

ABC OF FOREX TRADING

Module 9 Trading the News, the Good, the Bad and the Ugly.

Hi Traders,

David Fitzsimmons GMT Forex back again for our next session.

Let's jump straight into "Trading the News". This is one my personal favourites as it starts to touch on the ugly side of Forex trading which no one really likes to discuss, particularly not your broker!

First up, let's cover a little history as news trading started to get very popular among retail online Forex traders about 8 years ago. We had a number of traders identify an opportunity at news time for those very quick moves on the FX Market.

Strategies like straddles and strangles and arbitrage trades come into vogue to exploit the volatility around the news and the price variations between FX brokers. However, Forex brokers quickly shut any advantage down with their own strategies for news traders which many new traders still get caught out on.

A number of things can occur around and during the news and they include:

1. Slippage;
2. Widening spreads;
3. Running stops;
4. Delayed Fills.

Slippage – this is a typical complaint around the news with market volatility increasing traders can experience varying degrees of slippage.

Widening spreads – This is more common than is reported around news time. Your initial response may be ok I can live with that.....what if it is 19 pips on a spread that is typically 3 pips wide.....how does that grab you!!

Running stops – when you are dealing with the spot FX market this can and does happen. The reason that some of these brokerage companies are able to get away with this practice is because the spot forex market is loosely regulated at best, and not regulated at all at worst. Regulation of spot forex trading varies from country to country but, for the most part, its not regulated. This has led to a lot of fraud and the deceptive marketing and tactics that many forex brokers use on their unsuspecting clients.

Slow fill rates - This is a common one particularly if you are trading again the spot FX market as you will be trading against your broker. Yes that is correct; if you trade the spot FX then trades taken will be done so against a dealing desk (Your Broker). How often do you think you are going to win on that scenario?

The problem with slow fill rates is that if you are in a news trade and the trade hits target and you are not filled on your screen and it starts to move against you may quickly then try to market out of the trade to take profit. You are then at mercy of the brokers fill price.

As Forex Traders our goal is to be putting our selves in the best possible position to profit using our system edge over the market. However trading through the news has too many elements that chip away at our edge.

My response to News trading is, don't even bother. The best thing about news trading is the potential trends that develop after the news. We have often seen some fantastic short, medium and longer term trends develop after the news and this is the area we want to be trading.

So let's now grab a link to one of the most important sites on the internet:

www.forexfactory.com

This is will give you access to all the scheduled news events which should be listed on your daily trading schedule. News trades listed on this site are flagged and colour coded with low, medium of high impact. Remember we are ultimately looking for trades to develop after the news as this is the safest place to start trading and potentially grabbing that next big move.

So with so many things working against us at news time why would we trade during the news?

Register to complete this simple course by clicking here and getting an edge over the market.

[Pay Here](#)

Regards

Key Equity Education Pty Ltd

ACN 138 982 224 of 902/107-109 Astor Terrace,
Spring Hill, Queensland, 4000, Australia