In general, it’s a method of predicting price movements and future market trends by studying charts of past market action. Technical analysis is concerned with what has actually happened in the market, rather than what should happen and takes into account the price of instruments and the volume of trading, and creates charts from that data to use as the primary tool. One major advantage of technical analysis is that experienced analysts can follow many markets and market instruments simultaneously.
3 Principles of a Technical Analysis

1.) Market Action Discounts everything
2.) Prices move in Trends
3.) History Repeats itself
What is a Fundamental Analysis?

In general, it’s a method of forecasting the future price movements of a financial instrument based on economic, political, environmental and other relevant factors and statistics that will affect the basic supply and demand of whatever underlies the financial instrument.

In practice, many market players use technical analysis in conjunction with fundamental analysis to determine their trading strategy.
A **speculator** is a person who trades derivatives, commodities, bonds, equities or currencies with a higher than average risk in return for a higher-than-average profit potential. **Speculators** take large risks, especially with respect to anticipating future price movements, in the hope of making quick, large gains.
Brokers are legal or private persons that represent agents or negotiators in trading who meet buyer and seller of securities or currency together. Broker works in the name, by order and at the expense of his client and may provide some additional services. Brokers get a commission bonus for fulfilling customer’s orders.
It’s a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase. As inflation rises, every dollar you own buys a smaller percentage of a good or service.
In times of deflation, the purchasing power of currency and wages are higher than they otherwise would have been. This is distinct from but similar to price deflation, which is a general decrease in the price level, though the two terms are often mistaken for each other and used interchangeably.
Liquidity describes the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.
What Is Cashflow?

It’s the movement of cash in and out of a business from day-to-day direct trading and other non-trading or indirect effects, such as capital expenditure, tax and dividend payments.
In general, NPV is a significant measurement in business investment decisions. NPV is essentially a measurement of all future cashflow (revenues minus costs, also referred to as net benefits) that will be derived from a particular investment (whether in the form of a project, a new product line, a proposition, or an entire business), minus the cost of the investment. Logically if a proposition has a positive NPV then it is profitable and is worthy of consideration. If negative then it's unprofitable and should not be pursued.
Diversification is a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio constructed of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio. Further diversification benefits can be gained by investing in foreign securities because they tend to be less closely correlated with domestic investments.
Foreign exchange, commonly known as 'Forex' or 'FX', is the exchange of one currency for another at an agreed exchange price on the over-the-counter (OTC) market. **Forex** is the world's most traded market, with an average turnover in excess of US $5.3 trillion per day.
EUR/USD (Euro to the US Dollar), USD/JPY (US Dollar to the Japanese Yen), GBP/USD (British Pound to the US Dollar), AUD/USD (US Dollar to the Australian Dollar), USD/CHF (US Dollar to the Swiss Franc), USD/CAD (US Dollar to the Canadian Dollar), EUR/JPY (Euro to the Japanese Yen), EUR/GBP (Euro to the British Pound)
An investment technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. The investor purchases more shares when prices are low and fewer shares when prices are high. The premise is that DCA lowers the average share cost over time, increasing the opportunity to profit. The DCA technique does not guarantee that an investor won't lose money on investments. Rather, it is meant to allow investment over time instead of investment as a lump sum.
The capital asset pricing model (CAPM) describes the relationship between risk and expected return, and it serves as a model for the pricing of risky securities. ...

Required (or expected) Return = RF Rate + (Market Return - RF Rate)*Beta.
In a nutshell, it is net sales less the cost of goods sold. The gross margin reveals the amount that an entity earns from the sale of its products and services, before the deduction of any selling and administrative expenses. The figure can vary dramatically by industry. For example, a company that sells electronic downloads through a website may have an extremely high gross margin, since it does not sell any physical goods to which a cost might be assigned. Conversely, the sale of a physical product, such as an automobile, will result in a much lower gross margin.
Equity = Assets - Liabilities

Because of the variety of types of assets that exist, this simple definition can have somewhat different meanings when referring to different kinds of assets.

Example:
A stock or any other security representing an ownership interest. This may be in a private company (not publicly traded), in which case it is called private equity.
What are Fixed Costs?

They are costs that are independent of output. These remain constant throughout the relevant range and are usually considered sunk for the relevant range (not relevant to output decisions). Fixed costs examples often include rent, buildings, machinery, etc.
They are costs that vary with output. Generally variable costs increase at a constant rate relative to labor and capital. Variable costs may include wages, utilities, materials used in production, etc.
Asset allocation is the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and an investment time frame.
Historically, currencies were traded in specific amounts called lots. The standard size for a lot is 100,000 units. There are also mini-lots of 10,000 and micro-lots of 1,000.

To take advantage of relatively small moves in the exchange rates of currency, we need to trade large amounts in order to see any significant profit (or loss).
A currency **pair** is the quotation and pricing structure of the currencies traded in the **forex** market; the value of a currency is a rate and is determined by its comparison to another currency. The first listed currency of a currency **pair** is called the base currency, and the second currency is called the quote currency.

For example, the currency pair **EUR/US** means the **base currency** is the Euro while the **quote currency** is the US Dollar.
Pip = "price interest point"

A pip measures the amount of change in the exchange rate for a currency pair. For currency pairs displayed to four decimal places, one pip is equal to 0.0001. Yen-based currency pairs are an exception and are displayed to only two decimal places (0.01).

Some brokers now offer *fractional pips* to provide an extra digit of precision when quoting exchange rates for certain currency pairs. A fractional pip is equivalent to 1/10 of a pip.
In Forex, arbitrage allows retail forex traders to make a profit with no open currency exposure. The strategy involves acting fast on opportunities presented by pricing inefficiencies, while they exist.

This type of arbitrage trading involves the buying and selling of different currency pairs to exploit any inefficiency of pricing.
The quick ratio is an indicator of a company’s short-term liquidity. It measures a company’s ability to meet its short-term obligations with its most liquid assets. For this reason, the ratio excludes inventories from current assets, and is calculated as follows:

\[
\text{Quick ratio} = \frac{\text{current assets} - \text{inventories}}{\text{current liabilities}}, \quad \text{or} \quad \frac{\text{cash and equivalents} + \text{market securities} + \text{accounts receivable}}{\text{current liabilities}}
\]
The RSI measures the ratio of up-moves to down-moves and normalizes the calculation so that the index is expressed in a range of 0-100. If the RSI is 70 or greater, then the instrument is assumed to be overbought (a situation in which prices have risen more than market expectations). An RSI of 30 or less is taken as a signal that the instrument may be oversold (a situation in which prices have fallen more than the market expectations).
This is used to indicate overbought/oversold conditions on a scale of 0-100%. The indicator is based on the observation that in a strong up trend, period closing prices tend to concentrate in the higher part of the period's range. Conversely, as prices fall in a strong down trend, closing prices tend to be near to the extreme low of the period range. Stochastic calculations produce two lines, %K and %D that are used to indicate overbought/oversold areas of a chart.

Divergence between the stochastic lines and the price action of the underlying instrument gives a powerful trading signal.
Fibonacci retracement lines are based on the Fibonacci Sequence and are considered a "predictive" technical indicator providing feedback on possible future exchange rate levels. There are some traders who swear by the accuracy by which Fibonacci Retracements can predict future rates, while others argue that Fibonacci numbers are more art, than science.

Given their popularity and widespread usage by technical analysts, you should at least know how to interpret Fibonacci numbers. "
A trend refers to the direction of prices. Rising peaks and troughs constitute an up trend; falling peaks and troughs constitute a downtrend that determines the steepness of the current trend. The breaking of a trend line usually signals a trend reversal. Horizontal peaks and troughs characterize a trading range.

Moving averages are used to smooth price information in order to confirm trends and support and resistance levels. They are also useful in deciding on a trading strategy, particularly in futures trading or a market with a strong up or down trend.
3 Most Popular Forex Charts

1. Line charts
2. Bar charts
3. Candlestick charts
A simple line chart draws a line from one closing price to the next closing price. When strung together with a line, we can see the general price movement of a currency pair over a period of time.
A bar chart shows closing prices, while simultaneously showing opening prices, as well as the highs and lows. The bottom of the vertical bar indicates the lowest traded price for that time period, while the top of the bar indicates the highest price paid. So, the vertical bar indicates the currency pair’s trading range as a whole.
Candlestick bars still indicate the high-to-low range with a vertical line. However, in candlestick charting, the larger block in the middle indicates the range between the opening and closing prices. Traditionally, if the block in the middle is filled or colored in, then the currency closed lower than it opened.
If the price closed higher than it opened, the candlestick would be green. If the price closed lower than it opened, the candlestick would be red. In our later lessons, you will see how using green and red candles will allow you to “see” things on the charts much faster, such as uptrend/downtrends and possible reversal points.
The purpose of candlestick charting is strictly to serve as a visual aid, since the exact same information appears on other charts.

• Candlesticks are easy to interpret, and are a good place for a beginner to start figuring out chart analysis.
• Candlesticks are easy to use. Your eyes adapt almost immediately to the information in the bar notation.
• Candlesticks and candlestick patterns have cool names such as the shooting star, which helps you to remember what the pattern means.
• Candlesticks are good at identifying marketing turning points – reversals from an uptrend to a downtrend or a downtrend to an uptrend.
MACD is a tool used to identify moving averages that are indicating a new trend, whether it’s bullish or bearish. After all, our #1 priority in trading is being able to find a trend, because that is where the most money is made.
With an MACD chart, you will usually see three numbers that are used for its settings. The **first** is the number of periods that is used to calculate the faster moving average. The **second** is the number of periods that are used in the slower moving average and the **third** is the number of bars that is used to calculate the moving average of the difference between the faster and slower moving averages.
A head and shoulders pattern is also a trend reversal formation. It is formed by a peak (shoulder), followed by a higher peak (head), and then another lower peak (shoulder). A “neckline” is drawn by connecting the lowest points of the two troughs. The slope of this line can either be up or down. In our experience, when the slope is down, it produces a more reliable signal.
This type of formation occurs when there is a resistance level and a slope of higher lows. What happens during this time is that there is a certain level that the buyers cannot seem to exceed. However, they are gradually starting to push the price up as evident by the higher lows.

The buyers are slowly starting to win this battle!
A **CDO** is a type of structured asset-backed security (ABS). Originally developed for the corporate **debt** markets, over time CDOs evolved to encompass the mortgage and mortgage-backed security ("MBS") markets.
This particular type of swap is designed to transfer the credit exposure of fixed income products between two or more parties. In a credit default swap, the buyer of the swap makes payments to the swap’s seller up until the maturity date of a contract. In return, the seller agrees that, in the event that the debt issuer defaults or experiences another credit event, the seller will pay the buyer the security’s premium as well as all interests payments that would have been paid between that time and the security’s maturity.
These are financial intermediaries that accept deposits from legal and private persons, take advantage of investing this money, return it to depositors, close and operate bank accounts. Every country has some big commercial banks that are able to influence currency rates.
This refers to a financial market of a group of securities in which prices are rising or are expected to rise. The term "bull market" is most often used to refer to the stock market but can be applied to anything that is traded, such as bonds, currencies (forex market) and commodities.
This refers to a condition in which securities prices fall and widespread pessimism causes the stock market's downward spiral to be self-sustaining. Investors anticipate losses as pessimism and selling increases. Although figures vary, a downturn of 20% or more from a peak in multiple broad market indexes, such as the Dow Jones Industrial Average (DJIA) or Standard & Poor's 500 Index (S&P 500), over a two-month period is considered an entry into a bear market.
Anything owned by the company having a monetary value; eg, 'fixed' assets like buildings, plant and machinery, vehicles (these are not assets if rented and not owned) and potentially including intangibles like trade marks and brand names, and 'current' assets, such as stock, debtors and cash.
This is one of the three essential measurement reports for the performance and health of a company along with the Profit and Loss Account and the Cashflow Statement. It is a 'snapshot' in time of who owns what in the company, and what assets and debts represent the value of the company. (It can only ever be a snapshot because the picture is always changing.) In addition, the Balance Sheet is where to look for information about short-term and long-term debts, gearing (the ratio of debt to equity), reserves, stock values (materials and finished goods), capital assets, cash on hand, along with the value of shareholders' funds.
One of the three essential reporting and measurement systems for any company. This statement provides a third perspective alongside the Profit and Loss account and Balance Sheet. It also shows the movement and availability of cash through and to the business over a given period, certainly for a trading year, and often also monthly and cumulatively.

The availability of cash in a company that is necessary to meet payments to suppliers, staff and other creditors is essential for any business to survive, and so the reliable forecasting and reporting of cash movement and availability is crucial.
One of the three principal business reporting and measuring tools (along with the balance sheet and cashflow statement). The P&L is essentially a trading account for a period, usually a year, but also can be monthly and cumulative. It shows profit performance, which often has little to do with cash, stocks and assets (which must be viewed from a separate perspective using balance sheet and cashflow statement). The P&L typically shows sales revenues, cost of sales/cost of goods sold, generally a gross profit margin (sometimes called 'contribution'), fixed overheads and or operating expenses, and then a profit before tax figure (PBT).
This term means different things to different people (often depending on perspective and what is actually being judged) so it's important to clarify understanding if interpretation has serious implications. Many business managers and owners use the term in a general sense as a means of assessing the merit of an investment or business decision. 'Return' generally means profit before tax, but clarify this with the person using the term - profit depends on various circumstances, not least the accounting conventions used in the business. In this sense most CEO's and business owners regard ROI as the ultimate measure of any business proposition.
The addition of interest to the principal sum of a loan or deposit is called **compounding**. Compound interest is interest on interest. It is the result of reinvesting interest, rather than paying it out, so that interest in the next period is then earned on the principal sum plus previously-accumulated interest.
This is the process by which the monetary authority of a country, like the central bank or currency board, controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency.
6 Ways to Avoid Forex Fraud

1.) If it looks too good to be true then it most likely is.
2.) Talk to people about potential offer.
3.) Google the product and search for problems:
4.) Check the people on LinkedIn
5.) Regulation: A serious participant in the market will be regulated by at least one authority. The American NFA is the toughest authority (sometimes too tough).
6.) Sign-up for a free Forex Demo Account
Also known as the **Federal Reserve** or simply **the Fed**, is the central banking system of the United States. It was created on December 23, 1913, with the enactment of the Federal Reserve Act in response to a series of financial panics that showed the need for central control of the monetary system if crises are to be avoided.
An instrument of monetary policy adjustment employed by the Federal Reserve System is the fractional reserve requirement, also known as the required reserve ratio.

The required reserve ratio sets the balance that the Federal Reserve System requires a depository institution to hold in the Federal Reserve Banks, which depository institutions trade in the federal funds market.
The Federal Reserve System directly sets the "discount rate", which is the interest rate for "discount window lending", overnight loans that member banks borrow directly from the Fed. This rate is generally set at a rate close to 100 basis points above the target federal funds rate. The idea is to encourage banks to seek alternative funding before using the "discount rate" option. The equivalent operation by the European Central Bank is referred to as the “Marginal Lending Facility.”
The **SEC** is an agency of the United States Government and it holds primary responsibility for enforcing the federal securities laws, proposing securities rules, and regulating the securities industry, the nation's stock and options exchanges, and other activities and organizations, including the electronic securities markets in the United States.
A CRA, also called a ratings service, is a company that assigns credit ratings, which rate a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. An agency may rate the creditworthiness of issuers of debt obligations, of debt instruments, and in some cases, of the servicers of the underlying debt, but not of individual consumers.

Credit rating is a highly concentrated industry, with the “Big Three" credit rating agencies controlling approximately 95% of the ratings business. Moody's Investors Service and Standard & Poor's (S&P) together control 80% of the global market, and Fitch Ratings controls a further 15%.
The (WACC) is a calculation of a firm’s cost of capital in which each category of capital is proportionately weighted. All sources of capital, including common stock, preferred stock, bonds and any other long-term debt, are included in a WACC calculation.

A firm’s WACC increases as the beta and rate of return on equity increase, as an increase in WACC denotes a decrease in valuation and an increase in risk.
To calculate WACC, multiply the cost of each capital component by its proportional weight and take the sum of the results. The method for calculating WACC can be expressed in the following formula:

\[ WACC = \frac{E}{V} \times Re + \frac{D}{V} \times Rd \times (1 - Tc) \]

Where:
- \( Re \) = cost of equity
- \( Rd \) = cost of debt
- \( E \) = market value of the firm's equity
- \( D \) = market value of the firm's debt
- \( V \) = total market value of the firm's financing (equity and debt)
- \( E/V \) = percentage of financing that is equity
- \( D/V \) = percentage of financing that is debt
- \( Tc \) = corporate tax rate
The **FTC** is an independent agency of the United States Government and it’s principal mission is the promotion of consumer protection and the elimination and prevention of anticompetitive business practices, such as coercive monopoly.
The IMF is an international organization headquartered in Washington DC, of 189 countries that work together to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
1.) You are your biggest asset; treat yourself accordingly.
2.) Find a partner.
3.) Avoid the shackles of debt.
4.) Appreciate the immense power of cash.
5.) Be wary of tax-deferred investment accounts.
Two Rules of Personal Finance & Budgeting

1.) Write Your Budget Down
2.) Develop a Plan

“Remember that the only way to have peace of mind is financial flexibility”