Forex trading for beginners

From your first pip to Smart Money Concepts – a practical guide with charts, worked examples and honest advice about risk.

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CHAPTER 1

Forex trading for beginners

Forex is the market where currencies are exchanged – more than 7 trillion dollars a day. This guide takes you from zero to your first demo trade, step by step, with the honest truth about the risks.

In short

- In forex you buy one currency and sell another at the same time – for example EUR/USD.
- Profit and loss are counted in **pips**; position size is counted in **lots**.
- Leverage makes small accounts trade big sizes – and is why most beginners lose money.
- Start on a demo account, risk 1% per trade at most, and learn before you earn.

Free PDF

Download this guide – plus pips and lots, leverage, stop losses, risk management, Smart Money Concepts and the best times to trade – as one free PDF. No sign-up. **Download “Forex trading for beginners” (PDF)**

Step 1: Understand what you are trading

A currency pair shows how much of the second currency you need for one unit of the first. If EUR/USD is 1.0850, one euro costs 1.0850 dollars. If you think the euro will rise against the dollar, you **buy** EUR/USD; if you think it will fall, you **sell**. Read more in forex trading basics.

Type	Examples	Cost to trade
Majors	EUR/USD, GBP/USD, USD/JPY, USD/CHF, AUD/USD, USD/CAD	Lowest
Crosses	EUR/GBP, GBP/JPY, EUR/JPY	Medium
Exotics	USD/ZAR, USD/NGN, USD/KES, USD/TRY	Highest – wide spreads

Step 2: Learn pips, lots and leverage

- **Pip:** the fourth decimal on most pairs (0.0001). On a standard lot of EUR/USD, one pip is worth $10.
- **Lot:** a standard lot is 100,000 units, a mini lot 10,000 and a micro lot 1,000. Beginners should start with micro lots.
- **Leverage:** lets you control a large position with a small deposit. 1:100 leverage means $100 controls $10,000 – and a 1% move costs you $100.

Work out real numbers with the pip calculator and read pips and lots and leverage and margin.

Step 3: Know when to trade

Forex is open 24 hours a day on weekdays, but most of the movement happens when London and New York are open. Find your local times on the forex market hours page – for example in Nigeria, Kenya or South Africa.

Step 4: Choose a regulated broker

1. Check the licence in the regulator's public register – not just the logo on the website.
2. Look at total costs: spread plus commission plus overnight swap. See trading costs.
3. Test deposits and withdrawals with a small amount first.
4. Avoid anyone who promises returns, trades for you or pushes you to deposit more – see trading scams.

Step 5: Make your first trade on a demo account

Every serious broker offers a free demo account with virtual money. Use it to learn the platform – MetaTrader, cTrader or TradingView – and to test a simple plan for at least a month.

1. Pick one pair, such as EUR/USD.
2. Decide your direction from the trend on the 4-hour chart (see market structure).
3. Place a stop loss where your idea is wrong.
4. Size the trade so that the stop costs 1% of your account with the position size calculator.
5. Set a target at least 1.5 times your risk. Write the trade in a trading journal.

Step 6: Pick a method and stick to it

Popular starting points are support and resistance, moving averages and Smart Money Concepts. What matters is not the method but that you test it, follow it and control risk. Our free trading courses take you through it in order.

The beginner mistakes that cost the most

- Risking 10% or more on one trade.
- Trading without a stop loss, or moving it.
- Revenge trading after a loss.
- Trading exotic pairs with huge spreads.
- Paying for "signals" or "account management" from strangers on social media.

CHAPTER 2

Pips, lots and pip value explained

Pips and lots are the units forex traders use to measure price moves and position size. Once you understand how they fit together, you can turn any price move into money – before you place the trade.

In short

- A **pip** is the fourth decimal for most currency pairs (0.0001) and the second for yen pairs (0.01).
- A **standard lot** is 100,000 units of the base currency. A mini lot is 10,000 and a micro lot 1,000.
- On EUR/USD, one pip on one standard lot is worth **$10**.

What a pip is

Pip stands for “percentage in point”. For EUR/USD, a move from 1.0850 to 1.0875 is 25 pips. For USD/JPY, which is quoted with two decimals, a move from 154.20 to 154.70 is 50 pips. Most brokers also show a fifth decimal (third for yen pairs) – that is a **pipette**, a tenth of a pip.

Lot sizes

Lot	Units	In the platform	Pip value on EUR/USD
Standard lot	100,000	1.00	$10
Mini lot	10,000	0.10	$1
Micro lot	1,000	0.01	$0.10

How to calculate pip value

Pip value = pip size × number of units, in the **quote currency** (the second currency in the pair). Then convert to your account currency if needed.

- **EUR/USD, 1 lot:** 0.0001 × 100,000 = $10 per pip.
- **USD/JPY, 1 lot:** 0.01 × 100,000 = ¥1,000 per pip. At 154.00 that is about $6.49.
- **EUR/GBP, 1 lot:** 0.0001 × 100,000 = £10 per pip. At GBP/USD 1.2700 that is about $12.70.

So a 30-pip move is $300 on one lot of EUR/USD, but only about $195 on one lot of USD/JPY. That is why position size should always be calculated per market – see how to calculate position size.

Gold, indices and other markets

Outside forex, most traders think in price moves or points rather than pips. If one lot of gold is 100 ounces, a $1 move in the gold price is $100 per lot. If an index CFD is €1 per point, a 50-point move is €50 per contract. Brokers define these contract sizes differently, so always check the specification.

From pips to a trading plan

1. Decide the stop distance in pips from the chart.
2. Look up the pip value for the pair and your lot size.
3. Multiply: stop distance × pip value = what you lose if the stop is hit.
4. Adjust the lot size until that number matches the risk you planned.

> **Tip**
>
> The spread is also measured in pips. A 0.8-pip spread on one lot of EUR/USD costs $8 every time you open a trade. Read more in trading costs explained.

CHAPTER 3

Leverage and margin explained

Leverage lets you control a large position with a small deposit. It is the reason CFDs are popular – and the main reason most retail traders lose money. Here is how it really works.

In short

- **Margin** is the deposit the broker sets aside when you open a position.
- **Leverage** is the position value divided by the margin – 1:30 means you put up 1/30 (3.33%).
- Leverage does not decide your risk. **Position size and stop loss** do.

How margin is calculated

Margin = position value ÷ leverage. If you buy 1 lot of EUR/USD (100,000 euros) at 1.0800, the position is worth $108,000. With leverage of 1:30 the broker sets aside $3,600 as margin. Your profit or loss is still calculated on the full $108,000.

Market (retail clients in the EU/UK)	Max leverage	Margin
Major currency pairs (EUR/USD, USD/JPY, GBP/USD …)	1:30	3.33%
Other currency pairs, gold, major indices	1:20	5%
Other commodities and minor indices	1:10	10%
Individual shares	1:5	20%
Cryptocurrencies	1:2	50%

These limits were introduced by the European regulator ESMA in 2018 and are applied by regulated brokers across the EU. Brokers offering 1:500 to retail clients are usually regulated offshore – a warning sign.

Why leverage is not the same as risk

Two traders both have $10,000 and maximum leverage of 1:30. One buys 0.1 lot of EUR/USD with a 30-pip stop loss and risks $30. The other buys 3 lots with the same stop and risks $900. Same leverage, thirty times the risk. Leverage only decides how much margin you tie up; **position size and the distance to your stop loss decide what you can lose.**

That is why professionals start with the question “how much can I afford to lose on this trade?” and work out the size from there. Our position size calculator does it for you.

Margin call and stop out

Your **margin level** is your equity divided by the margin in use, in per cent. If losing positions push it down, two things happen:

1. **Margin call:** the broker warns you that the margin level is low (often at 100%). You can add money or close positions.
2. **Stop out:** for retail clients in the EU, the broker must start closing positions when the margin level falls to 50%. This is automatic, and usually at the worst possible time.

Retail clients of EU-regulated brokers also have **negative balance protection**: you cannot lose more than the money in your account.

> **A simple rule**
>
> If you use more than about a quarter of your account as margin, you have very little room before a margin call. Keep the margin low and the risk per trade small – 0.5–1% of the account is common among professionals.

The real cost of leverage

Holding a leveraged position overnight costs a financing fee (swap), because you are effectively borrowing the part you have not paid for. For short-term trades this is small; for positions held for months it adds up. That is one reason CFDs suit short-term trading better than long-term investing.

Want to see how quickly losses compound? Try the drawdown calculator and the Monte Carlo simulator.

CHAPTER 4

Stop loss: how to place it properly

A stop loss is an order that closes your position automatically when the price reaches a level you have chosen. It is the single most important tool for keeping losses small.

In short

- Place the stop where your trade idea is **proven wrong** – not where the loss "feels" acceptable.
- Then adjust the **position size** so that the loss at the stop is your chosen risk.
- Never move the stop further away once the trade is open.

Where should the stop go?

A good stop loss sits at a level where the reason for the trade no longer holds. For a long trade at support, that is just below the support. For a breakout, it is back inside the range. Placing it there means a hit stop tells you something: the idea was wrong.

Method	How it works	Good for
Technical stop	Below the last low (long) or above the last high (short), or beyond support/resistance	Most strategies
Volatility stop (ATR)	A multiple of the Average True Range, e.g. 1.5 × ATR from entry	Markets that change pace
Fixed stop	Always the same number of pips or points	Simple systems and beginners
Time stop	Close the trade if nothing has happened after a set time	Day trading

Size the position from the stop – not the other way round

Once you know where the stop goes, the position size follows: **position size = risk amount ÷ distance to stop**. With a $10,000 account, 1% risk ($100) and a 25-pip stop on EUR/USD, you can trade 0.4 lots. A wider stop means a smaller position – not a bigger risk. The position size calculator works this out instantly.

Trailing stops and break-even

A **trailing stop** follows the price at a set distance as the trade moves in your favour, locking in part of the gain. Moving the stop to **break-even** (your entry price) once the trade has moved 1R removes the risk – but if you do it too early, normal noise will often stop you out of good trades.

Slippage and gaps

A normal stop loss becomes a market order when it is hit. In fast markets – around major news or over a weekend gap – it can be filled at a worse price than the stop. That is called **slippage**. Some brokers offer a **guaranteed stop** for a fee, which is always filled at your exact price.

The five most common mistakes

1. **No stop at all** – “I’ll close it manually” rarely works when the market runs against you.
2. **Moving the stop further away** to avoid taking the loss. Small losses become big ones.
3. **Stops that are too tight** and sit inside normal market noise.
4. **Stops at obvious round numbers** where many other stops are clustered.
5. **Choosing the stop from the money** (“I’ll risk $50”) instead of from the chart, then using too large a position.

Remember

A stop loss that is hit is not a failure. It is the plan working – a small, controlled loss instead of a large one. Log every stopped-out trade in your trading journal to learn from it.

CHAPTER 5

Risk management for traders

Good traders are not right more often than others. They lose less when they are wrong. Risk management is the set of rules that keeps every loss small enough that you can keep trading.

In short

- Risk a small, fixed share of the account per trade – **0.5–1%** is common.
- Measure results in **R** (multiples of what you risked) and focus on **expectancy**.
- Set a **daily loss limit** and stop when you reach it.

Why the size of each loss matters so much

Losses hurt more than equal gains help. A 10% loss needs an 11% gain to recover; a 50% loss needs 100%. If you risk 10% per trade, five losers in a row – which happens to every strategy – leave you down 41%. With 1% per trade, the same streak costs under 5%.

Losing streak	Account left at 1% risk	at 2%	at 5%
5 losses	95%	90%	77%
10 losses	90%	82%	60%
20 losses	82%	67%	36%

See it for your own numbers in the drawdown calculator.

Think in R

R is the amount you risk on a trade. If you risk $100 and make $250, the trade made +2.5R. A loss at the stop is −1R. Measuring in R lets you compare trades of different sizes and see whether your strategy works, independent of the account size.

Expectancy: the number that decides everything

Expectancy = (win rate × average win) − (loss rate × average loss). A strategy that wins 40% of the time with an average win of 2R and an average loss of 1R has an expectancy of 0.4 × 2 − 0.6 × 1 = **+0.2R per trade**. Over 100 trades that is +20R. A high win rate alone means nothing if the losses are much larger than the gains. Check your own numbers with the risk/reward calculator.

Rules professional traders use

1. **Fixed risk per trade:** for example 1% of the account, calculated before entry.

2. **Daily loss limit:** for example 3%. Hit it, and you stop for the day.
3. **Maximum open risk:** limit how much is at risk across all open trades, especially correlated ones (EUR/USD and GBP/USD often move together).
4. **No averaging down** on losing trades.
5. **Reduce size after a drawdown** rather than increasing it to “win it back”.

Expect losing streaks

Even a strategy that wins half the time will see eight or more losses in a row at some point over a few hundred trades. The Monte Carlo simulator shows how deep the drawdowns can get with your win rate and risk – before the market shows you.

Put it in writing

Rules only work if you decide them before you trade. Write them in your trading plan and track them in the trading journal.

CHAPTER 6

Support and resistance

Support and resistance are price levels where buying or selling has repeatedly stopped the market. They are the foundation of technical analysis – and the most useful levels for placing entries and stops.

In short

- **Support** is a level where falling prices have stopped before – buyers step in.
- **Resistance** is a level where rising prices have stopped – sellers step in.
- A level that breaks often switches role: old resistance becomes new support.

Why the levels work

Markets remember. Traders who bought at a level and saw the price fall are happy to sell when it gets back to their entry. Those who missed a bounce wait to buy the next time the price gets there. Large orders, round numbers and stops all cluster around the same zones – so the market often reacts there again.

How to find them

1. **Start with a higher time frame** – the daily or 4-hour chart. Levels there matter more than on the 5-minute chart.
2. **Look for clear turning points** where the price reversed at least twice.
3. **Draw zones, not lines.** Prices rarely turn at the exact same tick; a zone of a few pips or points is more realistic.
4. **Add round numbers** such as 1.1000 on EUR/USD, 2,500 on gold or 20,000 on the DAX.
5. **Keep it simple.** Three to five levels on a chart is enough. Twenty lines tell you nothing.

Pivot points and Fibonacci levels are calculated versions of the same idea – try the pivot point calculator and the Fibonacci calculator.

Bounce or breakout?

	Bounce	Breakout
Idea	The level holds and the price turns	The level breaks and the price continues
Entry	Near the level, ideally after a rejection candle	After a close beyond the level, or on a retest
Stop loss	Just beyond the zone	Back inside the old range
Main risk	The level breaks	False breakout that snaps back

Role reversal

When resistance breaks, the same zone often acts as support on the way back down – and vice versa. Many traders wait for this **retest** to enter a breakout with a tighter stop and a better risk/reward.

Where to place the stop

Place the stop beyond the zone, not on it: obvious levels attract stops, and the price often pokes through briefly before turning. Then size the position so the loss at the stop is your chosen risk with the position size calculator.

> **Remember**
>
> The more often a level is tested, the weaker it usually gets. Each test uses up some of the orders waiting there.

CHAPTER 7

Market structure explained

Market structure is the backbone of price-action trading. Before you look for any entry, you should be able to say in one word what the market is doing: up, down or sideways.

In short

- Uptrend = **higher highs (HH) and higher lows (HL)**.
- Downtrend = lower highs (LH) and lower lows (LL).
- Structure on the higher time frame beats structure on the lower one.



An uptrend: every swing high (HH) is higher than the last, and every pullback low (HL) holds above the previous one.

Swing highs and swing lows

A swing high is a peak with lower highs on both sides; a swing low is a trough with higher lows on both sides. Join the swings and the trend becomes obvious. Many traders only count a swing as confirmed when price has moved away from it by a clear margin, or when it caused a break of structure.

The three states of the market

State	Structure	What to do
Uptrend	HH and HL	Look for buys at pullbacks
Downtrend	LH and LL	Look for sells at pullbacks
Range	Equal highs and lows	Trade the edges or wait for a breakout

External and internal structure

External structure is the big swings that define the trend. **Internal structure** is the smaller swings inside a pullback. A break of internal structure is an early warning; a break of external structure is the real signal. Read about break of structure and change of character.

Top-down analysis

1. Daily chart: overall trend.
2. 4-hour chart: current swing and key zones.
3. 15-minute chart: entry trigger in the direction of the daily trend.

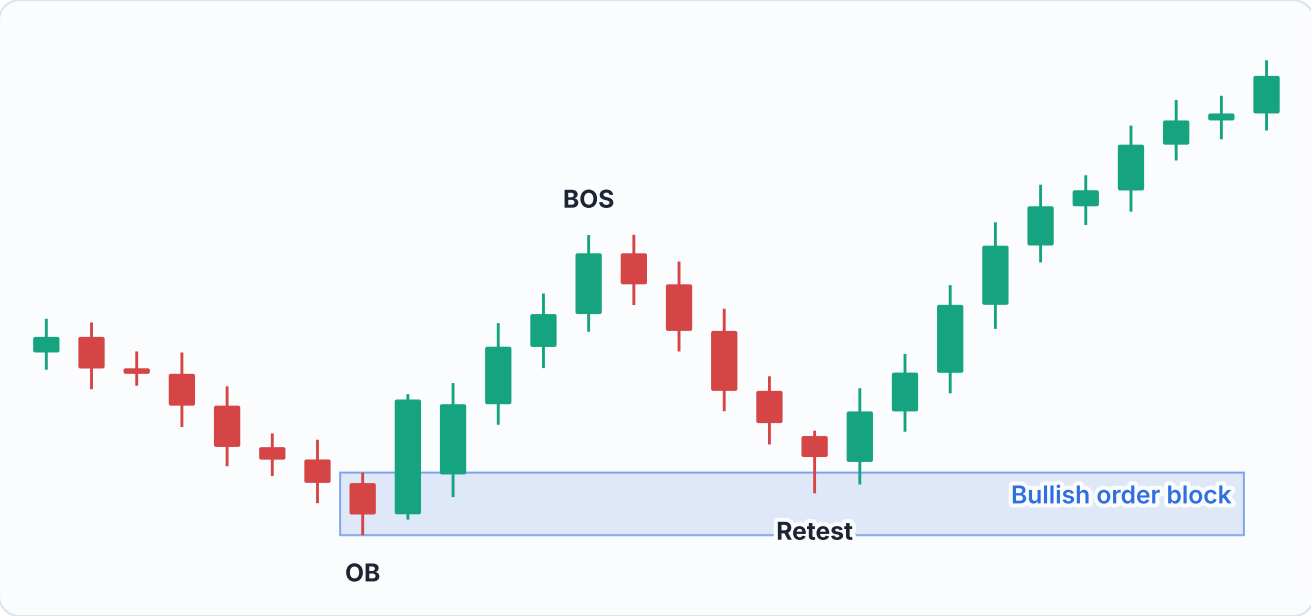
CHAPTER 8

Order blocks explained

An order block is the last opposite-coloured candle before a strong move that breaks structure. The idea: large orders were placed there, and when price returns, the rest of those orders can push it away again.

In short

- Bullish order block = **last down candle before a strong move up**.
- Only order blocks that caused a break of structure count.
- Enter on the return to the block, with the stop beyond it.



A bullish order block: the last down candle before a strong move up. When price comes back to it, buyers often step in again.

What makes an order block valid

1. **It caused a break of structure** – the move away from it broke a swing high or low.
2. **Displacement:** the move away was fast and strong, ideally leaving a fair value gap.
3. **Unmitigated:** price has not come back to it yet. The first return is usually the strongest.
4. **Location:** a bullish block in the discount zone is better than one in premium.

Bullish and bearish order blocks

Type	Candle	Trade	Stop
Bullish	Last down candle before a rally	Buy on the return	Below the block’s low

Type	Candle	Trade	Stop
Bearish	Last up candle before a sell-off	Sell on the return	Above the block’s high

Entry options

- **Limit order** at the top of the block (more fills, more losers).
- **Limit at the 50% of the block** (the “mean threshold”).
- **Confirmation entry:** wait for a lower time frame CHoCH inside the block.

Order block vs supply and demand

An order block is a single candle; a supply or demand zone is usually the whole base of several candles. The logic is the same. When an order block fails and price breaks through it, it can turn into a breaker block.

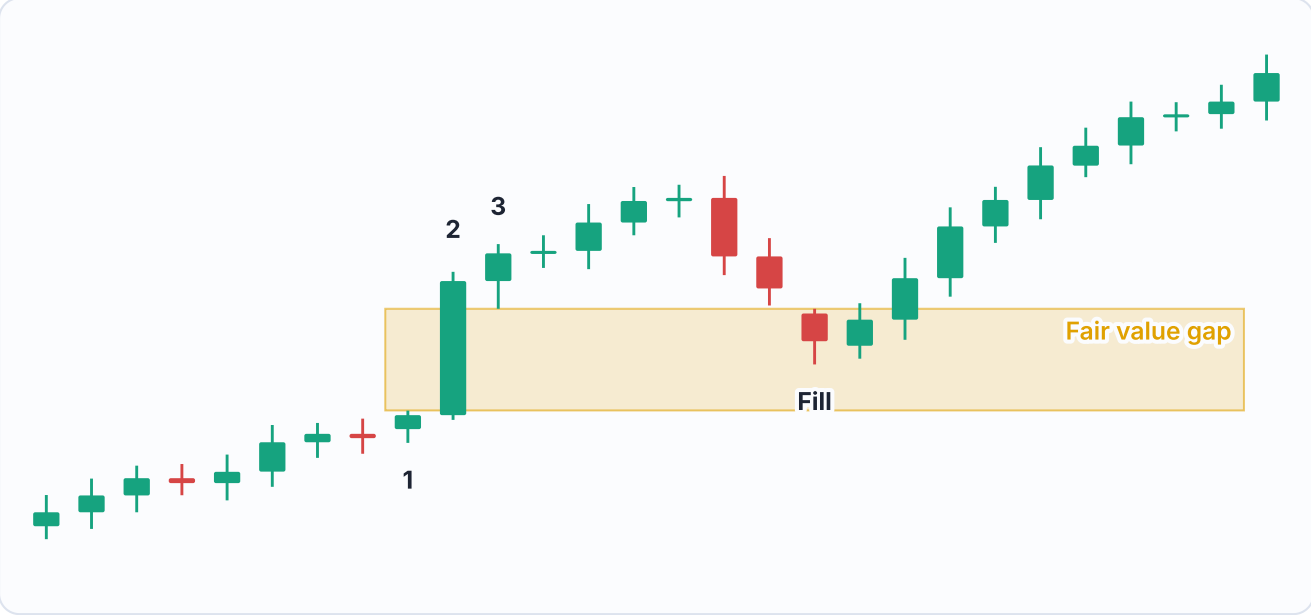
CHAPTER 9

Fair value gap (FVG) explained

A fair value gap is an imbalance left by a fast move: in three candles, the wicks of the first and third candle do not overlap. Price often comes back to fill part of that gap.

In short

- An FVG is a **three-candle gap** between candle 1 and candle 3.
- Bullish FVGs form in fast rallies, bearish FVGs in fast drops.
- The 50% level of the gap is called **consequent encroachment**.



A bullish fair value gap: the high of candle 1 and the low of candle 3 do not overlap. Price often comes back to rebalance the gap before moving on.

How to spot a fair value gap

1. Find a large candle (candle 2) that moved price fast.
2. Compare the high of candle 1 with the low of candle 3 (for a bullish gap).
3. If they do not overlap, the space between them is the fair value gap.

Types of FVG

Type	Meaning
Bullish FVG	Gap below price after a rally – possible support
Bearish FVG	Gap above price after a drop – possible resistance
Inverse FVG (IFVG)	A gap that price closed straight through; it can flip and act from the other side

Type	Meaning
Balanced price range	Two overlapping opposite gaps

How to trade an FVG

- Trade gaps **in the direction of structure** – a bullish gap after a bullish break of structure.
- Enter at the top of the gap or at 50%, with the stop below the gap or below the swing low.
- Gaps that form during the London or New York killzones tend to matter more.
- Not every gap gets filled, and some are filled only partly.

FVG vs a normal price gap

A classic gap is a jump between one close and the next open, often over a weekend. A fair value gap happens inside continuous trading – the candles connect, but the wicks leave a hole.

CHAPTER 10

Liquidity sweeps explained

A liquidity sweep happens when price pokes beyond an obvious high or low, triggers the stop orders resting there, and quickly reverses. To many traders it feels like a stop hunt – SMC traders try to trade it.

In short

- Stops cluster **above highs and below lows**.
- A sweep takes those stops and **closes back inside** the range.
- A breakout closes beyond the level and keeps going.



A liquidity sweep: price spikes above equal highs, triggers the stop orders resting there and closes back below – then turns down.

Why sweeps happen

Big orders need someone on the other side. Above an obvious high sit buy-stop orders from short sellers and breakout traders – exactly the buying a large seller needs. When price runs those stops, the large seller can fill, and the market turns. Whether or not anyone plans it, the pattern is common around equal highs, equal lows, the previous day's high and low, and session highs and lows.

Sweep or breakout?

Sign	Sweep	Breakout
Candle close	Back inside the range	Beyond the level

Sign	Sweep	Breakout
Follow-through	Quick reversal, often a CHoCH	Continuation, retest holds
Wick	Long wick through the level	Solid body through the level

How to trade a sweep

1. Mark obvious liquidity: equal highs or lows, yesterday’s high and low, the Asian range.
2. Wait for the sweep and a close back inside.
3. Look for a change of character on a lower time frame.
4. Enter on the pullback to the FVG or order block; stop beyond the sweep wick.

How to protect yourself from being swept: place stops beyond the structure that invalidates your idea, not exactly at the obvious high or low. Read our stop loss guide.

CHAPTER 11

Chart patterns cheat sheet

All the classic chart patterns on one page – with a picture of each, whether it is bullish or bearish, and how to trade it.

In short

- **Reversal** patterns signal a trend may end; **continuation** patterns signal a pause.
- Every pattern needs a confirmed breakout before you trade it.
- Stops go beyond the pattern; targets use the pattern's height.



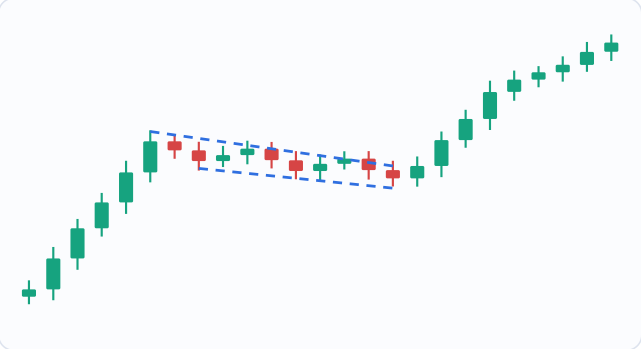
Head and shoulders
Bearish reversal



Double top
Bearish reversal



Cup and handle
Bullish continuation



Bull flag
Bullish continuation



Ascending triangle
Bullish (usually)



Falling wedge
Bullish reversal

The full table

Pattern	Type	Bias	Confirmation
Head and shoulders	Reversal	Bearish	Close below neckline
Inverse head and shoulders	Reversal	Bullish	Close above neckline
Double top	Reversal	Bearish	Close below the middle low
Double bottom	Reversal	Bullish	Close above the middle high
Triple top / bottom	Reversal	Bearish / bullish	Break of the range
Falling wedge	Reversal	Bullish	Break of the upper line
Rising wedge	Reversal	Bearish	Break of the lower line
Cup and handle	Continuation	Bullish	Close above the rim
Bull flag / bear flag	Continuation	With the pole	Break of the flag
Pennant	Continuation	With the pole	Break of the pennant
Ascending triangle	Continuation	Bullish	Close above flat top
Descending triangle	Continuation	Bearish	Close below flat bottom

Three rules for every pattern

1. **Context first:** a reversal pattern needs a trend to reverse.
2. **Wait for the close:** wicks through a level are often liquidity sweeps.
3. **Risk before reward:** place the stop where the pattern fails and size the trade with the position size calculator.

Want it on paper? Our free Forex trading for beginners PDF covers support, resistance and price action. Also see the candlestick patterns guide.

Related patterns and guides

- Head and shoulders
- Double top and double bottom
- Cup and handle
- Bull flag and bear flag
- Triangles
- Falling and rising wedge
- Chart patterns overview
- Support and resistance

CHAPTER 12

ICT killzones

Killzones are the windows when the big moves of the day usually happen. ICT defines them in New York time, so they shift for you when daylight saving time changes.

In short

- London killzone: **02:00–05:00 New York time**.
- New York killzone: **07:00–10:00 New York time**.
- Outside killzones, spreads are wider and moves are often false.

Killzone	New York time	What to look for
Asian range	20:00 – 00:00	A quiet range whose high and low become liquidity for London
London killzone	02:00 – 05:00	The daily high or low is often set here; sweeps of the Asian range
New York killzone	07:00 – 10:00	US data at 08:30, the stock market open at 09:30, continuation or reversal of London
London close	10:00 – 12:00	Profit-taking; retracements of the day's move

Why time matters

Most volume in forex comes when London is open, and the most of all when London and New York overlap. Moves that start in a killzone have the volume to continue; moves at 3 am in your local quiet hours often reverse. Many ICT setups – such as the silver bullet – only count inside a killzone.

Killzones in UTC

New York is UTC−5 in winter and UTC−4 in summer. In winter the London killzone is 07:00–10:00 UTC and the New York killzone 12:00–15:00 UTC; in summer both are one hour earlier.

Need the times where you live? See the forex market hours tool or the session times for Nigeria, Kenya, South Africa, Pakistan, the Philippines and more countries.

CHAPTER 13

Trading psychology

Most traders do not fail because their strategy is bad. They fail because they do not follow it. Knowing the biases that pull you off course is the first step to trading with discipline.

The five biases that hurt traders most

Bias	What it looks like	The fix
Loss aversion	Holding losers too long and cutting winners too early	Stop loss and target set before entry
Revenge trading	Jumping straight back in after a loss to “win it back”	Daily loss limit and a break after two losses
FOMO	Chasing a move that has already happened	Only trade setups from your plan
Overconfidence	Increasing size after a winning streak	Fixed risk per trade, always
Confirmation bias	Only seeing information that supports your trade	Write down what would prove you wrong

Why losses feel so bad

Research in behavioural finance shows that a loss feels roughly twice as painful as an equal gain feels good. That is why traders move stops, hope a losing trade will come back and grab small profits too early. The result is small wins and large losses – the opposite of what works.

Routines that build discipline

1. **Write a plan** with your markets, setups and risk rules – and a checklist you go through before every trade. Use our trading plan template.
2. **Decide everything before you enter:** entry, stop loss, target and size. Once the trade is open, you only follow the plan.
3. **Keep a journal.** Log each trade, whether you followed the plan and how you felt. The trading journal shows what breaking the rules actually costs you.
4. **Set a daily loss limit** and respect it. The best trade after a bad day is often no trade.
5. **Trade smaller.** If a position makes you nervous, it is too big. Fear and greed shrink with the position size.

Accept uncertainty

Every trade is one of many. A good trade can lose and a bad one can win. Judge yourself on whether you followed your process, not on the result of a single trade. Over a hundred trades, a positive expectancy shows up; in any one trade, it is noise. The Monte Carlo simulator shows how random the short run is, even for a good strategy.

Quick check

Before every trade, ask: Is this in my plan? Do I know where I am wrong? Is the risk 1% or less? If any answer is no, do not trade.

CHAPTER 14

How to spot trading scams

Investment fraud is one of the fastest-growing types of crime. Scammers use fake ads, slick platforms and friendly “account managers”. These are the warning signs to look out for.

10 warning signs

1. **Guaranteed or very high returns** – “10% a month, no risk” does not exist.
2. **Celebrities or news sites in ads** recommending a platform. These ads are almost always fake.
3. **Pressure to act now** – a “limited offer” or a bonus that expires today.
4. **Contact via social media, dating apps or WhatsApp** from someone who suggests investing.
5. **A personal “account manager”** who calls often and pushes you to deposit more.
6. **Remote access software** (AnyDesk, TeamViewer) to “help you get started”.
7. **No licence** from a recognised regulator, or a licence number that does not match the website.
8. **Withdrawals that keep getting delayed** or require a “tax” or “fee” to be paid first.
9. **Bonuses with conditions** that lock your money in the account.
10. **Payment in crypto or to private accounts** instead of a bank account in the broker’s name.

How to check a broker

A legitimate CFD or forex broker in Europe is authorised by a national regulator – for example the FCA in the UK, BaFin in Germany, Finansinspektionen in Sweden or CySEC in Cyprus – and can offer its services in other EU countries under the European passport. Search the regulator’s public register for the company name and licence number, and check that the website address and contact details match the register. Also check your regulator’s warning list of unauthorised firms.

Recovery scams

People who have already lost money are often contacted again by “lawyers” or “recovery agents” who promise to get the money back – for an upfront fee. This is almost always a second scam by the same network. Real authorities and lawyers do not cold-call victims and ask for payment in crypto.

If you have been scammed

1. Stop all payments and do not send more money – whatever they promise.
2. Contact your bank immediately; card payments can sometimes be reversed.
3. Change passwords and remove any remote access software from your computer.
4. Report it to the police and to your financial regulator.
5. Keep all emails, chats and transaction records.

Remember

Even with a legitimate broker, CFDs are high-risk products and most retail clients lose money. A real broker will show you a risk warning – not promise you profits.

Keep learning – free

Every chapter in this guide is also on norztrading.com/guides, with free calculators – position size, pips, risk of ruin – and free courses at norztrading.com/courses.

Risk warning

Forex and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Most retail accounts lose money. This guide is general education, not investment advice. Only trade money you can afford to lose.

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