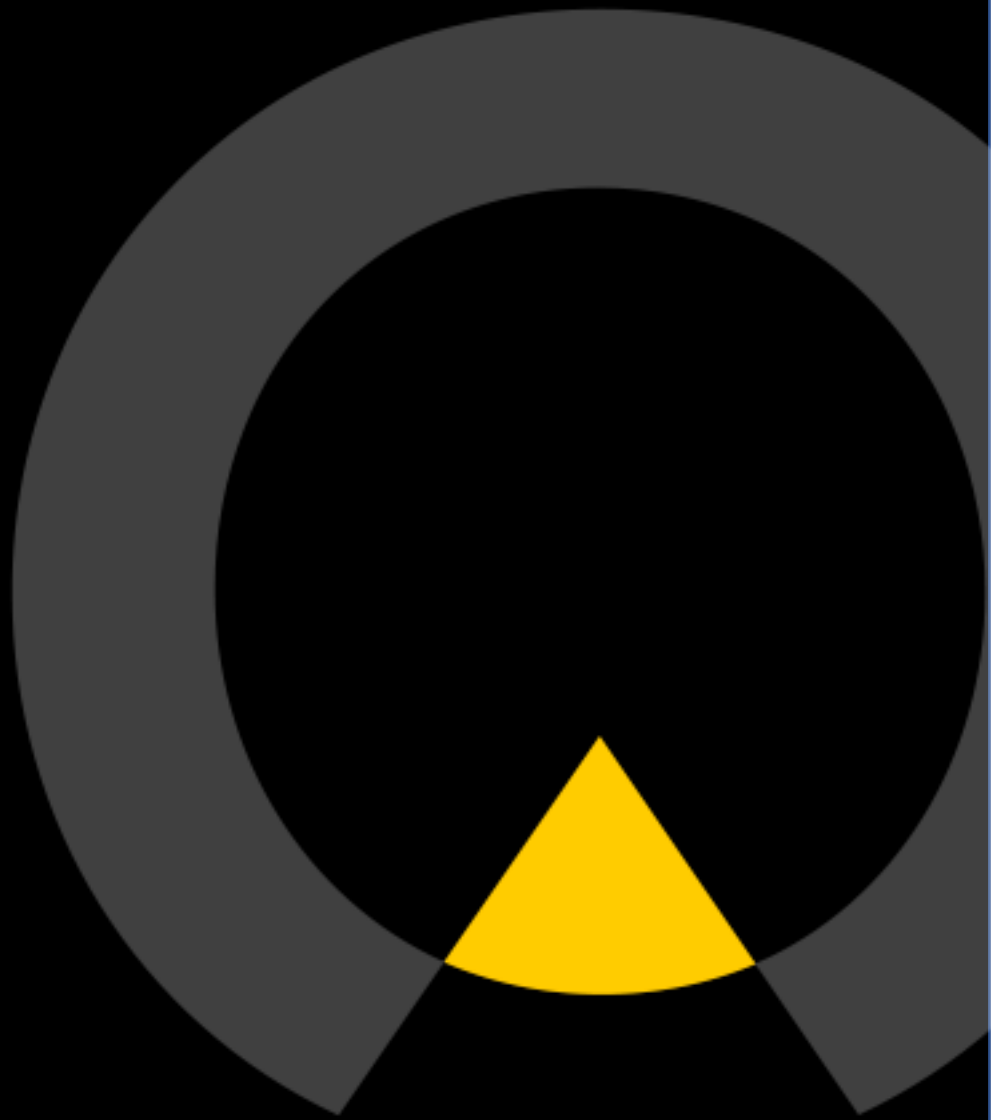


INFINOX WHEN TO BUY AND SELL



INFINOX Capital Ltd
20 Birchin Lane
London
EC3V 9DU
www.infinox.com

When And Why To Buy And Sell

Having placed some random trades, you would have figured out that when you place an order to buy or sell, you could potentially earn or lose money. The theory is quite simple, pick the right direction and you will make money.

The important question is “how do I pick the right direction?”.

The simple truth is that if there was a way to know exactly when to buy and sell, everyone would be rich. Simply put, there is no guaranteed way to always pick the right direction the market moves. However, there are a number of tried and tested strategies that you can base your decision on which can increase your chances of a profitable trade.

Strategies are a systematic and planned course of action based on existing information you know of the market. There are a multitude of strategies for Forex trading. A lot are available to learn for free by doing an Internet search, books available and people that will teach these strategies for a fee. Around the world, professional traders and recreational traders alike will always hold at least one trading strategy to heart and will attribute their success in trading to following that one or many trading strategies. The following section covers some popular strategies that are used by many traders.

The Trending Strategy

The trending strategy is to follow the market in the direction that it is clearly following over an extended period of time. Currency pairs often take either “bullish” (up) or “bearish” (down) trend.



By following the trend of a particular currency pair, you are banking on the fact that the currency continues its existing direction and you are taking in a profit by following the market direction. This strategy is by far the most popular strategy method for trading currency.

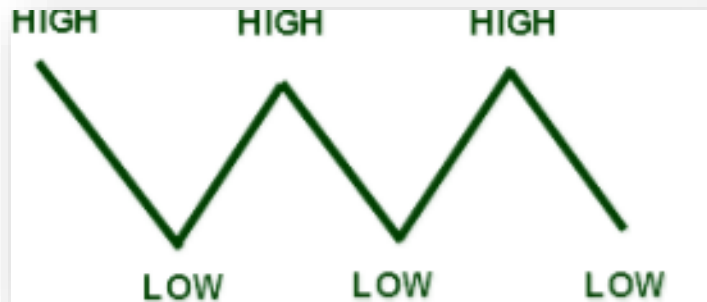
Trends can be long or they can be short, meaning that there are short-term trends and there are long-term trends. An example would be that during a 6-month period, there was a bullish trend for the AUD/USD, however, in between this 6-month period there were 2 short periods where it took a bearish trend. The following is a graphical representation of the example.



If you held a buy position from the start of the 6 months to the end, you would be well in profit. Be careful when you look for your trends. Sometimes when you look at a chart and it shows a very clear trend, if you were to expand your chart to include more data it could very well show you the opposite.

The Ranging Strategy

The Ranging Strategy occurs when a currency is trading between a set upper and lower limit and seems to constantly bounce up and down between the high and low limit. Traders take the opportunity to sell when it is at the upper limit and to buy when it is at the lower limit. Represented in the image below, you will see a sideways trend. This marks the opportunity for people who follow a ranging strategy.



The Breakout Strategy

The Breakout Strategy is the break out of a sideways trend. Usually, momentum is greatest on breakout points. A lot of traders take advantage of the breakout strategy when sideways moving prices break the upper or lower limits.

Below represents a few breakouts following some periods of sideways tending.



News Release Trading Strategy

News traders trade off economic news release. The Forex market is particularly reactive to economic news, in particular, interest rate news from the G8 countries, as well as unemployment news for each corresponding country.



News traders will have to bear in mind that the Forex market movements have already taken in to consideration existing and expected economic news. The sharp movements you see due to economic news are corrections due to unexpected news, either better than expected or worse than expected.

Another consideration to take to heart for potential news traders is that during negative sentiment news reports, currency movements generally head towards lower yielding and perceived 'safer' currencies; USD and JPY in particular.

A good grasp of economics is generally recommended for traders wishing to start news releasing trading.

An economic news calendar is highly recommended. Forex Economic calendars show the release date for important economic news such as "non-farm payroll", GDP figures and interest rate news.

Below is an example of what an economic calendar shows.

Forex calendars will show what forecasted data should be and what it was previously. If at the news release the actual data released was worse than expected, you can expect the underlying currency of that country to react negatively.

Date	Time	Currency	Importance	Event	Actual	Forecast	Previous
Jul 1	02:30	AUD	▼▼▼	Commodity Prices (YoY)	43.00%	43.60%	43.60%
	03:30	CHF	▼▼▼	SVME PMI		65.90	66.40
	04:00	EUR	▼▼▼	Manufacturing PMI	55.60	55.60	55.60
	04:30	GBP	▼▼▼	Manufacturing PMI	57.60	58.00	58.00
	07:30	USD	▼▼▼	Challenger Job Cuts (YoY)			-65.10%
	08:30	USD	▼▼▼	Initial Jobless Claims	460.00K	457.00K	457.00K
	10:00	USD	▼▼▼	ISM Manufacturing Index	59.00	59.70	59.70
	10:00	USD	▼▼▼	Pending Home Sales (MoM)	-12.50%	6.00%	6.00%
	10:00	USD	▼▼▼	Construction Spending (MoM)	-1.00%	2.70%	2.70%
	10:00	USD	▼▼▼	ISM Manufacturing Prices	77.20	77.50	77.50
	10:30	USD	▼▼▼	Natural Gas Storage			81.00B
Tentative		USD	▼▼▼	Total Vehicle Sales	11.40M	11.60M	11.60M
	19:50	JPY	▼▼▼	Monetary Base (YoY)	3.80%	3.70%	3.70%

