TRADEWIKI

A-Z GUIDE TO ONLINE TRADING

EVERYTHING YOU NEED TO KNOW TO PROFIT IN THE FINANCIAL MARKETS.

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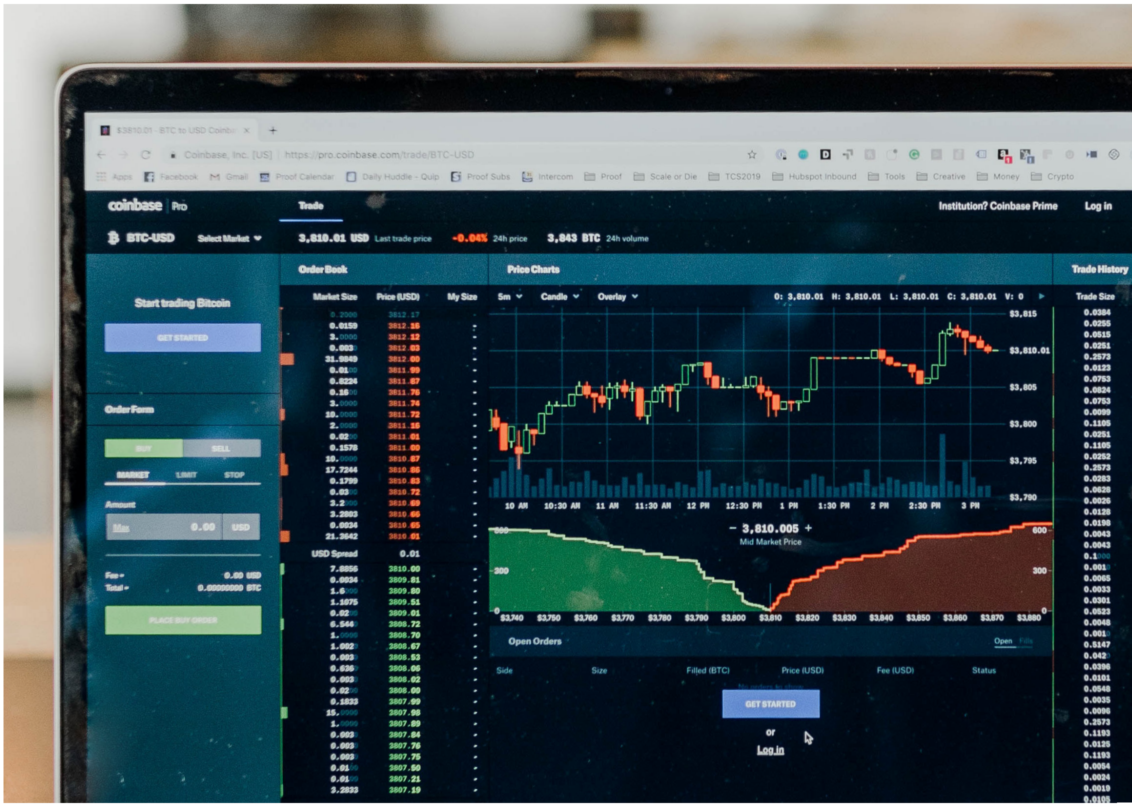
1. INTRODUCTION

What is trading? Well, simply put, it's the act of buying or selling an investment asset with the hopes of turning a profit. Even more simply put, click the button, get money back. However it isn't as simple as it sounds. For some elite traders, it takes years of studying, practicing and developing new strategies and techniques to truly remain profitable in the markets. One of the best things about trading in any market is that you can start right away. Seriously, right this second, you could be placing trades, no matter what time zone you're in.



This is what makes online trading so popular, with brand-new traders entering the markets every minute of every day. Long gone are the days of having to be a financial expert or business executive to be able to make money investing. Now, anyone with a proper internet connection and capital can invest. And with greater developments to high-speed computers, phones, tablets, and so on, trading is easier to do than ever before!

Nowadays, there's a sense of camaraderie to trading, as social networking has also enhanced trading. You, as a trader, can talk shop with another trader halfway across the world, exchanging tips and tricks in a mutually beneficial manner. These connections makes it so you can determine if there is anything you're doing wrong, or right, and aid your long-term development as a trader.

Development is key in trading; not so much about education, but more about developing your skills. Entries and exits are crucial, and proper analysis of the charts is a necessary skill, among others.

We will stress this in this guide, but it's important for you know right off the bat that trading is for everyone, and is not an exclusive club.

In that regard, you could very well have an outdated ideal of what successful traders look like. You might think of a corporate bigwig toking on a cigar in their yacht. That is absolutely not the case, as people from all walks of life can see themselves as elite traders if they take their education seriously and strive to perform consistently in the markets. You don't need to be a one-percenter to reap the benefits the many financial markets out there offer.

Word of caution, though, as you will learn heavily in this guide, trading comes with a high degree of risk. One wrong move and all your progress is gone. Experienced traders know how to avoid these pitfalls, but that's not to say they won't take losses. In fact, it's part of the trading world to learn from your losses, as there's a high probability they will happen. However, you can more wins than losses if you educate yourself on the markets and know exactly how to approach them and when to get out.

This guide will ensure you don't make those mistakes, as we will dive deep into all the markets you can invest in and what makes them tick. If this is convincing enough for you to try trading, then by all means, go for it!

2. BRIEF HISTORY OF TRADING

If we're talking about trading as the dictionary term, then trading has been around since prehistoric times. When the first patterns of communication were established in this era, trading for certain goods and services were commonplace. For example, one caveman can trade a pelt for meat, and it would be a mutually beneficial exchange.

Once inherent value and utilitarianism to certain assets were established, all the way back to the stone age, then trading began to take more shape. Long-distance trading networks were laid out and the exchanging of materials was made even easier, especially if the materials needed to craft tools and/or weapons were not easily accessible.

If we want to take this to modern times, then trading as we know it saw its inception in the early 1600s, with the Dutch East India company first offering shares and bonds to the public. The more commonly known New York Stock Exchange, was established in 1792, and was a precursor to modern trading. The New York Stock Exchange became the largest stock exchange market in the world, making it a central hub for trading stocks.

As industrialization of the United States further developed the nation, the stock exchange grew, adding more and more assets as time went on.

Let's move forward a couple of centuries, briefly before computers and smartphones were around. This is the trading we see in many older documents, in which a large group of traders moved hard and fast to make their bids. One person read the ticker tape and another put prices up on a board, and a flurry of speculative bids bombarded the markets all at once, simply by screaming at the top of their voice.

We move forward, and computer technology completely changed everything. Now, price actions can be updated in real time faster than ever before, and a simple click of a mouse button places your trades.

Placing trades nowadays can be done 24/7 depending on the market from anywhere around the world with unlimited access to the resources you need to learn how to trade simply a click away.

3. GUIDE OBJECTIVE

To not overwhelm you with information, this guide will simply, well, simplify how you can start trading right away. You will be able to know exactly what you're looking at and how to interpret it so that when you place a trade, you know what the result will be.

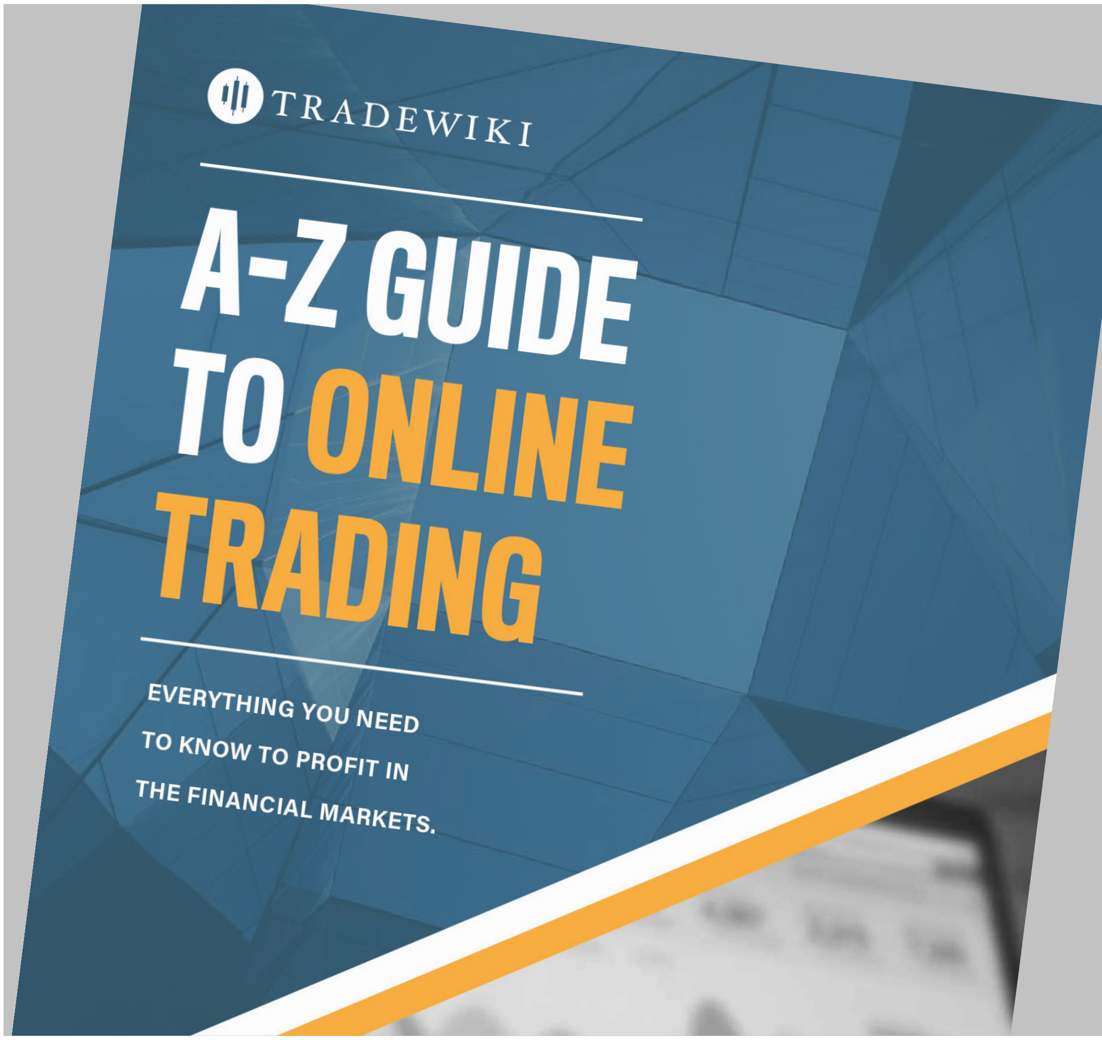
We want this to be a resource you can continuously reference whenever you need a helping hand or just a refresher course on the complicated world of financial markets.

Without further ado, let's get right into it…

This guide will cover all the different markets you will encounter, what moves each one of them, and how you can best approach them to turn a profit.

You will also learn how to mitigate risk, so that those profits don't take a big hit and hinder all your development as a trader.

Nothing is guaranteed in the financial markets, and profits might not be as readily available for you when you first start trading. While these markets do offer high chances of making a steady cash flow, it could very well go the other way quickly, which is what this guide will help prepare you for.



4. CAPITAL MARKET

A Capital Market is an institution in which entities that have capital or are in need of capital go to move this capital around in constant exchanges.

Capital markets are split in two distinctions: Primary and Secondary.

In Primary Markets, new assets are issued for the first time, through initial public offerings, or IPOs. It gives investors the opportunity to purchase assets directly from the issuing party early on.

Secondary markets are markets where the stock has already been available and able to be traded publicly. The New York Stock Exchange is what's described as a Secondary Market. Traders in the Secondary Markets trade among themselves without the intermediary in the Primary Markets. You trade assets with another person that also owns assets.

Capital markets are moved by the entities supplying the funds and those that demand it.

Since the Stock Market is a capital market, let's take the time here to discuss how you can trade stocks.

When you purchase shares of a company or corporation, you're essentially investing in that asset's performance. Purchasing a stock gives you partial ownership of that institution, with those that hold the most shares being the majority owner.

Unless you're part of a select group of high-level executives chosen to privately control company shares, IPOs are the opportunity you crave to be able to purchase shares.

When companies go public, virtually anyone can buy or sell shares. These public offerings are either because they want to raise their company value or are looking to liquidate debt. Price action of a stock asset will fluctuate depending on a number of factors, most notably, what new development they make in their product line. If any new developments are not favorable to investors, prices go down, and vice versa.

Stocks are listed by how much it will cost you to purchase a single share. For example, a share of Apple Computers could cost you around $200.

To be able to invest in a particular stock, you need to be aware of the goings-on within the company and if any movements will affect the value positively or negatively.

Stock trading, as with any other market, requires a lot of thought and procedure in order to be profitable. If you keep up to date on everything your desired stock is doing, you could be able to capture long-term gains.

Capital markets are also comprised of bond markets, which are essentially issuances of debt securities brought to the market by private or public entities. These are often issued to help corporations raise capital for daily operations or to grow product lines and expand to new locations.

These purchased bonds can have a maturity date in which you can cash in on accrued interest. Or, you can sell these bonds for more than what you paid for.

5. CURRENCY MARKET

The Currency Market is quickly becoming the most popular one for traders of all skill levels. When you trade a currency, you're basically investing in the performance of a country's economy.

It involves the exchange of one currency to another.

The Currency market has the highest value in terms of trades placed, averaging $5.1 trillion dollars in daily transactions.

Currencies are a highly sought-after market because of high volatility, ease of access, and the lack of centralized institutions that control the marketplace. This market does not have a physical location where the trades take place. This is what's called an Over-the-Counter (OTC) market.

You can trade currencies 24 hours a day, five days a week. That means that when U.S. banks close, banks in Japan or China are operating, so you can continue trading regardless of your time zone.

There are many factors that affect the currency exchange rates, which indicate the relative value of one currency to another, or how much of one currency you need to buy the other.

With the dawn of high-speed internet currency trading has become increasingly favorable. This is because it's easier to enter and exit trades in a shorter period of time, capturing quick profits as much as the markets allow.

While currency trading is popular, it does pose some of the highest risk. Economic events, such as a country adjusting interest rates or unemployment rates, can significantly affect the performance of a currency, causing it to either increase or decrease in value.

6. COMMODITIES

Commodities markets involve what you probably think they do. Investors can turn profits on assets that are essential to everyday life, such as oil, gold, natural gas, corn, and so on.

These are things most people, businesses, or other institutions cannot function without. This creates the chain of supply and demand.

Commodities traders look for market movements in either direction based on what's occurring in this chain.

For example, if crude oil companies need copper to build or maintain their machinery, the demand for copper goes up, and supply is limited, it increases the price for that asset.

If it is not a commonly demanded product, then the reverse happens.

With commodities trading also comes a high degree of risk and the need to educate yourself on economic events.

For example, agricultural supplies, like corn and wheat, have increased activity in the summer months. This could also be affected by population growth, as the agricultural industry struggles to meet demand in an ever-increasing population.

7. OTHER COMMON MARKETS

If these markets don't work for you, there is no need to limit yourself to them. There are other financial markets out there you can dive into right away that could show promise to your investment portfolio.

You also have what's called a Derivatives Market. This market is a little more complicated. It involves an asset, such as a mortgage, whose value is derived from an agreement or contract between multiple parties and the fluctuations of the asset agreed upon.

Derivatives can traded either OTC or with a central exchange. Derivatives carry a high degree of risk considering it requires hedging, or going against your trade, to be able to lock in a particular price point.

Derivatives can be purchased through futures contracts, forwards, options, and swaps.

Futures involve buying or selling an asset at a certain price point at a designated date, often on a daily basis

Forward contracts can be customized further between the two parties without going through a central exchange, as opposed to Futures, and terminating at a set date further in the future.

Options are alike Futures, but buyers do not have to oblige by the terms laid forth. If something does not go their way, options can be placed to reduce risk.

Lastly, there are swaps. These are agreements between two parties to exchange cash flows from separate assets. Normally, interest rates between loans are part of swaps, but it could involve any asset.

8. TRADING BASICS (TERMINOLOGY)

Here are some basic terms you need to get familiar with so that you can converse with fellow traders and understand what is happening:

1. **Long**: Buying an asset
2. **Short**: Sell an asset
3. **Bull** or **bullish market**: When price is going up
4. **Bear or bearish market**: When price is going down
5. **Bid**: How much money you're willing to invest
6. **Exchange**: The physical or non-physical location where trading takes place.
7. **Initial Public Offering**: When a company's stock is available to the public
8. **Volatility**: How much price is moving up and down
9. **Swing trading**: Holding onto trades overnight
10. **Day Trading**: Buying assets to sell them same day
11. **Return on Investment**: Measure of profits vs losses
12. **Support**: When demand is strong enough that it will not decline further
13. **Resistance**: When selling is high enough that price will not increase
14. **Margin**: How much you are given to trade by the broker

9. PLACING YOUR FIRST TRADE

Now that you have all this information, what will you do with it?

Placing that first trade can be nerve-wracking, and understandably so. This is why you need guides ike this to take you through what makes the markets move and how you can capture some of that momentum.

Some of the things you need to know before clicking that button are narrowed down to these 5 things:

1. **Choose a broker**
2. **Know how much you can actually invest**
3. **Focus on education**
4. **Watch the news**
5. **Make a plan**

These 5 things should be at the core of your trading.

One recommended rule is the 1% risk rule.

If you have the capital to invest, make sure you're not putting all your eggs into one basket. Diversify your portfolio and look at different options. Also, don't invest all your capital at once. Abide by the 1% rule, in which you don't take more than that out of your account to invest in a stock.

Follow this and you can significantly reduce your chances of taking heavy losses.

For more advice on how to get started trading successfully, **click here**.

10. CONCLUSION

Trading is not for everyone, and as stressed in this guide, carries a lot of work. You could very well lose all your capital quickly if you are not careful. That is why, in trading, it's crucial to take your education and development seriously and not take this as a get-rich quick scheme.

Traders that have seen continued success attest to this. It takes years ofw narrowing down your mistakes, developing your strategies, and leveraging your risk to be able to trade and make a consistent secondary income stream.

If done correctly, trading in any financial market grants you the opportunity to make easy portfolio gains, which you can use to either have money for retirement or just to save up for a cruise.

Whatever your reasoning may be to start trading, rest assured, again if done correctly, the financial markets are your source for steady income.

Take this guide and reference **TradeWiki.com** as much as possible so that you are always kept up to date on everything trading, and use it with other resources to seriously enhance your market potential.