

Section One – No Charge

Read this section and become familiar with partial basics. To start making \$500-\$1000 every week, you'll need to read the entire manual which contains the strategies and methods to consistently bank profits.

The rest of the manual can be purchased from
www.webkept.com

The Affluent Desktop Currency Trader

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How to buy and sell currencies in your spare time and earn an extra \$500-\$1000 per week, every week!

Introduction

Thank you for purchasing this **Currency Trader Course**. A very warm welcome to this adventure you are about to undertake. You are about to begin a journey which will take you into the depths of the financial world and make you financially free at the same time. To prepare for this journey, you will need to don your thinking cap as this trip has a “steep learning curve ☺”

By following the training and methods taught in this course, you can utilize the time before you leave for work in the morning and the time you return home in the evening to earn you an extra \$500-\$1000! We’ve got to go through a lot of information in order for you to start trading successfully. I do understand that you want to rush out there and start making lots of money but this particular course takes time. Please make the effort to go through this course at least twice so it gives time for the information to sink in.

To achieve \$500-\$1000 a week spare income, it will take some time to learn the basics and then some more time to implement a method and various techniques to trade profitably.

\$1000 per week is easily achievable with this business.

Don’t believe me? There are already thousands of individuals using their time to trade currencies who are making more money than their regular job income. Most of them are now doing this full-time, as the earning potential is truly unlimited.

You can do this from any country in the world, even whilst on holiday. Remember, all you need is a decent computer, internet connection, and a little starting capital.

You can start with as little as \$300, but \$2000 is the recommended amount.

You don’t need to risk a single penny whilst learning, as you will learn how to trade currencies with a dummy account which will imitate a real account. This will allow you to buy and sell currencies just as if you were buying and selling in the real world. However, you won’t lose or make any real money. You will be able to see your dummy account grow by \$500-\$1000 per week from your initial starting capital.

The reason I’m quoting currency in \$\$\$ and not any other world denomination is simply because you will be dealing with US Dollars more than any other currency.

With this business, you don’t need any stock, employees or anything else that goes along with a traditional business. All it requires is a little computer time and some simple *chart analysis* (research).

When you buy and sell currencies, you are said to be dealing in the “**Foreign Exchange**” market, or “Forex” market or “FX” market for short.

As a Forex trader, you will face some tough decisions from time to time. In this manual, you will learn when and where to place *trades* (buy or sell currency) to achieve a minimum of \$500-\$1000 per week.

When I talk about achieving \$500-\$1000 per week, I really mean a lot more than that. The reason I didn't mention a higher figure in my sales letter was simply because you wouldn't have believed me. Let me assure you, as a Forex trader, you can even make \$1000 in a single hour providing your timing is right. Don't worry about the details for now as we will cover everything later.

I am confident that I can help you secure your own \$500 every week. I say this because I was in your position not long ago. I know what it's like when starting out.

During my humble beginnings I lost money, which is when I decided to invest in some personal training. After completing the course, I actually started to make money as I began to think things through. I pondered over every trade. I weighed the pros and the cons and then pulled the trigger. Now, I really do make a minimum of \$500-\$1000 every week.

Everything written in this manual is exactly what I do. All *you* need to do is study and follow what I have written. There is no doubt in my mind that you will also bank at least \$500 every week (if not more).

I'm not a trading guru and I don't make exceptional amounts of money simply because I choose to spend my time doing other things. If money can't bring you freedom, what use is it?

Ok, I don't want to bore you with explaining the rags to riches lifestyle and other benefits of having lots of money. I'm sure you are clever enough to know what you can do with your own income of \$1000 a week.

The writing style you encounter in this manual may be different from what you'll find in other books. I am not a writer by trade and therefore my communication style will be geared to your success. As long as you understand the message I am about to convey, you will benefit. Look at the information itself and you will find it of great value. I have written this book with one aim - to show you how to make a lot of money by trading currencies on the Forex market.

And this is exactly what you will learn here.

There is a lot of information to cover and I can go into depth on each subject but instead I will explain the necessary and 'nice to know' items so you can get started as soon as possible without spending an era remembering all the other bits and bobs.

So without further ado, let's get started.

Module 1

The Forex Market

A person who buys and sells currency on the Forex market is known as a “Forex Trader”.

There are many other markets which deal with many different items. Have you heard of the Futures Market? Have you heard of the Stock Market?

Well, the Forex (FX) market is just another market where people get together to buy and sell currency. It is open 24 hours a day from Sunday around 10pm UK time until Friday 9pm UK time. The FX market is *the* largest financial market to exist amongst all other markets. Over 2 trillion dollars change hands every day in this market. Do you think you can take a part of this pool and add it to your own income? Sure you can! I do it all the time.

Have you seen the film *Trading Places*? Did you see how all the traders gathered together in the trading pit to buy and sell their commodities? FX is slightly different. Nobody goes to buy and sell at the pits. Instead, you do it from the comfort of your own home sitting at your own computer table. You can buy and sell currency with a few clicks of your mouse. That’s how easy it really is.

For every person that wants to buy currency, there must be someone who is willing to sell currency at that exact same price.

“What if there is no one to sell you that currency at that exact same price”?

Since 2 trillion dollars change hands every day in the FX market, it is extremely unlikely that there are no traders willing to sell at that price. There are so many traders in this market that money changes hands at the exact prices they want. This is what you call *market liquidity*. *The FX market is a very liquid market.*

The Forex market is also known as the Forex Spot market as opposed to the Currency Futures market. With the Spot market, all transactions made are dealt with immediately. With futures, you are buying/selling currency in the future.

The FX Spot market is extremely liquid and this is where you can achieve \$500-\$1000 a week on average. Consider it your second home.

Currency Pairs

Many different currencies are traded every day. Traders buy and sell these currencies to make a profit. You don’t need any special skills to trade. You simply need the knowledge and the ‘know how’ to do the same. That is exactly what I will teach you in this manual.

So how do you make money trading currencies?

Let’s start with an example.

Let’s say 1 British Pound is worth 1.8 US Dollars. This means that if you go to the currency exchange kiosk at your local airport and you give them £1 in exchange for dollars, they will give you \$1.80 (in return for your £1 – disregard any commission for now).

You saw the news on TV and now you believe that the Dollar will get stronger against the Pound and so you buy many dollars.

Let’s say you gave the kiosk £100 in exchange for \$180 at the exchange rate of 1.8.

$$100 \times 1.8 = 180$$

A few hours later, you see that the exchange rate has changed and now every Pound is worth 1.4 US Dollars. This means that the dollar has *increased* in value against the Pound. Before, each pound was worth 1.8 US Dollars but now it is only worth 1.4 US Dollars. In other words, the Pound has become weaker against the US Dollar and the US Dollar has become Stronger against the Pound. You will see this as you go back to the kiosk and re-exchange your Dollars back to Pounds. So if each Pound is worth 1.4 US Dollars, how many pounds do you get for \$180? $\$180 / 1.4 = \text{£}128.57$. This means you have just made yourself a profit of $\text{£}28.57$. You only had $\text{£}100$ before but now you have $\text{£}128.57$.

Trading currencies at home works on the same principle except you will be doing it on a larger scale and without the hassle of visiting kiosks and their inflated rates.

Listed here are some of the currencies you can trade on the FX market along with their abbreviations:

USD = US Dollar

EUR = Euro

GBP = Great British Pound

CHF = Swiss Franc

JPY = Japanese Yen

CAD = Canadian Dollar

AUD = Australian Dollar

NZD = New Zealand Dollar

Cur1	Cur2	BID	ASK
EUR	USD	1.2942 ↑	1.2944 ↓
USD	JPY	104.70 ↓	104.73 ↓
GBP	USD	1.8992 ↓	1.8996 ↓
USD	CHF	1.1917 ↑	1.1922 ↑
EUR	CHF	1.5422 ↓	1.5426 ↓
EUR	JPY	135.54 ↓	135.58 ↓
GBP	JPY	198.83 ↓	198.92 ↓
EUR	GBP	0.6812 ↑	0.6817 ↑
USD	CAD	1.2496 ↑	1.2500 ↑
AUD	USD	0.7776 ↓	0.7781 ↓
EUR	CAD	1.6169 ↑	1.6179 ↑
EUR	AUD	1.6635 ↑	1.6649 ↑
GBP	CHF	2.2623 ↓	2.2633 ↓
CHF	JPY	87.85 ↓	87.95 ↓
AUD	CAD	0.9716 ↑	0.9726 ↑
AUD	JPY	81.40 ↓	81.48 ↓
NZD	USD	0.7315 ↑	0.7320 ↑
CAD	JPY	83.77 ↓	83.83 ↓

You can't just trade any currency against any other currency. You can only trade what is available to you.

Currencies are traded in set pairs.

From the 'dealing rates' on the left, you can see the 'set pairs' which are available and you can see that currency 1 (Cur1) is traded against currency 2 (Cur2). Each currency is abbreviated.

Whatever is quoted under Currency 1 is the *base* currency.

This means that if you buy the EUR/USD pair, you will actually be buying the Euro (base currency) and selling the USD at the same time. If you wanted to *buy* the US Dollar against the Euro, you would simply *sell* EUR/USD. Whether you buy or sell, you will be doing that action to the first currency quoted in the pair. In effect, you will be doing the opposite for the 2nd currency quoted in the pair.

"Buy" GBP/USD means I am buying the Pound and selling the US Dollar. "Sell" GBP/USD means I am selling the Pound and buying the US Dollar.

So you see, you will be trading set currencies against each other. When prices change, you stand to make a profit or a loss. Later, you will learn how to trade in a manner which will produce a good positive income by trading the right currencies at the right time.

The exchange rate (in simple terms) is the ratio of one currency *valued* against another. The first currency is known as the *base* currency and the second currency as the *counter* or *quoted* currency. For example, the AUD/CAD exchange rate specifies how many Australian Dollars are required to

buy a Canadian Dollar, or conversely, how many Canadian Dollars are needed to purchase an Australian Dollar.

There are 2 prices quoted for each currency pair – the BID price and the ASK price.

The ask price is what you pay if you are buying the currency pair and the bid price is what you pay if you are selling the currency pair.

Have a look at the GBP/USD price above. It is quoted as 1.8992/1.8996 which may also be shown as 1.8992/96.

If you buy the GBP/USD, you will pay the price of 1.8996. If you then decided to sell it straight away, you would sell it at a price of 1.8992. This means you would have made a loss, as the bid price is always lower than the ask price. This is quite normal and the trades you undertake will take this into account.

As soon as you place a trade, you are already in a loss situation. This means that you will have to recover this loss amount as well as make a profit on top for a successful outcome.

Don't worry about this instant loss for now as it will all become clear as you read on. Just accept it for now.

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

To clarify the bid and ask components, a currency exchange rate is shown as a bid price and an ask price. The *bid price* is always lower than the ask price. The bid price shows the price which will be obtained in the counter currency when *selling* one unit of the *base* currency. The *ask price* represents what has to be paid in the counter currency to obtain one unit of the base currency. Have a look at this as an example:

EUR/USD: 1.2942/44

The first part (before the slash) is showing the bid price (what you obtain in USD when you sell the Euro - Sell EUR/USD). In this example, the bid price is 1.2942. The second part (after the slash) is the ask price (what you have to pay in USD if you buy the Euro – Buy EUR/USD). Here, the ask price is 1.2944.

If you buy a currency (at the ask price) and sell it straight away (at the bid price), it may be obvious to you that you would always lose out because the ask price is always higher than the bid price. This difference (spread) is where the broker takes his cut. So, instead of charging you commission for every trade, he makes his money by taking a little chunk out of every trade you place. The spread is something which all traders have to live with. It is something you will need to take into account when placing a trade.

However, when you deal with profits of \$1000 every week, the spread is negligible.

Although there are scores of currencies being traded around the world, there are 4 major currency pairs and these are traded more than any other.

When starting out, you are advised to stick with these '4 majors' until you become more proficient in trading.

They are – EUR/USD, GBP/USD, USD/JPY and USD/CHF.

When you buy or sell a particular currency, you are *placing a trade* which is also known as *opening a position*. When you exit that trade (either with a profit or loss), you are said to be closing that position.

You will notice a similarity between the EURUSD pair and USDCHF price movement. When one of these rises, the other will fall and vice versa. No need to know why at this point. Just know that it does.

When you see a currency pair which does not include the USD, it is said to be a *cross* pair. For e.g. the EUR/JPY is a cross pair as it does not have the US Dollar as one of the pairs. Cross pairs are traded in a different manner from the 4 major pairs.

As a beginner, forget trading the cross pairs as some of the techniques taught in this manual will not work on those pairs.

Pips and Pip Value

A pip is the smallest increment of a change in price.

Profit is measured in pips also. Every currency you trade (except the Japanese Yen) will be quoted with 4 digits after the decimal point such as 1.2945. When the last digit changes by 1, the price has moved *a pip*.

.0001 to .0002 is a change of 1 pip.

For example, if the GBP/USD price changes from 1.8996 to 1.8997, the price has changed by 1 pip.

If the EUR/USD price changes from 1.2942 to 1.2932, the price has changed by 10 pips.

If the USD/JPY price changes from 104.70 to 104.71, the price has changed by 1 pip.

If the EUR/USD price changes from 1.2912 to 1.2962, the price has changed by 50 pips.

Any currency paired with the Japanese Yen will have 2 digits after the decimal point. It works just the same as any other currency pair.

So, how much money do you make if the price changes by 1 pip in your favour?

This depends on the currency being traded and the amount you are trading.

Lots and Lot Sizes

Do you remember the kiosk example given above? You were exchanging £100 for \$180 at the rate of 1.8?

If you did that every day, you wouldn't make enough money worth trading for.

In the FX market, you normally trade in 100,000 lots. So in the example above, you'd give £100,000 in exchange for \$180,000. This is known as trading one *standard* or *regular* lot.

100,000 = 1 standard or regular lot (1 contract)

Don't worry; you won't have to provide that amount of money.

Let's say £1 equals \$1.8992, then 1 lot (or 1 contract) of £100,000 should be worth \$189,992 and a fluctuation of 0.0001 (1 pip) should be worth $100,000 \times 0.0001 = \10

Therefore, a 1 pip move is equal to \$10

Here is the formula if you want to calculate the pip value for a given currency.

1 pip, with proper decimal placement / currency exchange rate x Lot Size

Here is an example using EURUSD:

$(.0001/1.2942) \times \text{EUR } 100,000 = \text{EUR } 7.72$

But we want the pip value in USD, so we then must multiply EUR 7.72 by the EUR/USD exchange rate. So $7.72 \times 1.2942 = \$10$.

You will find that the pip value = \$10 with any currency in which the first currency quoted under Cur1 (such as **EURUSD**, **GBPUSD**, or **AUDUSD**) is not the USD but the second currency (Cur2) is. The pip value is always \$10.00 per 100,000 currency units. So \$10 is the fixed value for 1 pip when dealing with the US Dollar as the 2nd currency in the pair.

Here is an example including the Japanese Yen:

USDJPY: Current Price (exchange rate) = 104.70

$(.01/104.70) \times \text{USD } 100,000 = \9.55

So a 1 pip move when trading the USDJPY pair will yield a profit or loss of \$9.55.

Don't worry if you don't understand this right now as you don't really need to know it. There are many calculators online which will help you with pip values. Almost all brokers will work this out for you anyway. For now, just remember that trading the Euro or the Pound against the US Dollar and trading 1 standard lot will give a \$10 profit or loss. To do this, you need a regular trading account with a Forex broker.

If you trade the EURUSD or the GBPUSD more than any other, you'll always gain or lose \$10 per pip.

If you trade the USDCHF or the USDJPY, you'll average about \$8 per pip because the pip value changes as these currencies fluctuate.

You can also trade 10,000 lot sizes. A 10,000 lot is a fraction (a tenth) of a regular lot (100,000). Trading with this amount is known as *trading a mini lot*. Each pip on the Euro, Pound etc... is worth \$1 when trading a mini lot. For e.g. if you were to trade a lot size of 30,000, each pip would be worth \$3 and you would be trading 3 mini lots at a time. You need a mini account with a Forex broker to trade mini lots.

However, some brokers offer accounts which are combined. This means you can trade regular lots as well as mini lots.

Margin and Leverage

Although we trade 100,000 worth of currency, we don't actually need that much. We can use a small amount of our own cash to control a standard lot of 100,000 of a particular currency. The ability to control a large amount with only a small amount in our trading account is known as *Leverage*.

Your broker will specify how much money is required in your account in order for you to be able to control a regular or mini lot. The amount required in your account is known as *margin*. Typically, brokers require \$1000 positive balance in your account at all times to trade 1 regular lot. If you are trading 2 regular lots then the margin required will be \$2000 and so on. To put it another way, using \$1000 to control \$100,000 is a leverage of 100:1.

Whilst having an open position by trading a particular currency, if your balance approaches the minimum margin limit, you will receive a *margin call*. This means your broker will call you and instruct you to either deposit more funds or close your position soon. This is to protect the broker from having to deal with negative balances from their own pockets.

This is why I mentioned a recommended starting balance of \$2000. Although you can start trading regular lots straight away, you are advised to begin with mini lots until you are making money consistently. If you start with \$300, you will have no choice but to start with mini lots. The margin required for a mini account is typically \$25-\$50.

Ok, that's it for this section. There is more to Module 1 and more to learning the basics. To learn more about trading the forex market, download the second free section (if you haven't done so already) by clicking on the following link: <http://www.webkept.com>. **Check the instructions on the left hand column.**

If you've heard enough and want to go ahead and download the entire manual, just click the order links on the same web page.

I guarantee you won't be disappointed.