

## Trading Basics - Understanding the Market

### What is Trading?

Trading means buying and selling financial instruments such as **stocks**, **foreign currency (forex)**, **cryptocurrencies** or **commodities** with the goal of making a profit.

**Beginner Insight:** Trading may appear complicated at first, but once you understand basic concepts, indicators and strategies, it becomes easier to navigate the markets.

### Styles of Trading

Different trading styles suit different personalities and time horizons:

#### Intraday Trading

Positions opened and closed same day

**Duration:** Hours or minutes

#### Swing Trading

Medium-term moves

**Duration:** Days to weeks

#### Positional Trading

Larger trend following

**Duration:** Weeks to months

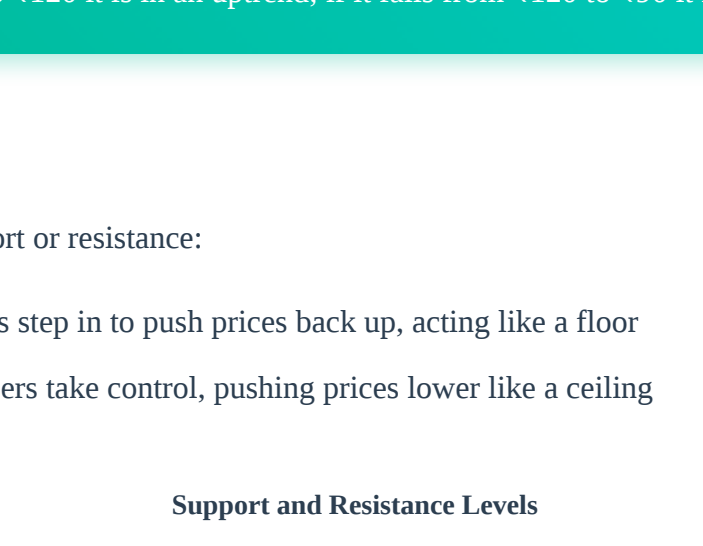
#### Scalping

Very short-term trades

**Duration:** Minutes or seconds

### Market Trends

Markets generally move in three ways:

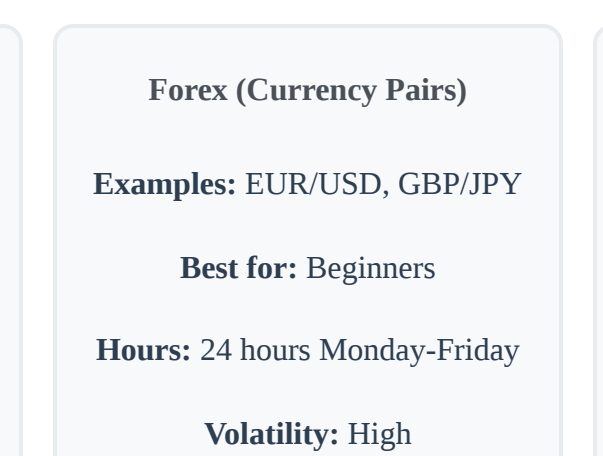


**Trend Recognition:** Recognizing these trends helps traders align with the prevailing direction. For example, when a stock's price rises from ₹100 to ₹120 it is in an uptrend; if it falls from ₹120 to ₹90 it is in a downtrend.

### Support and Resistance

Key price levels often act as support or resistance:

- Support:** A level where buyers step in to push prices back up, acting like a floor
- Resistance:** A level where sellers take control, pushing prices lower like a ceiling



### Financial Assets You Can Trade

Each asset class has different characteristics, risk levels and trading hours. Below is a summary of major asset types and their typical market hours in Indian Standard Time (IST).

Stocks (Equities)	Forex (Currency Pairs)	Cryptocurrency
<b>Examples:</b> NSE/BSE, NYSE/NASDAQ	<b>Examples:</b> EUR/USD, GBP/JPY	<b>Examples:</b> BTC/USD, ETH/USD
<b>Best for:</b> Beginners	<b>Best for:</b> Beginners	<b>Best for:</b> Beginners (with caution)
<b>Hours:</b> 9:15 AM–3:30 PM (India)	<b>Hours:</b> 24 hours Monday-Friday	<b>Hours:</b> 24/7
<b>Volatility:</b> Medium	<b>Volatility:</b> High	<b>Volatility:</b> Very High

Commodities
<b>Examples:</b> Gold, Silver, Crude Oil
<b>Best for:</b> Beginners
<b>Hours:</b> 10:30 AM–11:55 PM
<b>Volatility:</b> High

**Assets best suited for beginners:** Regulated stocks, major forex pairs (EUR/USD, USD/JPY), major cryptocurrencies and commodities like gold and silver.

### Best Trading Sessions (IST)

#### Forex Market (24-hour)

The forex market operates continuously from Monday to Friday and is divided into four major sessions:

Sydney	Tokyo	London	New York
3:30 AM–12:30 PM	5:30 AM–2:30 PM	1:30 PM–10:30 PM	7:00 PM–4:00 AM
AUD, NZD	JPY, SGD	GBP, EUR	USD, CAD
Moderate Activity	Asian Focus	High Activity	Highest Activity



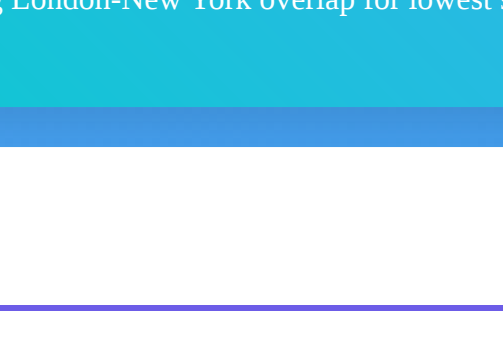
**Best Trading Window:** The overlap of London and New York sessions (7:00 PM–10:30 PM IST) provides the most liquidity and volatility. Avoid the quiet Asian session unless trading JPY or AUD pairs.

#### Stock Market Sessions

India (NSE/BSE)	USA (NYSE/NASDAQ)	Europe (London)
<b>Hours:</b> 9:15 AM–3:30 PM	<b>Hours:</b> 7:00 PM–1:30 AM IST	<b>Hours:</b> 1:30 PM–10:30 PM
<b>Optimal:</b> First 2 hours after opening	<b>Optimal:</b> First 2 hours (7:00–9:30 PM)	<b>Optimal:</b> Early afternoon (1:30–3:30 PM)

### Pips and Spread

#### Understanding Pips and Spreads



- Pip (Percentage in Point):** Smallest price movement in most currency pairs (0.0001 for most pairs, 0.01 for JPY pairs)
- Spread:** Difference between bid (sell) and ask (buy) price
- Trading Tip:** Trade major pairs during London-New York overlap for lowest spreads

### Order Types

Using appropriate order types helps manage entries and exits:

Market Order	Limit Order	Stop-Loss Order
<b>How it works:</b> Executes immediately at current price	<b>How it works:</b> Specifies exact price you want to buy/sell	<b>How it works:</b> Closes trade automatically when price hits preset level
<b>Best for:</b> Fast execution when price is moving quickly	<b>Best for:</b> Controlling entry price and avoiding slippage	<b>Best for:</b> Protecting against large losses
<b>Risk:</b> May suffer slippage in volatile markets	<b>Risk:</b> Order may not fill if price never reaches limit	<b>Risk:</b> Can be triggered by normal fluctuations if set too tight

Take-Profit Order
<b>How it works:</b> Closes trade when price reaches target
<b>Best for:</b> Locking in gains before price reverses
<b>Benefit:</b> Removes emotion from profit-taking decisions

**Essential Tip:** Always use stop-loss and take-profit orders to manage risk and avoid emotional decision-making.

### Risk Management

**Golden Rule:** Professional traders protect their capital first and profit second. Risk management is the foundation of long-term trading success.

#### Key Risk Management Guidelines

<b>1% Rule</b> Risk no more than 1-2% of trading capital per position	<b>Stop-Loss</b> Always place a stop-loss to limit downside	<b>Risk-Reward</b> Aim for 1:2 or 1:3 ratio (risk ₹100 to make ₹200-₹300)
<b>Avoid Leverage</b> High leverage can quickly wipe out account	<b>Diversify</b> Don't commit all capital to single asset	

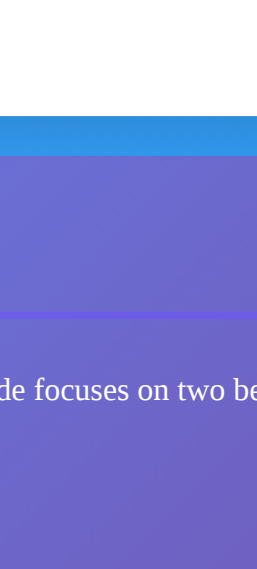
**Example:** With a ₹10,000 account, you should risk only ₹100-₹200 per trade. Starting small allows you to stay in the market longer and learn from experience.

### Lot Size and Its Impact on Risk

In forex, the lot size determines how many units of the base currency you trade. The pip value increases as the lot size grows.

Lot Type	Units of Base Currency	Pip Value (USD pairs)	Suitable For
Standard Lot (1.0)	100,000 units	~\$10 per pip	Experienced traders with large capital
Mini Lot (0.1)	10,000 units	~\$1 per pip	Intermediate traders
Micro Lot (0.01)	1,000 units	~\$0.10 per pip	Beginners with small capital

**Risk Management Example**



### Choosing Indicators


Different indicators suit different purposes. This guide focuses on two beginner-friendly tools: **RSI (momentum)** and **EMA (trend)**.

#### Types of Indicators

- Trend Indicators:** Moving averages (EMA) and oscillators (MACD) highlight prevailing trend
- Reversal Indicators:** Momentum tools like RSI help spot potential turning points
- Volatility Indicators:** Bollinger Bands measure market volatility

### Relative Strength Index (RSI) - Momentum Indicator

The RSI measures how fast price moves and whether an instrument is overbought or oversold. RSI values range from 0 to 100.



#### Using RSI in Trading

<b>Buy Signal (Bullish)</b> Wait for RSI to rise above 60 while price moves higher. Confirm indicator doesn't fall back below 60.	<b>Sell Signal (Bearish)</b> Look for RSI to fall below 40 while price moves down. Confirm RSI doesn't quickly rise back above 40.
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**RSI Interpretation:**

- Above 60:** Strong momentum, potential uptrend continuation
- Below 40:** Weakness, potential downtrend continuation
- Between 40-60:** Consolidation, market is range-bound

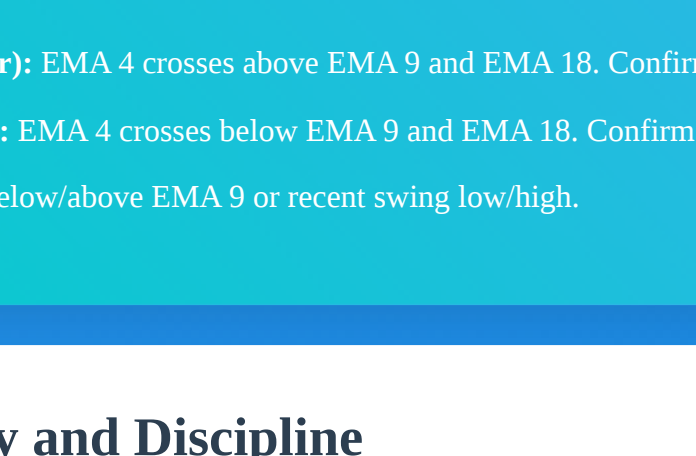
**Recommended Settings:** On TradingView, set upper band to 60 and lower band to 40 instead of default 70/30 levels for better signals.

### Exponential Moving Average (EMA) - Trend Indicator

The EMA is a moving average that gives more weight to recent prices, so it responds quicker to trend changes than a simple moving average.

#### Recommended Settings

- Short-term trading:** EMAs of 4, 9, and 18 periods
- Swing/positional trading:** EMAs of 50 and 200 periods



#### Using EMA in Trading

- Buy Signal (Golden Crossover):** EMA 4 crosses above EMA 9 and EMA 18. Confirm price stays above EMA 9.
- Sell Signal (Death Crossover):** EMA 4 crosses below EMA 9 and EMA 18. Confirm price stays below EMA 9.
- Stop-Loss Placement:** Place below/above EMA 9 or recent swing low/high.

### Trading Psychology and Discipline

**Critical Truth:** Technical strategies alone are not enough; psychological control accounts for a large portion of trading success.

#### Key Psychological Principles

<b>Stick to Your Plan</b> Avoid chasing trades or jumping between strategies. Discipline beats intelligence in trading.	<b>Control Greed and Fear</b> Greed leads to overtrading, fear causes premature exits. Both destroy accounts.	<b>Accept Losses</b> Losing trades are inevitable. Focus on long-term consistency, not individual wins.
<b>Avoid Revenge Trading</b> Don't immediately try to win back losses. Take a break and review your strategy.		

**Bonus Tips for Beginners**

- Trade with the trend rather than constantly predicting reversals
- Avoid trading during consolidation - when RSI is between 40-60, wait for breakout
- Use stop-loss orders strictly on every single trade
- Back-test strategies on historical charts before risking real capital
- Take breaks if frustrated - step away from charts
- Keep a trading journal - record trades and review mistakes
- Practice patience and discipline - resist urge to overtrade

### Conclusion

cRyPtO sMaRt believes that anyone can learn to trade successfully by mastering basic concepts, following disciplined risk management, and keeping emotions in check.

#### Your Trading Success Formula

Small Position Sizes + Liquid Market Sessions + Simple Indicators + Psychology + Practice = Success

Begin with small position sizes, trade during the most liquid market sessions, and use simple indicators such as RSI and EMA to support your decisions. Combine these tools with a solid psychological approach and continuous practice to develop into a confident and consistent trader.

**Remember:** Start small, learn continuously, and never risk more than you can afford to lose. The market will always be there tomorrow.

#### Begin Your Trading Journey

Master the basics first, then build complexity gradually

Consistent small profits beat occasional big wins

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