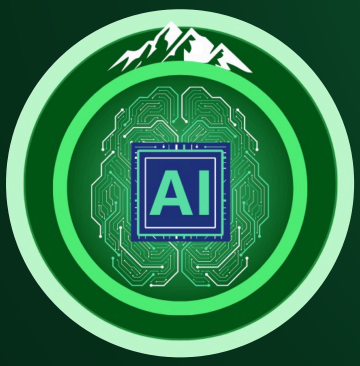
UPDATED OCTOBER 2026



Introduction to Forex

Foundational notes for a new desk. How the market is built, how a quote becomes a pip, and how a stop becomes a size — before a dollar of capital is at risk.

SERIES
01 · The basics

LENGTH
14 pages

USE
Self-study pack

EDUCATION SERIES 01 · UPDATED EDITION

How to use this pack

This replaces the earlier ten-page basics. Same job: a working model of the foreign-exchange market before you size a ticket. Later volumes assume you can do what this page lists.

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WHEN YOU FINISH

- Read a two-sided quote and name the spread.
- Turn pips and lots into dollars.
- Size a stop so the loss is about 1% or less.
- Tell a market order from a limit and a stop.
- Name the London–New York overlap without looking it up.

STILL NOT ADVICE

Study notes, not a signal and not a seat. Leveraged FX can lose the account. Your broker keeps the keys. SummitFx does not hold client funds.

HOW TO STUDY

Read a page once. Close it. Write the three facts you can still name. Work every boxed number on paper. Do the drill on the last page before you open a platform.

CHAPTER 01

The foreign exchange market

Forex is where one currency is exchanged for another. There is no single floor. Banks, funds, companies, and brokers quote each other on electronic networks, from Sunday evening to Friday evening.

A FIGURE YOU WILL HEAR	WHAT TO DO WITH IT
About $9.6tn a day, BIS 2025 survey	Most of that is funding and hedging, not a retail bet. You are not the market.
The US dollar is on one side of most trades	A “dollar up” day moves more than one pair. That is one idea, not seven.
24 hours, five days	Roughly Sunday 22:00 to Friday 22:00 UTC. The book is not equally alive all day.

SPOT, IN ONE LINE

Spot is the agreement to exchange two currencies in two business days (T+2). USD/CAD is often T+1. Forwards, swaps, and options sit on the same rate. The price on a retail ticket is a dealer’s bid and ask, not an auction print from one exchange.

WHO IS IN THE ROOM

Large banks still warehouse the flow. Funds and other financial firms trade around them. Companies hedge invoices. Retail is real, and small against that tape. A wide spread on your ticket is the cost of being the smallest desk in the room.

WHERE THE TAPE IS THICKEST

The BIS survey still puts the United Kingdom first, then the United States, then Singapore. London is the world’s FX desk. Volume 02 takes the clock further.

IT IS	IT IS NOT
A dealer market, quoted on networks	One exchange with one official print
Open five days, with thick and thin hours	An invitation to sit in every hour

CHAPTER 01 · CONTINUED

The day, in four sessions

A session is when that centre's banks are open. It is not a bell. The windows below are winter UTC. London and New York shift an hour in summer. Volume 02 is where the clock gets strict.

SESSION	WINDOW, WINTER UTC	WHAT IT IS LIKE
Sydney	21:00–06:00	The week opens here. Often quiet. AUD and NZD start.
Tokyo	00:00–09:00	Yen crosses. Often a range, until a Tokyo print.
London	07:00–16:00	Primary price. Spreads on the majors usually tighten.
New York	12:00–21:00	US data. The overlap with London is the day's peak.

THE OVERLAP THAT MATTERS

London and New York together, about 12:00–16:00 UTC in winter, is when EUR, GBP, and USD print the most. If you are learning one window, learn that one. Late New York into the Sydney open is thinner: spreads widen, and stops are easier to run.

DO NOT TRADE THE WHOLE DAY

A 24-hour market is not an invitation to sit in it for 24 hours. Pick the window where your pair is quoted tight. Write the hours down.

01 **NAME THE WINDOW**
Winter UTC. Summer moves London and New York by an hour.

02 **LEAVE THE THIN HOUR**
If the spread is wide for that pair, the session is wrong. Pass.

CHAPTER 02

Pairs and the quote

Every FX price is a ratio. How many units of the quote currency buy one unit of the base. Read the pair left to right. The rest of the maths follows.

> EUR / USD = 1.0850
> EUR is the base, on the left. USD is the quote, on the right.
> One euro costs 1.0850 dollars. If the price rises, the euro is stronger against the dollar.

BID, ASK, SPREAD

WORD	ON EUR/USD 1.0842 / 1.0844
Bid 1.0842	What the dealer pays you if you sell the euro.
Ask 1.0844	What you pay to buy the euro. You buy here.
Spread 0.0002	2 pips. You start the trade that far in the hole.

THREE SHELVES

Majors include the dollar: EUR/USD, GBP/USD, USD/JPY, USD/CHF, AUD/USD, USD/CAD, NZD/USD. Crosses have no dollar: EUR/GBP, EUR/JPY, GBP/JPY. Exotics — USD/TRY, USD/ZAR — are wider and jumpier. Learn on a major.

YOU ARE ALWAYS BOTH

Long EUR/USD is long euros and short dollars. Short EUR/USD is the opposite. If you cannot say which currency you are selling, you have not read the pair.

EUR/USD MOVES	YOU ARE LONG THE EURO	YOU ARE SHORT THE EURO
1.0850 up to 1.0874	The euro strengthened. The long is helped.	The short is hurt by the same 24 pips.
1.0850 down to 1.0826	The long is hurt.	The dollar strengthened. The short is helped.

CHAPTER 02 · CONTINUED

Pips, lots, a worked pip

A pip is the standard step: 0.0001 on most pairs, 0.01 on yen pairs. A pipette is a tenth of a pip. A lot is how many units of the base you control. P&L is pips times the lot, not a feeling about the candle.

LOT	UNITS OF BASE	EUR/USD, ABOUT
1.00 standard	100,000	about $10 a pip
0.10 mini	10,000	about $1 a pip
0.01 micro	1,000	about $0.10 a pip

EUR/USD at 1.0850, long 0.50 lot. Price rises 24 pips to 1.0874.
Half a standard lot is about $5 a pip. 24 × $5 = $120 before spread and swap.
The spread you paid at the open comes off that. It is not optional.

DO NOT BORROW THE EURO'S $10

USD/JPY at 149.50 means one dollar buys 149.50 yen. A pip is 0.01, not 0.0001. A standard lot is about $6.70 a pip near there, not $10.

THE MISTAKE	WHAT YOU TYPE	WHAT THE STOP ACTUALLY RISKS
Euro pip value on USD/JPY, 18-pip stop, $40 risk	0.22 lot	Nearer $26 than $40. The ticket is the wrong size.
Rounding that yen trade up to 1.00	1.00 lot	About $120. Three times a 0.5% plan on $8,000.

Compute the pip for the pair on the ticket. A copied euro figure is already a different trade.

CHAPTER 03

What moves a price

A currency is only strong against another currency. The question is never "is the dollar good?" It is "good versus what, at this interest rate, into this print."

DRIVER	THE PLAIN VERSION
Interest rates	Capital prefers the currency that pays more, all else equal. A pair is a spread between two rate paths.
Inflation and growth	CPI, jobs, GDP change what the central bank is expected to do. The surprise versus the forecast moves the price, not the headline alone.
Risk appetite	When markets are scared, USD, JPY, and CHF are often bid. AUD, NZD, and many emerging currencies are offered.
Carry	Borrow the cheap currency, hold the high yielder, collect the difference — until everyone leaves at once.

A STRONG NUMBER CAN DO NOTHING

A jobs print that was fully expected can leave the dollar unchanged. You trade the gap between the headline and what was already priced. If you cannot say which side should be bid, do not click.

01 **BEFORE THE NUMBER**
Write which currency you think gets bid if the print is hotter than forecast, and which if it is cooler.

02 **IF YOU CANNOT WRITE IT**
The print is not your trade. Stand aside. The spread will be widest exactly then.

03 **AFTER THE SPIKE**
Chasing the first candle is not the same as having a side. Volume 02 puts a flat rule around the release.

CHAPTER 03 · CONTINUED

Prints, and who sets them

Most weeks, a handful of scheduled releases do the damage. Know the clock. A quiet Tuesday at 13:30 UTC is not a US CPI Tuesday at 13:30 UTC.

PRINT	WHY A BEGINNER SHOULD KNOW IT
US CPI, PCE, payrolls	They move the rate path of the reserve currency. Spreads widen. Stops cluster.
FOMC, ECB, BoE, BoJ	The decision, then the guidance. The press conference can reverse the first spike.
Local CPI and jobs	UK, euro area, Japan, Australia — the other side of the pair. Divergence is the trade, not “good news.”

EIGHT NAMES, NOT A FEED

Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Swiss National Bank, Bank of Canada, Reserve Bank of Australia, Reserve Bank of New Zealand. You do not need their speeches memorised. You need the date of the next one, and the rule that you do not invent a ticket in the minute it hits. Volume 02 writes that rule down.

Intervention is real. A finance ministry can buy or sell its own currency. Treat that as a regime, not a candle. If you cannot name who should be offered, pass.

	A QUIET TUESDAY, 13:30 UTC	US CPI TUESDAY, 13:30 UTC
Spread	Ordinary for that pair and session.	Often wider in the minute of the print.
Your job	Only if the page’s window is open.	Flat, unless the plan is explicitly a news plan — and this pack is not one.

CHAPTER 04

Leverage and margin

Leverage is how much notional you control per dollar of margin. It is not a view. Used as a view, it is how small accounts go to zero.

0.10 lot of EUR/USD is 10,000 euros — about $10,850 at 1.0850.
Required margin ≈ notional ÷ leverage. At 1:30, that is about $360.
The profit and the loss still move on the full $10,850, not on the $360.

WHAT PEOPLE ADVERTISE	WHAT IT ACTUALLY IS
1:30 on majors, many regulated retail books	A cap. The idea can still be wrong. The cap only slows the hole.
1:50 in some US retail rules	Still a size tool. Not a reason to type a larger lot.
1:500 or 1:1000 offshore	Permission to risk the account on a small move. Not a gift.

MARGIN CALL IS NOT THE PLAN

A margin call is a warning. A stop-out is the broker closing you, often in a thin hour, at a price you did not choose. Your stop belongs on the ticket before that.

Teaching trap. 1.00 lot EUR/USD, about $10 a pip, on a $2,000 account.
A 40-pip adverse move is about $400 — a fifth of the book.
Whatever leverage made the margin look small did not make the $400 smaller.

WORD	IN THIS PACK
Used margin	What the broker sets aside so the ticket can exist. Not your risk.
Risk	What you lose if the stop fills. That is the number the next page sizes.

CHAPTER 04 · CONTINUED

Size from the stop

Pick the price where the idea is wrong. Measure the pips. Then choose the lot so a stop there costs a planned slice of equity. This pack's ceiling is about 1% per idea. Later volumes work a tighter 0.5% example. The order of operations does not change.

Risk $ = equity × risk %.
Lots = risk $ ÷ (stop in pips × $ per pip at 1.00 lot).
$8,000 × 1% = $80. EUR/USD, 20 pips, about $10 a pip. Lots = 80 ÷ (20 × 10) = 0.40.
The same account at 0.5% is $40, and the lot is 0.20. That is the Volume 03 example.

EQUITY	1% RISK	20-PIP STOP, EUR/USD	40-PIP STOP
$2,000	$20	0.10 lot	0.05 lot
$8,000	$80	0.40 lot	0.20 lot
$20,000	$200	1.00 lot	0.50 lot

IF THE LOT FEELS TOO SMALL

The stop is wide for the account. Shrink the idea or skip. Do not shrink the stop so a habit lot still fits.

YOU ROUND	LOT	IF THE 40-PIP STOP FILLS, $8,000 ACCOUNT
Down, from the formula 0.20	0.20	About $80 at 1%, as written. Inside the ceiling.
Up, because 0.20 "looks light"	0.50	About $200. The ceiling is gone. The idea did not improve.

CHAPTER 05

Orders and the ticket

A trade is a ticket: pair, side, size, entry, and the price that proves you wrong. If one of those is missing, you have a hope, not a trade.

ORDER	WHAT IT DOES
Market	Fill now, at the bid or the ask. You pay up for speed.
Limit	Buy at this price or better, or sell at this price or better. It may never fill.
Stop	Becomes a market once the trigger trades. Used to enter a break, or to get out.
Take-profit	A limit that closes a winner at a price you wrote before the click.

COSTS BESIDES THE SPREAD

Slippage is a worse fill than the quote you saw, common on a print. Swap is the overnight interest, plus the broker's markup; Wednesday is often triple, to cover the weekend. Commission is the other half of a "tight spread" account. Compare the all-in cost.

A STOP IS THE IDEA

The stop is the price that proves the thesis wrong. If the valid stop is 40 pips, cut the lot. Do not cut the stop to keep a habit lot.

01 **PAIR AND SIDE**
EUR/USD long means long the euro, short the dollar. Say both.

02 **ENTRY AND STOP**
Limit or market, then the invalidation in pips. No ticket without that price.

03 **SIZE LAST**
The lot from the formula on the previous page. Round down.

Slippage, swap, and commission still come off the result. A "tight spread" account that charges commission is not free. Add the round-turn cost before you call a small target worth taking. Volume 02 does that sum in full.

CHAPTER 06

Reading price

A candle is a record of who lifted the offer and who hit the bid. Indicators are a summary of that record. Learn the record first. A name for a pattern is not a reason to click.

WHAT YOU SEE	WHAT IT IS
Body	Open to close. A bullish candle closed above its open. That is all the colour means.
Upper wick	Price was rejected from the high. Buying failed there, for that bar.
Lower wick	Price was rejected from the low. Selling failed there, for that bar.
Higher highs and higher lows	An uptrend on that timeframe. The opposite is a downtrend. Similar highs and lows are a range.

TIMEFRAMES, USED IN ORDER

Daily and four-hour set the bias. One-hour and fifteen-minute time the entry, if you are trading intraday. A long on a five-minute chart against the daily trend is a counter-trend trade, whether or not you call it one. One-minute charts are noise unless your costs can survive them. Most beginners' costs cannot.

A moving average describes where price has been. RSI describes how stretched a recent run is. In a strong trend, RSI can stay high for days. That is not a sell by itself. Support and resistance are zones a few pips wide, including round numbers such as 1.1000 or 150.00. If you cannot explain the idea on a naked chart, another oscillator will not save it.

DO NOT STACK FIVE TOOLS

They are cousins of the same closes. One average and one glance at the level is enough for this pack. The click still needs a stop and a size. A pattern name is not either of those.

CHAPTER 07

Risk, money, mindset

The market does not pay you for being right once. It pays the account that is still open when it is right. Survival is the strategy. Everything else is a tactic.

01 **ONE IDEA, ONE RISK**

Long EUR/USD and long GBP/USD into the same dollar move are one bet. The cap covers the sum.

02 **A DAILY HALT**

−2R or three losses, whichever the page names first, and the session is over. Later volumes keep this line.

03 **GRADE THE TICKET**

A loss that followed the stop is a completed trade. A winner that broke the size rule is not a success.

THE TRAP	WHAT IT LOOKS LIKE
Chasing	The candle already did the move. You buy the high of it.
Revenge	The last loss must be won back, so the next lot is larger.
Moving the stop	A planned 1% becomes an unplanned 4% because you “still like it.”
No journal	Winners become skill. Losers become bad luck. Nothing is written.

SUMMITFX DESK RULE

No order without a risk layer. A block at size, session, or news means no ticket. The kill switch stops new risk. It does not move the money. Capital stays at your broker.

CHAPTER 08

Glossary, drill, next

Answer on paper, then check below. Two wrong: reread the quote, the pip, and the stop before you open a platform.

1. EUR/USD is 1.0842 / 1.0844. You buy. What price, and how many pips of spread?
2. $8,000 account, 1% risk, 20-pip stop, EUR/USD about $10 a pip at 1.00 lot. What lot?
3. USD/JPY near 150. Is a pip 0.0001, and is a standard lot $10?
4. You are long AUD/JPY and long NZD/JPY. How many ideas?
5. Name the overlap you would choose for EUR/USD liquidity, in winter UTC.

ANSWERS

1) You buy the ask, 1.0844. The spread is 2 pips. 2) Risk is $80. Lots = 80 ÷ (20 × 10) = 0.40. 3) No. A yen pip is 0.01, and a standard lot is nearer $6.70 than $10. 4) One idea: long those currencies against the yen. 5) London–New York, about 12:00–16:00 UTC in winter.

WORDS FROM THIS PACK

WORD	IN THIS PACK IT MEANS
Base / quote	Left currency, right currency. EUR/USD: euro per the price in dollars.
Pip	0.0001 on most pairs. 0.01 on yen pairs.
Leverage	Notional per unit of margin. A size tool, not a strategy.
1%	This pack's ceiling for one idea. The stop decides the lot, not the other way around.

Disclaimer. Series 01 is general study material — not advice, a signal, or brokerage. Leveraged FX can lose all capital. Rules and leverage caps differ by country. BIS figures are from the 2025 triennial survey and can be revised. SummitFx does not hold client funds. Next: Volume 02, the clock, the spread, and the written plan. Until that page is yours: demo, a journal, and the stop before the click.