



4XC EDUCATIONAL MATERIAL

INTRODUCTION TO FOREX TRADING

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INTRODUCTION TO FOREX TRADING

WHAT IS FOREX TRADING?

Forex, short for Foreign Exchange, is the global marketplace where national currencies are traded. With trillions of dollars exchanged daily, it is the largest and most liquid financial market in the world. Unlike centralized stock exchanges, forex trading occurs over-the-counter (OTC), meaning transactions happen directly between participants through electronic networks.

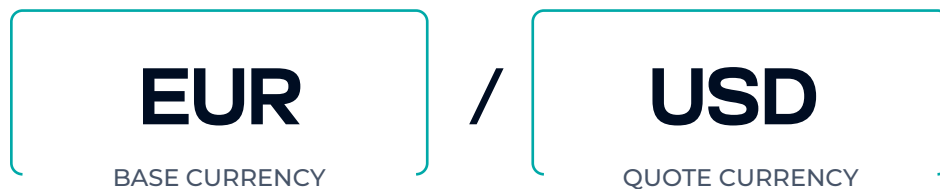
The forex market plays a vital role in international trade, investment, and economic stability. Operating 24 hours a day, five days a week, it allows traders worldwide to participate at any time. Market participants include central banks, commercial banks, institutional investors, corporations, and individual traders. Currency values fluctuate based on various factors such as interest rates, economic data, geopolitical events, and market sentiment.



Key Concepts of Forex Trading

1. CURRENCY PAIRS

Forex trading always involves **two currencies paired together**. The **first currency is called the Base Currency**, and the **second currency is the Quote Currency**. The pair's value represents how much of the quote currency is required to buy one unit of the base currency.



If EUR/USD = 1.10 → 1 EUR = 1.10 USD

Examples of Currency Pairs:

EUR/USD	→	Euro and U.S. Dollar
GBP/USD	→	British Pound and U.S. Dollar
USD/JPY	→	U.S. Dollar and Japanese Yen
AUD/USD	→	Australian Dollar and U.S. Dollar
USD/CHF	→	U.S. Dollar and Swiss Franc

2. TYPES OF CURRENCY PAIRS

Forex trading always involves **two currencies paired together**. The **first currency is called the Base Currency, and the second currency is the Quote Currency**. The pair's value represents how much of the quote currency is required to buy one unit of the base currency.

MAJOR PAIRS

Most traded globally, always involving the U.S. dollar. Examples:



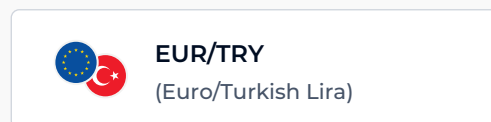
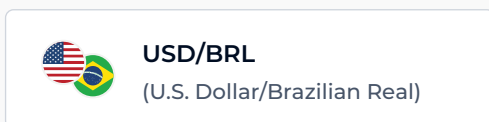
MINOR PAIRS

Exclude the U.S. dollar but involve major global currencies. Examples:



EXOTIC PAIRS

Combine a major currency with a lesser-traded currency. Examples:



The choice of currency pair depends on market conditions, volatility, and trading strategy.



What is a Commodity?

Commodities are raw materials or primary goods used in production and trade. They are broadly classified into two categories:



HARD COMMODITIES

Natural resources like gold, oil, and silver, influenced by geopolitical events and supply chain disruptions.



SOFT COMMODITIES

Agricultural products like wheat, coffee, and sugar, affected by weather conditions, crop yields, and demand.

Examples:

Gold (XAU/USD)

Coffee

Crude Oil (WTI or Brent)

Natural Gas (NG)

Silver (XAG/USD)

Traders profit from commodity price fluctuations via futures contracts, spot trades, or CFDs.



What are Indices?

Indices represent the performance of a group of stocks from a specific market, sector, or region. They serve as benchmarks for measuring economic or industry health. Trading indices allow investors to speculate on overall market performance rather than individual stocks.

Examples:

- US 30** **Dow Jones Industrial Average (DJIA)** → 30 major U.S. companies
- US 500** **S&P 500** → 500 largest U.S. companies
- UK 100** **FTSE 100** → 100 top London Stock Exchange companies
- DE 40** **DAX 40** → 40 leading German companies
- JP 225** **Nikkei 225** → 225 key Japanese firms



What are Cryptocurrency CFDs?

Cryptocurrency CFDs offer a flexible and efficient way to trade digital assets without owning them. Traders can profit from both rising and falling markets, use leverage, and avoid the complexities of crypto wallets.

Key Cryptos to Watch:



BTCUSD (Bitcoin)

The most traded and liquid cryptocurrency, highly volatile.



ETHUSD (Ethereum)

Key player in DeFi and NFTs, offering strong market movements.



LTCUSD (Litecoin)

Fast and widely used for transactions, with steady liquidity.



BCHUSD (Bitcoin Cash)

A Bitcoin fork designed for faster and cheaper transactions.

FOREX TRADING SESSIONS & MARKET HOURS (GMT-3)

MAJOR FOREX TRADING SESSION		
Session	Trading Hours (GMT-3)	Key Features
Sydney	7:00 PM - 4:00 AM	Ideal for AUD and NZD trading.
Tokyo (Asian)	9:00 PM - 6:00 AM	High activity for JPY pairs.
Frankfurt	4:00 AM - 12:00 PM	Early European session; moderate volatility.
London (European)	5:00 AM - 2:00 PM	The most liquid session; impacts major pairs.
New York	10:00 AM - 7:00 PM	Focuses on USD pairs; overlaps with London.
KEY OVERLAP PERIODS		
Overlap	Hours (GMT-3)	Significance
Frankfurt-London	5:00 AM - 12:00 PM	Strong European market activity.
London-New York	10:00 AM - 2:00 PM	The most volatile trading period.
Tokyo-Frankfurt	4:00 AM - 6:00 AM	Brief overlap; modest activity.
Tokyo-Sydney	7:00 PM - 9:00 PM	Evening trading; moderate volatility.
Market Closes: Friday at 7:00 PM (GMT-3) Market Reopens: Sunday at 7:00 PM (GMT-3)		

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