



# **THE FOREX STARTER KIT**

## **Your First 7 Days in Trading**

**A Free Guide from Pipring FX**



## **Welcome to Your Forex Journey!**

Congratulations on taking the first step toward mastering forex trading. You're about to embark on a learning journey that could transform your financial future.

This guide is designed to take you from complete beginner to someone who understands the fundamentals of forex trading—in just 7 days. No overwhelming jargon. No information overload. Just clear, actionable steps that build on each other.

Here's what makes this different: Instead of throwing everything at you at once, we've broken down your first week into daily lessons. Each day focuses on one key concept, giving you time to absorb and understand before moving forward.

By the end of 7 days, you'll understand what forex trading actually is, know how to read basic forex charts, be familiar with essential trading terminology, have your own demo trading account set up, execute your first practice trade, recognize the biggest mistake new traders make, and have a personal trading plan template ready to use.

Ready to begin? Let's start your transformation from curious beginner to informed trader.



## **DAY 1: Understanding Currency Pairs (The Building Blocks)**

### **What Is Forex Trading?**

Forex, short for foreign exchange, is the global marketplace where currencies are traded. It's the largest financial market in the world, with over \$6 trillion traded daily. But here's what that means for you: When you trade forex, you're betting that one currency will strengthen against another.

Think about it this way. When you travel abroad, you exchange your home currency for the local currency. If you're American visiting Europe, you trade US dollars for euros. The exchange rate tells you how much of one currency you get for another. Forex trading is essentially doing this same thing, but with the goal of profiting from changes in these exchange rates.

### **How Currency Pairs Work**

Currencies are always traded in pairs because you can't just buy dollars in isolation—you buy dollars WITH something else, like euros, yen, or pounds. Every currency pair has two parts: the base currency and the quote currency.

Let's use EUR/USD as an example. EUR is the base currency, which is the one you're buying or selling. USD is the quote currency, which is what you're using to buy or sell the base currency. If EUR/USD equals 1.1000, it means 1 Euro equals 1.10 US Dollars.

### **The Three Types of Currency Pairs**

Major pairs are the most traded currency pairs in the world and they all include the US dollar. These include EUR/USD (Euro/US Dollar), which is the most popular pair globally, GBP/USD (British Pound/US Dollar), USD/JPY (US Dollar/Japanese Yen), and USD/CHF (US Dollar/Swiss Franc). Major pairs typically have the tightest spreads and highest liquidity, making them ideal for beginners.

Minor pairs, also called cross currencies, don't include the US dollar. Examples include EUR/GBP (Euro/British Pound), EUR/JPY (Euro/Japanese Yen), and GBP/JPY (British



Pound/Japanese Yen). These pairs can be more volatile and have slightly wider spreads than majors.

Exotic pairs combine one major currency with a currency from an emerging or smaller economy. Examples include USD/TRY (US Dollar/Turkish Lira) and EUR/ZAR (Euro/South African Rand). These pairs tend to be much more volatile with wider spreads, making them unsuitable for beginners.

For those just starting out, we strongly recommend focusing on major pairs. They're more stable, have better liquidity, and are easier to analyze because there's more information and analysis available.

## **Reading Price Movements**

Understanding how to interpret price movements is fundamental to forex trading. When EUR/USD moves from 1.1000 to 1.1050, the Euro has strengthened, meaning it got more valuable relative to the dollar. The dollar, conversely, has weakened. If you bought EUR/USD at 1.1000, you're now in profit because the Euro you bought is worth more dollars than when you purchased it.

On the flip side, when EUR/USD moves from 1.1000 to 1.0950, the Euro has weakened and the dollar has strengthened. If you had bought EUR/USD at 1.1000, you'd now be sitting in a loss because the Euro you bought is worth fewer dollars than when you purchased it.

This relationship is constant in forex trading. When you trade a currency pair, you're simultaneously buying one currency and selling another. Your profit or loss depends on whether you correctly predicted which currency would strengthen.

## **Your Day 1 Action Steps**

Take some time today to pick one major currency pair to focus on this week. We recommend EUR/USD because it's the most liquid and most analyzed pair in the world. Once you've chosen your pair, spend about 10 minutes watching a live forex chart. You can use free websites like TradingView or Investing.com to do this.

As you watch, observe how the price moves. Does it move slowly or quickly? Is it trending in one direction, or bouncing back and forth? Don't worry about making sense of everything



yet—just get familiar with seeing real-time price movement. This observation is building your market intuition.

Tomorrow, we'll learn how to read those price movements on charts, which will transform those confusing lines into meaningful information.

## **DAY 2: How to Read Your First Forex Chart**



## The Language of Charts

Charts are how traders visualize price movements. Instead of staring at endless columns of numbers, you see patterns, trends, and opportunities laid out visually. Learning to read charts is like learning a new language—at first it seems foreign, but soon it becomes second nature.

### The Three Main Chart Types

The line chart is the simplest type of chart. It shows only closing prices connected by a line. While this gives you a clean view of the overall trend, it doesn't provide enough detail for making actual trading decisions. Think of it as seeing the forest but not the individual trees.

The bar chart provides more detail than the line chart. Each bar shows four critical pieces of information: the opening price, the highest price reached during that period, the lowest price reached, and the closing price. Traders call this OHLC data. The vertical line represents the price range for that period, with a small tick on the left showing where the price opened and a tick on the right showing where it closed.

The candlestick chart is the most popular chart type among traders, and for good reason. It shows the same information as a bar chart but in a format that's much easier to read and interpret at a glance. Each candlestick has a body and wicks (also called shadows). The body represents the difference between the opening and closing prices, while the wicks show the highest and lowest prices reached during that period.

### Understanding Candlesticks

Candlesticks come in two basic types: bullish and bearish. A green or white candlestick indicates a bullish period where the price closed higher than it opened. The bottom of the body shows where the price opened, and the top shows where it closed. This tells you that buyers were in control during that period, pushing the price higher.

A red or black candlestick indicates a bearish period where the price closed lower than it opened. The top of the body shows where the price opened, and the bottom shows where it closed. This tells you that sellers were in control, pushing the price lower.

The wicks extending from the body tell an important story. The upper wick shows how high the price went before being pushed back down. The lower wick shows how low the price



went before being pushed back up. Long wicks can indicate rejection of those price levels and potential reversals.

## **Time Frames Explained**

One of the most important concepts in chart reading is understanding timeframes. Each candlestick on your chart represents a specific time period, and you can adjust this to see different perspectives of the same market.

On a one-minute chart, each candle represents one minute of trading activity. Five-minute charts show five minutes per candle, fifteen-minute charts show fifteen minutes, and so on. The most common timeframes traders use include one-hour charts, four-hour charts, daily charts, and weekly charts.

For beginners, we strongly recommend starting with daily charts. They show clear trends without the "noise" and false signals that plague shorter timeframes. As you gain experience, you can explore shorter timeframes, but daily charts provide the clearest picture for those just learning.

## **What Charts Tell You**

Charts reveal the battle between buyers and sellers, and understanding this reveals trading opportunities. An uptrend, also called a bullish trend, occurs when you see a pattern of higher highs and higher lows. The price is generally moving upward, and buyers are in control. Each time the price pulls back, it doesn't fall as low as the previous pullback, and each time it rallies, it reaches a new high.

A downtrend, or bearish trend, is the opposite. You'll see lower highs and lower lows forming a staircase pattern downward. The price is generally moving down, and sellers are in control. Each rally fails to reach the height of the previous rally, and each decline reaches a new low.

Sometimes the market isn't trending at all but moving sideways. In this ranging or neutral market, the price bounces between support and resistance levels like a ball in a box. There's no clear direction, and the market is indecisive. Both buyers and sellers are roughly equal in strength, creating a stalemate.

## **Your Day 2 Action Steps**



Today, open a free charting platform. TradingView offers an excellent free account that works in your web browser without downloading anything. Once you're on the platform, pull up the currency pair you chose yesterday.

Start by looking at the chart in line view, then switch to bar view, and finally to candlestick view. Notice how each one shows the same price data but with increasing levels of detail. Most traders prefer candlesticks because they're the easiest to read quickly.

Now experiment with different timeframes. Look at the same pair on a fifteen-minute chart, then switch to one-hour, then four-hour, then daily. Notice how the story changes with each timeframe. What looks like a strong uptrend on the fifteen-minute chart might be just a small blip on the daily chart.

Finally, try to identify whether the current trend is up, down, or sideways. Don't worry about being right or wrong—this exercise is about training your eyes to see patterns.

Tomorrow, we'll decode the essential trading terms you need to know to speak the language of forex traders.

## **DAY 3: The 3 Essential Trading Terms You Must Know**



## 1. PIPS: How Profit and Loss Are Measured

In forex trading, we measure price movements in pips, which stands for "percentage in point" or "price interest point." A pip is the smallest standardized price movement in forex, and it's how traders communicate the size of their gains and losses.

For most currency pairs, one pip equals a movement of 0.0001. So if EUR/USD moves from 1.1000 to 1.1001, that's a movement of one pip. If it moves from 1.1000 to 1.1050, that's a movement of fifty pips. The exception is pairs involving the Japanese yen, where one pip equals 0.01 because of the yen's lower value. So USD/JPY moving from 110.00 to 110.01 is one pip.

Why does this matter? When traders discuss their results, they speak in pips. Someone might say "I made thirty pips on that trade" or "I lost twenty pips." The actual dollar value depends on their position size, which we'll discuss more on Day 7, but pips give us a standardized way to measure and compare trades.

Understanding pips also helps you set realistic expectations. In forex, moves of fifty to one hundred pips in a day are common for major pairs. A trade that captures twenty to thirty pips can be perfectly profitable. You don't need hundred-pip moves to be successful—consistency with smaller gains is often better than chasing large moves.

## 2. SPREAD: The Cost of Trading

Every time you place a forex trade, there's a built-in cost called the spread. The spread is the difference between the bid price (the price you can sell at) and the ask price (the price you can buy at). This is how brokers make their money instead of charging you a direct commission.

Let's say you're looking at EUR/USD and you see a bid price of 1.1000 and an ask price of 1.1002. The spread is two pips. This means that the moment you buy at 1.1002, you're immediately down two pips because you could only sell at 1.1000. Your trade needs to move beyond the spread just to break even, and then further to become profitable.

Different currency pairs have different spreads. Major pairs typically have very tight spreads of one to three pips because they're so heavily traded. Minor pairs might have spreads of three to seven pips. Exotic pairs can have spreads of ten, twenty, or even fifty pips, which is one reason we recommend beginners avoid them.



The spread might seem small, but it adds up. If you're taking multiple trades per day with a three-pip spread, that's six pips of cost just to break even on two trades. This is why successful traders focus on pairs with tight spreads and don't overtrade. Every trade costs you money before it even has a chance to profit.

### **3. LEVERAGE: The Double-Edged Sword**

Leverage is perhaps the most misunderstood and dangerous concept in forex trading. It's also the main reason why most new traders blow up their accounts. Understanding leverage properly could save you thousands of dollars and months of frustration.

Leverage allows you to control a large position with a relatively small amount of money. If you have one hundred dollars and your broker offers 100:1 leverage, you can control a position worth ten thousand dollars. That sounds amazing at first—with just one hundred dollars, you're controlling the same position size as someone with ten thousand dollars.

Here's where it gets dangerous. If the market moves one percent in your favor, you make one hundred dollars—you've doubled your account. But if the market moves one percent against you, you lose one hundred dollars—your entire account is wiped out. Leverage amplifies both profits and losses equally.

Brokers commonly offer leverage ratios of 1:50, 1:100, 1:200, or even 1:500. Some new traders see 1:500 leverage and think "Great! I can control even more!" But this is exactly how accounts get destroyed. High leverage isn't a gift—it's a trap for those who don't understand risk management.

Here's the critical truth: Just because your broker offers 1:500 leverage doesn't mean you should use it. Professional traders typically use 1:10 or 1:20 leverage, sometimes even less. They understand that protecting their capital is more important than trying to get rich quickly.

### **Understanding Lot Sizes**

Closely related to leverage is the concept of lot sizes, which determine how much each pip movement costs you. A standard lot is 100,000 units of the base currency. For most pairs,



this means each pip movement equals ten dollars. A mini lot is 10,000 units, where each pip equals one dollar. A micro lot is 1,000 units, where each pip equals ten cents.

When you're starting out, micro lots are your friend. They allow you to practice with real market conditions while keeping your risk extremely low. Don't let ego push you into trading larger sizes before you're consistently profitable. There's no shame in trading small—there's only shame in blowing up your account because you traded too big.

### **Long vs. Short: Two Ways to Profit**

In forex, you can profit whether prices go up or down. Going long means you're buying the currency pair because you believe the base currency will strengthen. Going short means you're selling the currency pair because you believe the base currency will weaken.

This is different from most people's experience with investing, where you can only profit if something goes up. In forex, a downward move is just as profitable as an upward move if you're positioned correctly. This gives you opportunities in all market conditions, but it also means you need to be right about direction—up or down.

### **Stop Loss and Take Profit: Your Exit Strategy**

Two more terms you'll hear constantly are stop loss and take profit. A stop loss is a preset price level where your trade will automatically close if the market moves against you. It's your safety net, protecting you from catastrophic losses. A take profit is a preset price level where your trade will automatically close if the market moves in your favor. It locks in your gains.

Using both is essential. Your stop loss prevents one bad trade from destroying your account. Your take profit ensures you actually capture gains instead of watching profits evaporate because you got greedy or weren't paying attention.

### **Your Day 3 Action Steps**



Today's exercise is pure observation. Pull up your chosen currency pair and watch it for an hour or so throughout the day. Calculate how many pips it moves during different hours. Does it move more during certain times? You're starting to build intuition about that pair's personality.

Check the spread on three different pairs. Compare a major pair like EUR/USD to an exotic pair. Notice the dramatic difference? This is why we trade majors as beginners.

Also take a look at what leverage your demo broker offers, but don't let those big numbers tempt you. Remember: high leverage destroys accounts. When you eventually trade live, start with the lowest leverage available, ideally 1:10 or 1:20.

Tomorrow, we're setting up your practice trading account so you can start applying everything you're learning.

## **DAY 4: Setting Up Your Free Demo Account**



## **Why Demo Trading Matters**

Before you risk a single dollar of real money, you need to practice in a risk-free environment. A demo account gives you virtual money to trade with, typically between ten thousand and one hundred thousand dollars, while showing you real market prices and conditions. It's like a flight simulator for traders—a safe environment to learn and make mistakes without financial consequences.

The question new traders always ask is: how long should I practice on demo? The minimum answer is two to three months of consistent, profitable trading. But here's the real answer: stay on demo until you can follow your trading plan consistently, until losses don't trigger emotional reactions, and until you understand why your winners win and your losers lose. For some people that's three months. For others it's six or twelve months. There's no shame in staying on demo longer—the only shame is moving to real money before you're ready.

## **Choosing a Demo Account Platform**

The trading platform is your primary tool, so choosing the right one matters. Think of it as choosing between different types of calculators—they all do the basic job, but some are easier to use than others.

MetaTrader 4, commonly called MT4, is the industry standard platform. It's been around for years, which means there are countless tutorials, YouTube videos, and educational resources that use it. Almost every forex broker offers MT4, and it works on Windows, Mac, iOS, Android, and through web browsers. If you're going to learn one platform, MT4 is the safest bet because whatever you learn will transfer to almost any broker.

MetaTrader 5, or MT5, is the newer version with more advanced features. It offers additional timeframes and indicators, and it's better if you plan to trade stocks or commodities in addition to forex. However, MT4 is still more popular among forex traders specifically.

TradingView is the modern, beautiful alternative. It has an incredibly intuitive interface, gorgeous charts, and social features that let you share ideas with other traders. It's web-based, so there's nothing to download. However, it's primarily a charting platform, and while you can connect it to some brokers for trading, the integration isn't always seamless.



For beginners, we recommend starting with MT4. Yes, the interface looks dated compared to TradingView, but it's the platform most educational content uses. Once you're comfortable with MT4, you can always explore other platforms.

## **Step-by-Step: Setting Up MT4 Demo**

Setting up your demo account takes about five minutes. First, visit any major forex broker's website and look for their MT4 download. Many brokers offer MT4, so you can choose one that's well-regulated and has good reviews. Download and install the software—it's completely free.

When you first launch MT4, it will prompt you to open an account. Select the demo account option. You'll need to fill in some basic information including your name and email address. When it asks for account settings, choose a standard account type, set your initial deposit to ten thousand dollars (a good realistic amount to practice with), and critically important—set your leverage to 1:20 or 1:50 maximum, not 1:500.

Once your demo account is created, you'll receive login credentials. Keep these safe, though you can always create a new demo account if needed. Most demo accounts expire after thirty to ninety days, but you can simply create a fresh one when that happens.

## **Your First Look Around MT4**

When you first open MT4, it might feel overwhelming. There are windows, tabs, and numbers everywhere. Let's break down the main areas you need to know.

On the left side is the Market Watch window, which shows a list of currency pairs and their current bid and ask prices. You can right-click in this window to add or remove pairs from your list. Double-click any pair to open a chart for it.

The center of your screen is the chart area. This is where you'll spend most of your time, analyzing price movements and patterns. Multiple charts can be open at once in different tabs.

At the bottom is the Terminal window. This is command central for your actual trading. The Trade tab shows any open positions including their current profit or loss. The Account History tab shows all your past trades. This is where you'll review your performance and learn from your wins and losses.



The toolbar at the top has buttons for common actions like opening new charts, switching timeframes, and placing trades. You'll become familiar with these over time, but for now just know they're there.

## **Customizing Your Charts**

One of the first things you should do is make your charts comfortable to look at. Right-click on any chart and select Properties. This opens a window where you can customize colors and appearance.

Most traders prefer dark backgrounds because they're easier on the eyes during long analysis sessions. Set your background to black or dark blue. Make your bullish candles green or white so they stand out. Make your bearish candles red or black. Set your grid lines to a subtle dark gray so they're visible but not distracting.

These might seem like minor aesthetic choices, but when you're staring at charts for hours, having them customized to your preference reduces eye strain and helps you spot patterns more quickly.

## **Practice Navigation Exercise**

Before you do anything else, spend twenty to thirty minutes just navigating around the platform. Add three major pairs to your Market Watch: EUR/USD, GBP/USD, and USD/JPY. Open a chart for each one.

Practice switching between different timeframes using the toolbar buttons. Look at the same pair on a fifteen-minute chart, then one-hour, then four-hour, then daily. Notice how the perspective changes with each timeframe.

Explore the New Order window by right-clicking on a chart and selecting Trading, then New Order. Don't place any trades yet—just look at the interface. See where you'd enter your volume (lot size), stop loss, and take profit. Familiarize yourself with the layout so tomorrow, when we place your first trade, you'll know where everything is.

## **Important Demo Account Notes**

Demo trading is incredibly valuable, but it has limitations you need to understand. The biggest difference is emotional. When you're trading virtual money, losses don't hurt. But



when it's real money, even small amounts, your emotions will surge. Fear and greed will whisper in your ear. Demo success doesn't automatically translate to real success because the psychological component is entirely different.

Additionally, demo accounts sometimes have slightly faster execution than real accounts. In a demo, your orders might fill instantly at the exact price you want. In a real account, especially during high volatility, there can be slippage where your order fills at a slightly different price. This is normal, but it means you shouldn't assume demo results will be identical to live results.

Despite these limitations, demo trading is absolutely essential. It's where you make your mistakes safely. It's where you test strategies without risking capital. It's where you build the habits and discipline that will serve you when real money is on the line. Don't rush past this phase. Embrace it as the valuable learning period it is.

## **Your Day 4 Action Steps**

Today, download and install MT4 or your chosen platform. Open a demo account with ten thousand dollars in virtual funds. Remember to set your leverage to 1:20 or 1:50, not the higher ratios your broker might offer.

Spend at least twenty minutes customizing your charts to make them comfortable to look at. Adjust colors, try different backgrounds, make the candlesticks clear and distinct.

Navigate around the platform. Open multiple charts, switch timeframes, explore the different windows and tabs. Find the New Order button and look at the order window, but don't place any trades yet.

Your goal today is pure familiarity. By the time you go to sleep tonight, you should feel comfortable finding your way around the platform. Tomorrow is the exciting part—your first practice trade.



## **DAY 5: Your First Mock Trade (Step-by-Step)**

### **Before You Trade: The Pre-Trade Mindset**

This is an exciting milestone—you're about to place your first forex trade. But before you click anything, let's establish the right mindset. This is practice, which means mistakes are not just okay, they're expected and valuable. Every mistake is a lesson that would have cost you real money later.

Focus on the process, not the outcome. Don't obsess over whether this one trade wins or loses. Focus on following the steps correctly, entering the trade properly, and managing it according to plan. One trade tells you nothing about your abilities. A hundred trades following a consistent process tells you everything.

Take your time with this first trade. There's no rush. The market will always be there tomorrow. It's better to take an hour setting up one trade correctly than to rush through five trades and learn nothing.

### **Understanding Buy vs. Sell**

Before you place any trade, you need to understand these two fundamental options. Buying, also called going long, means you believe the base currency will strengthen relative to the quote currency. If you buy EUR/USD, you're betting that the Euro will rise against the Dollar. You profit if the price goes up.

Selling, also called going short, means you believe the base currency will weaken. If you sell EUR/USD, you're betting that the Euro will fall against the Dollar. You profit if the price goes down.

This confuses some beginners because we're used to "buy low, sell high" in traditional investing. But in forex, you can enter by selling and profit as the price falls. Both directions offer equal opportunity.

### **Your First Trade: Step-by-Step**

Let's walk through your first trade in detail. Choose EUR/USD as your pair since it's the most liquid and most analyzed pair in the world. Open its chart on the daily timeframe.



Step one is identifying the trend. Look at the chart and ask yourself: is the price generally moving upward, downward, or sideways? For your first trade, you want a clear trend—either obviously up or obviously down. If the chart looks choppy and confusing, wait for a clearer setup. There's no rule that says you must trade today.

If you see a clear uptrend with price making higher highs and higher lows, you're looking for a buying opportunity. If you see a clear downtrend with lower highs and lower lows, you're looking for a selling opportunity. If it's sideways and messy, skip this trade and watch for another day.

Let's say you identify an uptrend. Now you want to time your entry. In an uptrend, price doesn't go straight up—it moves up, pulls back, moves up, pulls back. You want to enter during a pullback, not when it's already extended. Look for the price to pull back to a recent support level or a previous high that's now acting as support.

Once you've identified your entry area, right-click on the chart and select Trading, then New Order. You can also press F9 as a shortcut.

## **Filling in the Order Window**

The order window shows several fields you need to fill in. The symbol should already be set to EUR/USD since that's the chart you clicked from. Leave it as is.

Volume is where you set your lot size. For your first trade, use 0.01 lots. This is a micro lot, the smallest standard size. With a micro lot, each pip movement equals about ten cents. This keeps your risk incredibly low while you learn. Don't let ego push you into trading larger sizes just because you have ten thousand dollars in your demo account.

Next you need to set your stop loss. This is crucial—never enter a trade without a stop loss. For a buy trade in an uptrend, place your stop loss below a recent low or support level. If the current price is 1.1000 and there's a recent low at 1.0950, you might place your stop loss at 1.0945, giving it a buffer of five pips below the support. This means your trade will automatically close if price falls to 1.0945, limiting your loss.

For your take profit, use a simple rule for this first trade: make it at least as far away as your stop loss, preferably further. If your stop loss is fifty pips away, set your take profit at least fifty pips away in the profitable direction, or better yet, one hundred pips. This ensures that



when you're right, you make more than when you're wrong—a fundamental principle of profitable trading.

Let's put this into a concrete example. Say the current price is 1.1000, you've identified an uptrend, and you're looking to buy. You set your stop loss at 1.0950, which is fifty pips below the current price. You set your take profit at 1.1100, which is one hundred pips above the current price. Your risk is fifty pips, your reward is one hundred pips, giving you a 2:1 risk-reward ratio.

Double-check all your settings. Make sure the lot size is 0.01. Verify your stop loss is in the right place. Confirm your take profit makes sense. Then take a breath and click the Buy button if you're going long, or the Sell button if you're going short.

Congratulations—you've just placed your first forex trade.

## **What Happens Next**

As soon as your trade executes, it appears in the Terminal window at the bottom of your screen under the Trade tab. You'll see several columns of information. The ticket number is a unique identifier for this specific trade. The open time shows when you entered. Type shows whether it's a buy or sell. Volume shows your lot size. Price shows your entry price. S/L shows your stop loss level. T/P shows your take profit level.

The most attention-grabbing column is Profit, which shows your current profit or loss in dollars. This number will constantly change as the market moves. If it shows a positive number in green, your trade is currently profitable. If it shows a negative number in red, your trade is currently at a loss.

Here's something important to understand: it's completely normal for trades to fluctuate between profit and loss, especially in the first minutes or hours. Don't panic if you see red numbers immediately. Remember, you set a stop loss for a reason. As long as the price hasn't hit your stop loss, you're still in the trade with a chance for it to turn profitable.

## **Managing Your Open Trade**

Now that your trade is live, you have several options for how to manage it. The most disciplined approach is to let it run and let your stop loss or take profit do their jobs. This is



what most professional traders do. They set their orders and walk away, trusting their analysis and their predetermined exit points.

You can watch the trade if you want, but resist the urge to interfere. Don't move your stop loss further away because you're losing and want to "give it more room." That's how small losses become big losses. Don't close a winning trade too early because you're nervous about giving back profits. Trust your plan.

If you absolutely need to close the trade manually for some reason, right-click on the trade in the Terminal window and select Close Order. Or you can click the X button next to the trade. But only do this if there's a legitimate reason, like a major news event you weren't aware of, or you realize you made an error in your analysis.

Here's what you should not do. Don't remove your stop loss once the trade is open. Some traders do this thinking "it'll come back" but that's how accounts get destroyed. Don't keep moving your stop loss further away as the price moves against you—that's called giving yourself false hope while increasing your risk. Don't add more money to a losing trade thinking you'll "average down" your entry price. These are all beginner mistakes that turn small losses into catastrophic ones.

## **After Your Trade Closes**

Eventually, your trade will close, either by hitting your take profit, hitting your stop loss, or because you closed it manually. When this happens, the trade moves from the Trade tab to the Account History tab in your Terminal window.

Now comes the most important part—reviewing what happened. Take a screenshot of the chart showing where you entered and where you exited. Open a notebook or document and write down the following: the date and time you entered, the pair you traded, whether you went long or short, your entry price, your stop loss level, your take profit level, and the final result in pips and dollars.

But don't stop there. Write down why you took the trade. What did you see on the chart that made you think this was a good setup? How did you feel while the trade was open—nervous, confident, emotional, calm? If the trade was a winner, what did you do right? If it was a loser, what could you have done differently?



This review process is more valuable than the trade itself. Winning or losing one trade means nothing. Understanding why you won or lost means everything. This is how you improve.

## **Your Day 5 Action Steps**

Today, place one practice trade following the steps outlined above. Use 0.01 lot size to keep your risk minimal. Set both a stop loss and a take profit—no exceptions. Let the trade run for at least a few hours, or even overnight if your analysis supports it.

Don't place multiple trades today. The goal isn't to become a hyperactive trader. The goal is to do one trade properly, thoughtfully, and completely. Then review it thoroughly.

Write down everything about this trade in a notebook or document. How did it feel to click that button? Were you nervous? Excited? Confident? These emotional observations are data you'll need later.

If your trade is still open at the end of the day, that's fine. Let it continue running. Check on it tomorrow, but resist the urge to stare at it all day. Professional traders don't watch every pip movement—they set their trades and move on with their lives.

Tomorrow, we're going to discuss the single biggest mistake that destroys ninety percent of new traders, and how to avoid it completely.

## **DAY 6: The #1 Mistake New Traders Make (And How to Avoid It)**



## The Mistake That Destroys Accounts

After working with thousands of students, we've identified a clear pattern. New traders don't fail because they have bad strategies. They don't fail because they can't read charts. They fail because of one devastating mistake: **overleveraging and poor risk management**.

Ninety percent of new traders blow up their accounts within the first three months. Not because they're unintelligent. Not because forex doesn't work. But because they risk too much on each trade, use excessive leverage, and treat their trading account like a lottery ticket instead of a business.

Here's what typically happens. A new trader opens an account with \$1,000. They're excited, motivated, and ready to make money. They see that EUR/USD moved 100 pips today and think "If I had been in that trade with a standard lot, I would've made \$1,000!" So they increase their position size, trying to capture those big moves.

Their first few trades might even win. This is the most dangerous thing that can happen to a new trader. Early wins with oversized positions create a false sense of confidence. They start believing they've "figured it out." Then comes the inevitable losing trade. But instead of a small, manageable loss, it's a devastating blow that wipes out 30%, 50%, or even 100% of their account.

## The 1-2% Rule That Changes Everything

Professional traders follow a simple rule that protects them from catastrophic losses: never risk more than 1-2% of your account on a single trade. This might sound overly cautious, even boring. But this one rule is the difference between traders who survive and thrive versus those who blow up and quit.

Let's break down what this means with real numbers. If you have a \$1,000 account and follow the 2% rule, you risk a maximum of \$20 per trade. That's it. Not \$200. Not \$500. Just \$20.

At first glance, \$20 might seem too small to bother with. But here's the math that reveals why this works. With 2% risk, you can lose 50 trades in a row before your account is gone. Fifty consecutive losses. Even the worst trader in the world doesn't lose 50 trades in a row if they're following any kind of logical system.



More realistically, let's say you win 50% of your trades and your average winner is 1.5 times your average loser (because you're following proper risk-reward ratios). With 2% risk, you'll be steadily growing your account. Small gains compound over time, turning into substantial growth without the heart-stopping risk.

Compare this to the trader who risks 20% per trade. They only need five consecutive losses to lose everything. Five bad trades, which could easily happen in a single week, and they're done. No chance to recover. No opportunity to learn and improve. Game over.

## Understanding Position Sizing

Risk management isn't just about what percentage you risk—it's about how you calculate your position size based on that risk. This is where many traders get confused, so let's walk through it step by step.

Your position size should be determined by three factors: your account size, your risk percentage, and the distance to your stop loss in pips.

Here's the formula: **Position Size = (Account Size × Risk %) / (Stop Loss in Pips × Pip Value)**

Let's work through a real example. You have a \$1,000 account, you want to risk 2% (\$20), and your stop loss is 50 pips away. For a micro lot (0.01), each pip equals \$0.10. So:  $\text{Position Size} = \$20 / (50 \text{ pips} \times \$0.10) = \$20 / \$5 = 4 \text{ micro lots, or } 0.04 \text{ lots.}$

This means you can trade 0.04 lots while keeping your risk at exactly \$20. If the trade hits your stop loss, you lose precisely \$20, or 2% of your account. If your stop loss had been 100 pips away instead, you could only trade 0.02 lots to maintain the same 2% risk.

Notice the relationship: the further away your stop loss, the smaller your position size must be to maintain the same dollar risk. This is why you can't just randomly pick position sizes. You need to calculate based on your stop loss distance.

## The Emotional Component

Risk management isn't just about math—it's about psychology. When you risk 1-2% per trade, losses don't hurt emotionally. They're just part of the process. You can shrug off a \$20 loss and move on to the next trade with a clear head.



But when you're risking 20% or 30% per trade, every loss is devastating. You feel it in your gut. It ruins your day. You become emotional, desperate to win it back. This emotional state leads to revenge trading, where you take increasingly risky trades trying to recover your losses. This is how one bad trade becomes five, then ten, then a blown account.

Professional traders treat losses as a business expense. They expect them. They plan for them. They've already mentally accepted the loss before they even enter the trade. This emotional detachment only comes when your position sizing is appropriate.

## **The Compounding Power of Small, Consistent Gains**

Here's something that might change your entire perspective. Let's say you start with a \$1,000 account and make an average of 3% per month, risking only 1-2% per trade. Nothing flashy. No heroic 50% monthly returns. Just boring, consistent 3% growth.

After one year, your account would be worth approximately \$1,426. After two years, \$2,033. After three years, \$2,898. After five years, \$5,891. You've turned \$1,000 into nearly \$6,000 without taking excessive risk, without blowing up, and without the stress of gambling.

Now imagine trying to achieve those same returns while risking 20% per trade. The stress would be unbearable. The drawdowns would be catastrophic. Most traders would have blown up multiple times along the way. The slow, steady approach isn't just safer—it's actually more profitable in the long run because you stay in the game.

## **Common Risk Management Mistakes**

Beyond overleveraging, there are several risk management mistakes that trap new traders. One is moving your stop loss further away when a trade moves against you. This is admitting you were wrong about your analysis but refusing to accept the loss. It turns a controlled loss into an uncontrolled disaster.

Another mistake is removing your stop loss entirely, thinking "I'll just watch it and close manually if needed." But when the moment comes, fear and hope paralyze you. You



convince yourself it'll turn around. Before you know it, a 20-pip loss has become a 200-pip catastrophe.

Some traders make the mistake of risking more on trades they "feel confident" about. This sounds logical, but it's dangerous. Your confidence level isn't correlated with your win rate. The trades you're most confident about can still lose. Risk the same percentage on every trade, regardless of how you feel about it.

Finally, there's the mistake of trying to "recover" losses by taking larger positions. You lose \$50 and think "If I just risk \$100 on the next trade, I can get it all back plus profit." This is gambling psychology, not trading. It's the fastest way to turn a small loss into a destroyed account.

## **Your Day 6 Action Steps**

Today, calculate your maximum risk per trade based on your demo account balance. If you started with \$10,000, your maximum risk is \$200 per trade (2%). Write this number down and commit to never exceeding it.

Review the trade you placed on Day 5. Did you follow proper risk management? Calculate what percentage of your account you actually risked. If it was more than 2%, redo the position size calculation for what it should have been.

Create a simple spreadsheet or document with these columns: Date, Pair, Direction (Long/Short), Entry Price, Stop Loss, Take Profit, Position Size, Risk in Dollars, and Result. This becomes your trade journal. Every single trade you ever take should be recorded here.

Make a personal commitment: "I will never risk more than 2% of my account on any single trade." Write this down. Put it where you can see it. This one commitment could save you thousands of dollars.

Tomorrow, we're putting everything together into a simple trading plan that will guide your actions moving forward.

## **DAY 7: Creating Your Simple Trading Plan**

### **Why You Need a Trading Plan**



Imagine getting in a car without a destination. You just drive randomly, turning whenever you feel like it. That's what trading without a plan looks like. You're spending money on fuel (trading costs), wearing out your vehicle (emotional energy), but going nowhere.

A trading plan is your roadmap. It tells you what to trade, when to trade, how much to risk, and when to stay out of the market entirely. It removes emotion from your decision-making because you're following a predetermined set of rules rather than making it up as you go.

Here's the truth: you don't need a complex plan to be successful. In fact, simpler plans are often better because they're easier to follow consistently. What you need is a plan that covers the essential elements and that you actually stick to.

## **The Essential Components of Your Trading Plan**

Every trading plan needs to answer several key questions. Let's build yours together, section by section.

### **1. What Will You Trade?**

For beginners, keep this simple: stick to one or two major currency pairs. EUR/USD is the obvious choice because it's the most liquid, most analyzed, and has the tightest spreads. You might add one more pair like GBP/USD or USD/JPY once you're comfortable, but resist the temptation to trade everything you see.

Trading too many pairs spreads your attention too thin. You can't possibly understand the personality and patterns of ten different pairs. Master one or two first, then expand if you want to later.

Write in your plan: "I will only trade EUR/USD (and possibly one other major pair). I will not trade minor or exotic pairs until I have at least six months of consistent profitability."

### **2. What Timeframe Will You Use?**



As a beginner, daily charts are your friend. They filter out the noise and false signals that plague shorter timeframes. They also require less screen time—you can check once or twice per day rather than being glued to your monitor.

Some traders use multiple timeframes, analyzing the daily chart for overall trend direction and then dropping to a four-hour or one-hour chart for entry timing. This is fine, but start simple. Begin with daily charts only.

Write in your plan: "I will analyze on the daily timeframe. I will check my charts once in the morning and once in the evening, but I will not stare at shorter timeframes or obsessively watch every price movement."

### **3. How Will You Identify Trading Opportunities?**

This is where your strategy lives. As a beginner, keep your approach simple. Here's a straightforward trend-following approach that's worked for decades:

- Identify the trend direction on the daily chart (higher highs and higher lows = uptrend; lower highs and lower lows = downtrend)
- Wait for a pullback in the direction of the trend (price moves against the trend temporarily)
- Enter when price shows signs of resuming the trend direction
- Place your stop loss beyond the recent swing low (for uptrends) or swing high (for downtrends)
- Target at least 2:1 risk-reward ratio

You don't need fancy indicators or complicated patterns. Trend following is one of the most reliable approaches in trading, especially for beginners.

Write in your plan: "I will only trade in the direction of the daily trend. I will wait for pullbacks to support levels in uptrends or resistance levels in downtrends. I will not try to pick tops or bottoms. I will not trade during unclear, choppy, or sideways markets."

### **4. How Much Will You Risk?**

We covered this extensively on Day 6, but it bears repeating here because it's the most important part of your plan.



Write in your plan: "I will risk exactly 1-2% of my account balance on every trade. I will calculate my position size based on my stop loss distance. I will never remove my stop loss, never move it further away, and never risk more because I 'feel confident' about a trade."

## **5. How Will You Manage Open Trades?**

This is about what you'll do after you enter a trade. The most disciplined approach is to set your stop loss and take profit when you enter, then let the trade run. Don't watch it. Don't adjust it (except to move your stop loss to breakeven once you're sufficiently in profit, which is an acceptable adjustment).

Write in your plan: "Once I enter a trade with proper stop loss and take profit, I will let it run without interference. I will not watch the screen obsessively. I will not close winning trades early out of fear. I will not move my stop loss further away on losing trades. I may move my stop loss to breakeven once the trade is up by at least 1:1 reward, but this is optional, not required."

## **6. When Will You Not Trade?**

Knowing when to stay out is just as important as knowing when to get in. Here are several situations where the best trade is no trade:

- Major news events (if you're not experienced with trading news)
- When you're feeling emotional, stressed, or distracted
- When the market is choppy and unclear
- When you've hit your daily or weekly loss limit
- During major holidays when liquidity dries up

Write in your plan: "I will not trade during major news events until I have at least six months of experience. I will not trade when I'm emotional or distracted. If I've had two losing trades in a single day, I will stop trading for the rest of that day. I will not trade between December 20 and January 5 when major institutions are on holiday."

## **7. How Will You Review Your Performance?**

Regular review is how you improve. Without reviewing your trades, you're just repeating the same patterns without learning.



Write in your plan: "I will record every trade in my journal, including entry, exit, position size, reason for the trade, and how I felt emotionally. Every Sunday, I will review all trades from the past week. Every month, I will calculate my win rate, average win size, average loss size, and overall profit/loss. I will look for patterns in my mistakes and successes."

## Your Complete Simple Trading Plan Template

Here's how your complete plan might look when you put it all together:

**Markets:** EUR/USD only

**Timeframe:** Daily charts

**Strategy:** Trend following with pullback entries

**Risk Per Trade:** 2% maximum

**Stop Loss:** Beyond recent swing point

**Take Profit:** Minimum 2:1 risk-reward ratio

**Position Sizing:** Calculated based on stop loss distance

**Trade Management:** Set and forget; may move stop to breakeven at 1:1

**No-Trade Conditions:** Major news, emotional state, unclear market, after 2 daily losses

**Review Schedule:** Weekly on Sundays, monthly performance analysis

That's it. Nothing fancy. Nothing complicated. But if you follow this consistently, you'll be ahead of 90% of traders who have no plan at all.

## The Transition From Demo to Live

We need to talk about the eventual transition from demo to live trading. This is a critical junction where many traders falter. Demo success doesn't automatically translate to live success because real money introduces intense emotions that virtual money never could.

When should you transition to live trading? Here are the minimum requirements:

- At least two to three months of demo trading
- Consistent profitability over at least 50 trades
- A proven track record of following your trading plan
- The ability to take losses without emotional reactions
- Enough understanding to know why your winners won and losers lost



When you do transition to live, start incredibly small. If you're planning to eventually fund with \$1,000, start with just \$100 or \$200. Trade the smallest possible position sizes. The goal of your first month live isn't to make money—it's to prove you can handle the emotional aspect of real money on the line.

Many traders are surprised by how differently they react when real money is involved. Trades they would have held confidently on demo, they close prematurely on live. Risks they took easily with virtual money suddenly feel terrifying with real dollars. This is normal. This is why you start small.

## **The Long Game**

Let's end with a perspective shift. Forex trading isn't a sprint to riches. It's not about turning \$500 into \$50,000 next month. Those stories exist, but they're either exaggerated or involve massive risk that eventually catches up to the trader.

Professional trading is about consistent, sustainable growth over time. It's about making 2-5% per month reliably. It's about protecting your capital like your life depends on it. It's about staying in the game long enough for compounding to work its magic.

Think of yourself as a business owner. Every trade is a transaction. Some transactions profit. Some don't. But over time, if your edge is positive and your risk management is solid, your business grows. You're not trying to hit a home run. You're trying to get on base consistently.

This perspective—seeing trading as a long-term business rather than a shortcut to wealth—separates successful traders from those who blow up and quit. Patience, discipline, and consistency beat greed, fear, and impulsiveness every single time.

## **Your Day 7 Action Steps**

Today, write out your complete trading plan using the template provided. Customize it to your personal circumstances, but keep it simple. Put it in a document you can easily reference.

Print out your plan or save it somewhere you'll see it every time you trade. Before you place any trade, read through your plan and ask yourself: "Does this trade follow my plan?" If the answer is no, don't take the trade.



Place one more practice trade today, but this time follow your written plan explicitly. Check every box: Is it the right pair? The right timeframe? Does the setup match your strategy? Is your risk exactly 2%? Is your reward at least 2:1? Only when you can answer yes to all these questions should you enter the trade.

Finally, commit to at least two more months of consistent demo trading before considering live trading. Use these months to refine your plan, build discipline, and develop the habits that will serve you for your entire trading career.



## What Comes Next?

You've completed your first seven days in forex trading. You've learned what currency pairs are and how they work. You've learned to read charts and candlesticks. You've mastered essential terminology like pips, spread, and leverage. You've set up your trading platform and placed your first trades. You understand the critical importance of risk management. And you've created a personal trading plan to guide your decisions.

This is just the beginning. The learning never stops in trading. Markets evolve. You'll discover new patterns and strategies. You'll make mistakes and learn from them. You'll have winning streaks that boost your confidence and losing streaks that test your resolve.

But now you have a foundation. You're not wandering in the dark. You understand the basics, you have a plan, and you know where to focus your energy as you continue learning.

Continue with demo trading. Follow your plan. Review your trades. Be patient with yourself. Protect your capital. Stay disciplined. The traders who succeed aren't necessarily the smartest or the ones with the best strategies. They're the ones who show up consistently, follow their plan, manage risk properly, and never stop learning.

Welcome to your forex journey. The market will be here tomorrow, next month, and next year. There's no rush. Trade smart, trade safe, and remember—sustainable success is built one trade at a time.

**From all of us at Pipring FX, happy trading!**