

**FOREX**

**DRAGON**

# **Forex Dragon Starter Package**

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**[www.forex-dragon.com](http://www.forex-dragon.com)**

**Edition 1.0**

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# Introduction

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## 1. Here we go

Welcome to my starter package. I will not start with talking about my big villa, my swimming pool, my huge car etc, which I all bought after my successful trading. If you see such content in Trading Books or in the internet please be very careful. I know that it is much more exciting when I start with content like:

”Try my winning strategy for only 250 \$ per month. My Life changed since I trade this strategy. Before I waked up every morning at 6 o´clock, traffic jam, boss is shouting, driving home, TV, sleeping and the same story on the next day again. You like this live? Not? I can help you to change it. I sleep everyday as long as I want. Than I have a nice breakfast on my veranda. After that I have a short look at my charts and can see how many thousands dollars I made over night during sleep....”

The way from this starter package will be different. I will give you a proper explanation about the forex market and how you can start without risk and loss of your money. The “1-2-3-Trading” Chapter will give you a first checklist for a fast start. Follow the steps and you will have all the tools you need in some minutes on your computer. For each step in the checklist you will find more detailed information in the following chapters. This detailed information you need to start your trading.

Before we switch now to 1-2-3-Trading I have to mention that you will see some names of companies and internet pages. I get no money for this and I am not responsible for the content and offers on their pages. If you have some questions about the information in this book you can ask me or other traders in the Trader Lounge ([www.forex-dragon.com](http://www.forex-dragon.com)).

# Introduction

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## 2. 1-2-3-Trading

### 1) Choose your trading software

For the first steps you need a good trading software where you can play around with settings and also with demo money for trading. The most Forex Brokers will give you this software for free. Choose a demo account before you open a real account. There is a lot of good software but here I will focus on VisualTrader from CMS Forex. The reason is very simple. The most brokers offer a trial version for 30 days. CMS Forex do not have this limit. You have time to try everything and do not need to make a decision after 30 days. Additionally you will find a huge set of indicators. During opening the demo account you will be asked how much money you want to have on your demo account. Please choose an amount which is similar to the amount you want to risk later. It makes no sense to trade 2.000.000 \$ if you later will risk 5.000 \$.

If you decide to open an account you can choose another broker. Please compare the conditions between the different brokers. I do not say here that CMS Forex has the best conditions for you.

Now: Open [www.google.com](http://www.google.com). Look for CMS Forex. Open a demo account. Download Visual Trader. Install it on your computer.

Ready? OK. Than lets go to step number 2).

### 2) What are pips, leverage, lots, buy, sell and margin call

I know, I know. You want to open now your trading software and start to make money. Please take some minutes because you should understand some vocabulary before we go on.

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One pip is the smallest movement of a currency.

Example:

EUR/USD 1,2303 moves to EUR/USD 1,2304.

This information shows us that 1 EUR is worth 1,2304 USD and it moved from 1,2303 to 1,2304 and that is 1 pip. It will be every time the last decimal quotation. At USD/JYP it is a move from 0,01.

Example:

USD/JYP 100,27 moves to USD/JYP 100,28

I directly will explain now the word leverage because with a move from 1,2303 to 1,2304 you made 0,0001 EUR/USD. This will take some 1.000 years before you make money which such small amounts.

With 1 lot you move 100.000 \$. Some Brokers offer to trade mini lots. 0,1 lot is one mini lot and you will move 10.000 \$. Do not worry you do not need 100.000 \$ to trade. The broker gives you a loan during the trade.

Example:

Account with 20.000 \$, you buy 1 lot EUR/USD, Broker offers a 1:400 leverage. After you pressed the buy button you see that 250 \$ are used as a so called margin. This means if you do not set a stop your position will be closed when you reach 250 \$ on your account. Your loss is than 19.750 \$. You move 100.000 \$ with 250 \$. Every pip have now a value of 10 \$. The Broker will accept a maximum loss of 1.975 pips before your position will be closed. This close is the margin call.

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Now lets come to the explanation of buy and sell. To make it short if you think the currency will go down, you have to push the Sell – Button. If you are expecting that the currency will move up you have to press the Buy – Button.

### 3) Open the Trading Software (VisualTrader)

Log in inside your new Trading Platform. You will see that a lot of windows will open. The first thing you do now is close all windows please. Do not worry, nothing is lost.

The only thing you see now is the menu. Look for the buttons to open a new chart now. I can not describe where you will find it because this depends on your software version. Open a GBP/USD chart. Now you must decide which kind of chart you want to see. Candle Chart? Line Chart? Bar Chart?

I will explain you what kind of chart I prefer and you can choose later the charts which fit to your taste. Now you should have opened one Chart GBP/USD. In the next Chapter I want to explain: What is a time window? How and why you choose it? Which kind of chart tell us what? Etc.

Also I will introduce to you how to start a trade and why you need a stop.

When you have more questions to some special parts please go to [www.forex-dragon.com](http://www.forex-dragon.com) and register. After the registration you can ask your questions in the Trader Lounge (Forum).

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## 3. Tools for Mastertraders

The first tool you have on your computer now. This is a trading software. And to be honest the word Mastertrader is pure Marketing from me. As soon as you feel as Mastertrader you should be very careful not to lose all your money. And your money is the most important tool.

Now you have the possibility to choose different time frames for your GBP/USD Chart (tick, 1-Minute, 5-Minute, 10-Minute, 15-Minute, 30-Minute, 1-Hour, 2-Hour, 4-Hour, Daily, Weekly, Monthly). What does this mean? Every time when a buyer and a seller find each other a trade is done. But this is no clear structure for a chart. You need fixed points in time to draw a clear chart. If you want to see the irregular data for the trades you should have a look at the tick data. We choose now a 4-Hour window. Please set your chart GBP/USD to 4h now. Every 4 hours the exchange rate jumps 4 hours in time forwards.

Now choose a line chart. You will see now that the line is fixed on one time point and 4 hours forward it is moving like a wiper. When 4 hours are over the line will be fixed on the last exchange rate and the next 4 hour step is open. You see that you lose a lot of information in this case. You can not see at which points the line was during the 4 hours. Where was the highest and lowest point reached by the line? Etc.

We will leave the line chart. It does not deliver enough information for us. Please choose a candle chart. Now you should see different bodies at every 4 hours point. From one body called candle you get 5 information.

- 1) Highest exchange rate in 4 hours
- 2) Lowest exchange rate in 4 hours
- 3) Opening exchange rate of the 4 hours
- 4) Closing exchange rate of the 4 hours
- 5) The opening was higher than the close (red candle) or the close was higher than the opening (blue candle)

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You opened a GBP/USD chart, you chose a 4h time frame and you chose the candlesticks. I do not want to go deeper here in candlesticks but it is an old Japanese technique from the market where the rice was traded. It gives you a picture about the emotions in the market. If you want to now more about the psychology of candlesticks write a message in the Trader Lounge. If there is enough interest I will write an explanation in a new ebook.

Which time frame you personally choose depends on your trading strategy and on your circumstances. If you are a full time trader and you can sit in front of your computer it will be possible for you to follow the shorter time frames. If you have a trading strategy which is running in a 10 Minute time frame you have to look every 10 Minutes at the charts.

I have a job so I can not follow the shorter time frames. During the day I am busy with my job. So I created a strategy for me where I only have to check the charts in the evening. When there is a signal I can open a trade or move my stops. The most people trading EUR/USD. I like more GBP/USD and NZD/USD. Your trading style must fit to your life. I will create more ebooks on trading strategies later. This document should help you to walk your first steps in trading. I post my signals on [www.forex-dragon.com](http://www.forex-dragon.com). The signals are hidden when you are not registered. After registration and login they appear in the Trading Lounge. You can check all past signals and receive the new signals. You also can see that I am working on day charts. The important points for a trade you will find in the next chapter. In the future I will write some ebooks about different strategies.

For news about this documents about strategies please visit from time to time my website and the Trading Lounge.

# Introduction

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## 4. Your first Trade

Till now you did not find a word about indicators, oscillators, volume etc.. This small introduction should help you to work with your trading software. I will create more stuff for my website. In the future you will also find new documents about indicators, oscillators and volume data in the forex market.

On VT you see a lot of indicators and oscillators. Also automated trading strategies are included. Look around and play with the software. It is important that you learn which buttons to push, which charts to use and this you should know exactly. In the moment you open an account with real money it is not funny to loose all the money because you choose the wrong button. Again, please take your time to get familiar with your trading software. Additional I offer you a place where you can ask a lot of questions and avoid the first mistakes in trading.

For the next step in your training you can follow my trading signals on your demo account. If a signal is there you will find the entry point and also the stop. The stop is a border line. When this line is hit by the exchange rate the trade will be closed. Never trade without stops. When the trade moves in our direction you will see that I move the stop. After a time the stop will reach the positive region. This means that when now the stop is hit we take some money home. If the trade goes against us we will have a loss which is limited by the stop.

For people who want to start with a shorter time frame I will offer additional strategies on my website.

# Afterword

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I hope this small ebook helps you for your first steps in trading the forex market. Now I need your help.

Please help me to make this document better and better. Post your suggestions in the Trading Lounge on [www.forex-dragon.com](http://www.forex-dragon.com). I am not a native speaker so also your help is welcome to improve the English in this document.

If you will use my signals on my website for trading your real money I will not be responsible for your losses. This paper is only for the training on your demo account.

The first lesson every trader must learn is that only he is responsible for his results.

I hope to see you soon again on [www.dragon-forex.com](http://www.dragon-forex.com)

Martin Kueppers