

ARISE ACADEMY

What is forex?

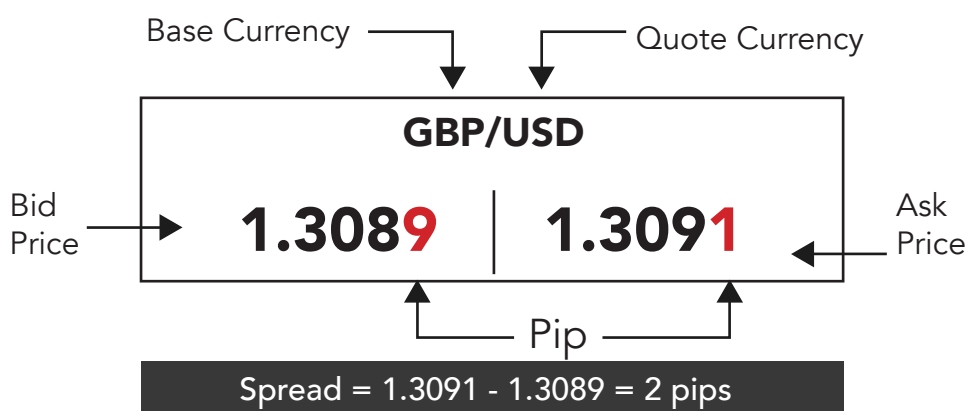


The foreign exchange market is where currencies are traded. Currencies are important to most people around the world, whether they realise it or not. Currencies need to be exchanged in order to conduct foreign trade and business. Example: If you are living in the U.S and want to buy cheese from France, you would most likely have to pay for the cheese in euros (EUR) exchanging your U.S dollars. The same goes for traveling. A French tourist in Egypt can't pay in euros to see the pyramids because it's not the locally accepted currency. As such, the tourist has to exchange the euros for the local currency, in this case the Egyptian pound at the current exchange rate.

One unique aspect of this international market is that there is no central marketplace for foreign exchange. Rather, currency trading is conducted electronically over-the-counter (OTC), which means that all transactions occur via computer or mobile networks between traders around the world, rather than on one centralised exchange. The market is open 24 hours a day, five and a half days a week, and currencies are traded worldwide in the major financial centers of London, New York, Tokyo, Zurich, Frankfurt, Hong Kong, Singapore, Paris and Sydney across almost every time zone. This means that when the trading day in the U.S. ends, the forex market begins anew in Tokyo and Hong Kong. As such, the forex market can be extremely active any time of the day, with price quotes changing constantly.

One of the first things you have to do is find a broker to trade with and deposit your funds. We have some recommended regulated brokers here at Arise Academy. Please ask your referrer to find out how to find these brokers. If you are still not sure about what a broker is, refer to our video library where we elaborate on this further.

When trading FX the objective is that we trade one currency for another, with the expectation price will change allowing the trader to pocket some profits along the way. When you have a position open whilst Forex trading e.g. a buy on GBP/USD you're exchanging one currency for another. Once you know the difference between the base & quote currency, you now have to make a decision in regards to buying or selling.



What does Long and short mean?

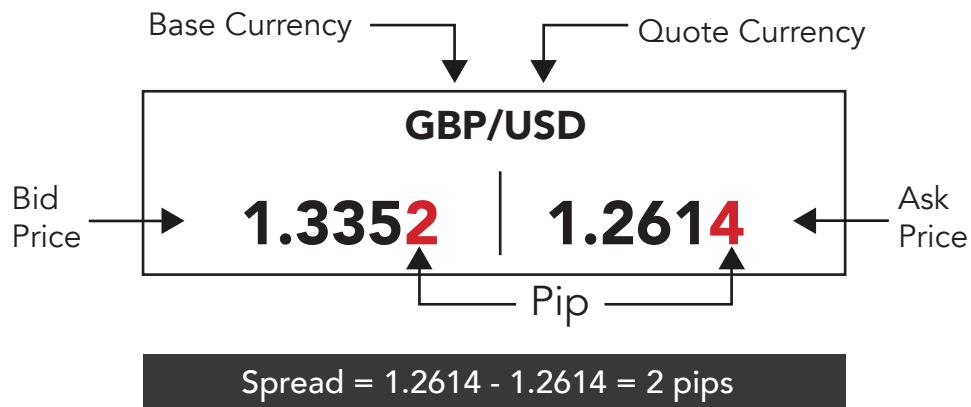
The term is Long for a **BUY**
The term is Short for a **SELL**

e.g. in trading terms I could say I'm going long.

Understanding Bid & Ask

All Forex pairs are quoted with two prices. These are the Bid & ask e.g. for the GBP/USD
1.33501 (bid) 1.33504 (ask)

This is now the price the broker is willing to buy the base currency in exchange for the quote currency. The bid is the best price you can sell to the market. If you want to sell, the broker will buy it from you at the listed BID price.



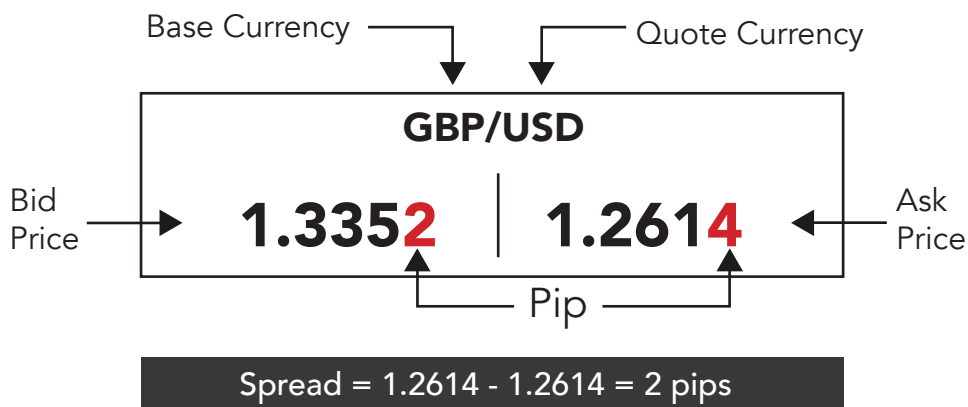
What is the ask, and what am i asking for?

The good news is you're not asking for anything.

The ask is the price at which your broker will sell the base currency for the quote currency.

What does this mean?

The ask price is the best price you can buy from the market. In it's simplest form, the ask price is essentially the offer price. If you want to buy a particular pair, the broker will offer you a deal where the broker will sell it at the OFFER price which is the same as the ask price.



The Spread

The spread is the difference between the bid and ask price.

Example: GBP/JPY

GBP/JPY

139.237 139.250

(bid) (ask)

If you want to buy at 139.212

If you want to sell it it will be at 139.221.

The spread in this illustration is 1.3 pips