



WHAT IS FOREX

# BEGINNER FOREX

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## WHAT IS FOREX?

If you not interested or into the whole idea of reading stuff that is longer than a tweet, I'll save you the time and give you a quick definition of forex. **Forex** (or **FX**) means **foreign exchange**. That's it. You don't have to read anymore. Thanks, you welcome. Alright cheers.

For those interested we continue here.

What exactly does FX mean? Basically, in the "WHAT IS TRADING" module, we began by explaining bartering (or exchanging) of coffee beans for gold. Basically, forex is the same idea as bartering for coffee and gold, except, here the coffee is one denomination of currency and the gold is another form of currency (heck, you can even exchange gold on certain trading platforms if your broker allows it, we will discuss brokers and the famous mt4/mt5 platform in later sections). To summarize, Forex is exchanging one currency for another – it's as simple as that!



You don't need to be a insta-famous trader ( I'm sure you know these guys that take pics of stax of cash on Instagram. I always wonder why do they take out money to just put it back in? But anyway, I'm guilty of liking the pic, ALWAYS) to participate in the foreign exchange market (I'm just going to refer to foreign exchange as FX for the rest of my documentation going forward, screw the guys that stopped reading, we'll dribble them with the acronyms going forward ☺ ).

Every time you travel and need to exchange some money into a foreign currency, you *are* participating in the FX market.

Imagine that you have just arrived in New York from Parys. You want to buy bunny chow at the airport but you only have Rands on you. So you'll need some Dollars, well this is assuming you don't want to see New York on an empty stomach.

So you go to the first foreign exchange desk at the airport, and exchange your Rands into Dollars. Whether you believe it or not, this is the very first step of what we call **forex trading**. Now even you can change your Instagram bio to: "INVESTOR", "FOREX TRADER" and don't forget the "🇿🇦 -----> 🇺🇸".

Wait a minute! You exchanged 10 Rands and got back 2.74 Dollars. I know what you thinking; how's that possible? This is the actual exchange rate that made you 'poorer'.



After a few days you wave goodbye to the Statue of Liberty and take a flight to Emperors Palace, there in Boksburg. You exchange your leftover Dollars into Rands. Hey, what happened? You got back more than you expected... Why? While you were in New York City, the exchange rate changed. Why? That's because of inflation, economic changes, and the balance between supply and demand, to only name a few of the factors that can influence the value of a currency.

Everything changes all the time. So do currency rates. If there is one thing you need to continuously do if you wish to be a successful trader, is be PROACTIVE! Expect change and be proactive about it. Your position changes In the market? Be proactive. You losing money in the market? Be proactive!! BE F# PROACTIVE!!!

In a nutshell, BE PROACTIVE! Keep an eye on **when** exactly you exchange one currency for another, **what** currency pairs you choose (e.g. US dollars vs. Rands) and **how much** you exchange. Last but not least, you guessed it you clever coffee bean you, BE F##### PROACTIVE!!

The **When**, **How Much**, and **What** are the basic points of forex trading. We'll see how this series goes, maybe even do a zoom session where we enter the market live and show you how it's done with a real account!