

Forex Market Analysis and Financial Literacy Education

Wealth Horizons Academy | \$497

DISCLAIMER

This is strictly an educational program. Wealth Horizons Academy does not provide financial advice, trading signals, managed accounts, or any financial services. Forex trading involves substantial risk of loss. Educational purposes only.

FOREX MARKET EDUCATION FUNDAMENTALS

What Is the Forex Market?

The foreign exchange (forex) market is where currencies are traded. With over \$7 trillion in daily volume, it is the largest financial market in the world.

Unlike stock markets, forex operates 24 hours a day, 5 days a week across global financial centers.

Currency Pairs Explained

Currencies are always traded in pairs. The first currency is the base, the second is the quote.

Major Pairs (USD involved): - EUR/USD (Euro/US Dollar) - GBP/USD (British Pound/US Dollar) - USD/JPY (US Dollar/Japanese Yen) - USD/CHF (US Dollar/Swiss Franc)

Reading a Quote: EUR/USD = 1.0850 means 1 Euro buys 1.0850 US Dollars

Pip and Lot Calculations

A pip is the smallest price movement in forex (0.0001 for most pairs).

Standard lot: 100,000 units of base currency Mini lot: 10,000 units Micro lot: 1,000 units

Understanding Leverage: Leverage allows control of large positions with small capital. 100:1 leverage means \$1,000 controls \$100,000. This amplifies both gains AND losses.

Important: Leverage is one of the primary risk factors in forex trading. High leverage can result in losing more than your initial investment.

Fundamental Analysis

Factors that move currency values: - Interest rate decisions by central banks - Inflation data (CPI, PPI) - Employment reports (non-farm payrolls, unemployment rate) - GDP growth data - Political stability and government policy - Trade balances and current account data

Technical Analysis Basics

Technical analysis studies price charts to identify patterns and potential future movements.

Key Technical Concepts: - Support levels: Price areas where buying historically occurred - Resistance levels: Price areas where selling historically occurred - Trend lines: Lines connecting price highs or lows - Moving averages: Average price over specified time periods - RSI (Relative Strength Index): Momentum indicator (0-100 scale) - MACD (Moving Average Convergence Divergence): Trend and momentum

Risk Management Principles

Professional traders focus primarily on risk management, not returns.

Core Risk Principles: - Never risk more than 1-2% of capital on a single trade - Always use stop-loss orders - Risk:Reward ratio minimum of 1:2 (risk \$1 to potentially make \$2) - Never trade more than you can afford to lose entirely

The Professional Mindset: Amateur traders focus on profits. Professional traders focus on limiting losses. The market rewards discipline, not aggression.

Common Educational Mistakes New Learners Make

1. Confusing education with skill (knowledge $\neq$ expertise)
2. Underestimating the role of psychology
3. Focusing on indicators rather than price action fundamentals
4. Ignoring risk management
5. Expecting quick profits without sufficient preparation

The path to competency in financial market analysis requires months or years of study and practice in a simulated environment before applying any concepts with real money.

Educational purposes only. Not professional advice. Results vary.

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