

FOREIGN EXCHANGE TRADING

STUART FIELDHOUSE



Praise for The Financial Times Guide to Foreign Exchange Trading

'The must-read Bible for everything there is to know about the forex markets and trading. Miss it at your own peril.'

Lianna Brinded, Journalist and Broadcaster

'Stuart gives a comprehensive introduction to the inner workings of the currency markets, outlining how all the different elements link together, at the same time warning of the perils and pitfalls to the unwary.

He underlines the importance of effective risk management using the time honoured tools of technical analysis in any effective trading strategy.'

Michael Hewson, Senior Market Analyst (CFTe), CMC Markets UK

FT Guide to Foreign Exchange Trading

Table of Contents

Cover

Contents

About the author

Acknowledgements

Chapter 1: Foreign exchange trading: getting started

What do we mean by foreign exchange trading?

Of pips and ticks

Do I need to be a financial professional to trade forex successfully?

Finding a forex broker

Can forex brokers be trusted?

Other differentiating factors

Chapter 2: Accessing the markets: different types of FX trading account

Spread betting

Contracts for difference (CFDs)

Margined foreign exchange

Spot foreign exchange

Futures contracts

Options

Forwards



Currency ETFs

Different types of trades

Finding the right company to trade with

Whats in a price?

Demo accounts

Chapter 3: Risk management for the forex trader

Margin trading

Stop losses

Managing your exposure

Position sizing

Not all currency trades are created equal

Make sure you have a back-up plan

When trading companies fail

Summary: core principles of forex risk management

Chapter 4: Currencies in brief

The currency majors

The minor league

What is XAU/XAG?

What to trade

Chapter 5: Trading emerging markets currencies

The appeal of trading emerging markets

Leading emerging markets currencies

Emerging markets currency trading tips

Chapter 6: What moves the markets?

Central banks

Interest rates



Economic growth

Unemployment

Inflation

Business and consumer confidence

Foreign trade

National sovereign debt

Natural disasters and conflict

Commodities prices

Other important economic indicators

A typical economic calendar (December 2011)

Utilitarian considerations

Chapter 7: Developing a trading plan for currency markets

How much can I afford to lose?

How much time can I devote to trading?

How do I behave under pressure?

How disciplined am I as an individual?

Writing a trading plan

Is FX trading going to be my career, my hobby, or a way of making money on the side

Am I a trader or an investor?

Approaching the markets

Chapter 8: Technical analysis for the FX trader

The background to technical analysis

Japanese candlestick charts

Moving averages

MACD (moving average convergence/divergence)



Bollinger bands

Head-and-shoulders indicators

RSI (Relative Strength Index)

ADX (Average Directional Index)

Pivot points

Triangles

The theories behind technical analysis

Summary

Chapter 9: Further resources for the forex trader

From the brokerages

Trading platforms

Charting and technical analysis

Magazines and newspapers

Websites

Television

Trading coaches

Systematic trading programs/expert advisers

Reading list

Chapter 10: Careers in FX trading

The changing world of trading

Outside the financial industry

Doing it yourself

Glossary of forex trading and other financial market terms

Appendix: Brokers comparison

Index



