



THE 10 RULES OF SUCCESSFUL FOREX TRADING

THANKS FOR READING THIS EBOOK

About Admiral Markets

Admiral Markets is a leading online trading provider, offering trading with Forex and CFDs on stocks, indices, precious metals and energy. Our strong dedication to state-of-the-art software and quality assurance means that our clients receive the best, most transparent trading experience.

In addition to competitive trading conditions, we offer numerous educational programmes - like webinars and seminars - to our clients. These resources are designed to teach trading skills, while highlighting the financial opportunities traders have within Forex and other financial markets. We also publish educational books and brochures in several languages, which are distributed internationally.

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1 IN 10 FOREX TRADERS MAKE MONEY

But never fear. Despite this staggering statistic, Forex can still be a fantastic place to make profits. It's simple. You can increase your chances of bucking this trend by following the 10 rules of successful Forex trading.

In this eBook, we explain what those rules are and how to implement them in your trading practices. These rules will give you a solid foundation in Forex, highlighting how you should approach trading, while shedding light on practices that should be avoided.

This eBook also contains [green links](#) to additional educational resources for further reading. Once you've read this eBook, we suggest printing the pages out and keeping them handy while you trade.

Ready? Let's begin...

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RULE 1

GET FAMILIAR

WITH FOREX

BASICS

Develop a good understanding of Forex trading mechanics.

Making money from Forex can seem like a complex concept to beginners. Thankfully, it's quite simple.

As a Forex trader your objective is to back one currency over another in the expectation that the price of the currency you have backed outperforms its peer. So if you sold the Yen to buy the Dollar, you want the Dollar to appreciate and the Yen to weaken during the lifetime of that trade.

This is why currencies are traded in pairs. It's also why you need to [select a reliable broker](#) and [understand Forex quotes](#).

Finally, Forex trading uses lots of specialist terminology. To help, we've put together a [Trading Glossary](#).

RULE 2

ONLY TRADE WHAT YOU CAN AFFORD

Don't risk money you don't have.
It's the quickest way to fail.

For those new to Forex, there's an understandable sense of excitement at the possibility of making money by trading currencies.

While this excitement can lead to an enthusiasm to learn more about Forex trading, it can also lead to unnecessary risk taking.

Before you start to trade, be 100% certain that the money used to fund your trading account is [capital you can afford to lose](#).

In other words - don't trade with money earmarked for necessities, such as rent, mortgage repayments, utility bills, or food shopping budgets. Using such money to fund trading will make your Forex experience very stressful, which could lead to financial difficulty later down the line.

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RULE 3

FOREX ISN'T A GET RICH QUICK SCHEME

Successful Forex traders make small & consistent profits.

Many new starters in Forex have unrealistic expectations when it comes to making profits. In short, accumulating wealth doesn't happen overnight.

The successful traders (those who have made money) have spent years refining their trading strategies to benefit from movements in the financial markets.

Before starting your own Forex journey, check that you have the correct mindset. Your goal should be to make small and consistent profits from trading - not a few high stake trades.

Doing this over a period of time is the path to greater wealth. If you want to get rich quickly, Forex should not be pursued.

RULE 4

TREAT FOREX TRADING AS A PROFESSION

Success in Forex requires consistent professional development.

Success in any walk of life requires hard work and practice - and Forex is no exception to that rule.

The best Forex traders take the time to study the markets, analyse their performance and tweak their overall strategy. In other words, they treat Forex trading as a professional.

If you're serious about making money from Forex trading, allocating regular time to professional development is an absolute necessity. Even two hours per week can be useful. For example, you can use this time to review your weekly trades, mark upcoming key dates in the [economic calendar](#), or learn how to use a new technical indicator.

In short - mark off a regular time in your diary dedicated to professional development.

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RULE 5

YOUR TIME DICTATES STRATEGY

Your trading style depends on the amount of free time you have.

Novice retail traders usually enter the markets in their spare time.

For example, depending on your employment circumstances, you might only have the capacity to place one or two trades a week ([long-term trading](#)). Alternatively, you could have a flexible lifestyle, meaning you can afford to place a high volume of trades on a daily basis ([short-term trading](#)).

This choice will govern what strategies you use to analyse the markets and place trades.

For example, long-term traders typically use fundamental analysis. On the other hand, intra-day traders tend to rely on technical indicators to make their profits. To find out what trading strategies fit your circumstances, [click here](#).

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RULE 6

PROTECT

YOUR CAPITAL

AT ALL COSTS

Limiting losses is the golden rule of Forex trading.

It may seem counter-intuitive, but protecting your trading capital is the most effective way of becoming successful in Forex.

So how does a trader limit trading losses? It's usually achieved through a set of [risk management rules](#), which specify exactly how much capital a trader is willing to gain or lose before exiting a trade (we suggest risking no more than 2% of your total trading capital to a given trade).

Using MetaTrader 4 or 5 (available with Admiral Markets), you can activate a series of risk management parameters on individual trades.

These include the [Take Profit Order and the Stop Loss Order](#) - both of which are designed to protect trading capital.

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RULE 7

WRITE & STICK TO A TRADING PLAN

Traders must write down their strategy & persevere.

Once you've decided what kind of trading approach suits your lifestyle, it's time to write a trading plan.

Think of this document as your trading bible. It will outline your chosen trading strategy, along with a set of strict risk management rules. This plan will serve as a reminder of what action to take when trade positions move for and against you.

It's especially important to stick to your trading plan in losing trades. Instead of chasing the market to recover pips, it's usually better to cut your losses and move on.

Start by writing down the planned frequency of your trades, along with optimum Take Profit and Stop Loss levels. For further help on drafting a trading plan, please [click here](#).

RULE 8

LIMIT USING LEVERAGE IN YOUR TRADES

For the inexperienced, using leverage can lead to heavy losses.

Many advanced traders use a broker tool called leverage to maximise their profits.

Think of leverage as loan - provided by a broker to a trader - to fund trading capital. For example, a trader may want to buy £10,000 of GBP/USD with only £1,000 in their trading account. Using a leverage of 10:1, the trader's broker effectively lends the outstanding capital to make that trade possible. This can be a useful tactic for experienced traders, as it can multiply their profits. In the aforementioned example, profits would be multiplied by a factor of 10.

The problem is that this applies to losses too. It's why novice traders should [limit their use of leverage](#) until their trading strategy has a track record of profitability.

RULE 9

TUNE INTO

GLOBAL NEWS

EVENTS

Global news events are what move the markets.

As you navigate the currency markets, it's vitally important to keep track of global economic news.

These pieces of news - whether they are economic data releases, election results, or geo-political events - have the ability to change investor confidence in the markets. These changes can have a significant impact on the price of major currencies.

With this in mind, it makes sense to know when these global news events are likely to happen - and to keep track of their progress.

To help, Admiral Markets has a comprehensive [Forex calendar](#) to help traders stay ahead of important events. Our market commentators also provide regular [fundamental analysis](#), which give clues as to how the markets could move.

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RULE 10 YOU CAN NEVER STOP LEARNING

Top up your knowledge to increase the chances of success.

As you progress through your Forex journey, always keep an open mind. Even the best Forex traders look to improve their knowledge.

Admiral Markets provides a suite of educational resources designed to help traders continually develop - including daily webinars, online articles and eBooks.

[Our webinars](#) are especially useful for traders looking to gain experience in applying technical analysis methods in live market settings. With the guidance of our experts, these webinars give unique insights into what trades to place, along with the best strategies to maximise profits.

To view our suite of educational resources, please [click here](#).

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GOOD LUCK WITH **YOUR** FOREX TRADING

Regulation

Admiral Markets UK Ltd is authorised and regulated to conduct investment business by the Financial Conduct Authority in the United Kingdom, registration number 595450. Our details can be found on the FCA website. The registered office of Admiral Markets UK LTD is 16 St Clare Street, London EC3N 1LQ.

Companies House number is 08171762.

Admiral Markets UK Ltd is also regulated under the Markets in Financial Instruments Directive (MiFID) in regards to other offices within the EU under the MiFID Passporting Regime.



Risk warning:

Trading foreign exchange or contracts for differences on margin carries a high level of risk, and may not be suitable for all investors. There is a possibility that you may sustain a loss equal to or greater than your entire investment. Therefore, you should not invest or risk money that you cannot afford to lose. You should ensure you understand all of the risks. Before using Admiral Markets UK Ltd services please acknowledge the risks associated with trading.