and the charts give you a timeline based representation of the prices.

Choose a random currency pair

Now focus on one particular currency pair. Make a choice, a random one is perfectly fine.

Say for example, you have selected the AUD/USD pair. Open an order window (Getting started with INFINOX MetaTrader 4: Opening a position) and you will be presented with the option to "buy" or "sell". We want to make a random trade now, so execute an order to "buy" or "sell" at market.



Place a random trade

You will now see that you have executed a trade. Take a moment to watch how it performs. After a break, you will notice that your trade has now either taken a profit, or taken a loss.

Having executed this exercise you have completed the first steps towards learning to trade. You can close this trade if you wish, or you can keep it open and continue to watch it.

