

FOREX TRADING

FOR FILIPINO BEGINNERS

A Practical Guide to Currency Trading, Risk Management,
Lot Sizing, TP/SL, and Using Trading Apps



LEARN
THE BASICS



MANAGE
YOUR RISK



SIZE YOUR
TRADES



USE TP/SL
EFFECTIVELY



TRADE WITH
CONFIDENCE

Educational ebook for beginners in the Philippines
Prepared by Forex Trader Mads

<https://forextradermads.com>

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Important Disclaimer

This ebook is for education only. It is not financial advice, investment solicitation, or a promise of profit. Forex and CFD trading are high-risk. Beginners should practice on demo first, trade small, and verify any broker, platform, or service with appropriate regulators before depositing money.

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1. What Forex Trading Is

Forex, short for foreign exchange, is the market where currencies are bought and sold. When you trade EUR/USD, USD/JPY, GBP/USD, or USD/PHP-related instruments, you are speculating on how one currency will move against another.

For Filipino beginners, the simplest way to understand forex is this: you are trading currency pairs. You are not buying a physical product. You are entering a position based on your analysis of price movement.

Beginner Mindset

The goal is not to get rich quickly. The goal is to learn a repeatable process: analyze, plan, risk small, execute, journal, and improve.

Market	Example	Beginner meaning
Forex pair	EUR/USD	Euro versus US dollar
Commodity CFD	XAUUSD	Gold priced in US dollars
Index CFD	US100	A contract based on a stock index
Crypto CFD	BTCUSD	Bitcoin priced in US dollars

2. Basic Forex Terminologies

Term	Simple explanation
Currency pair	Two currencies traded against each other, such as EUR/USD.
Base currency	The first currency in a pair. In EUR/USD, EUR is the base.
Quote currency	The second currency. In EUR/USD, USD is the quote.
Pip	A common unit of price movement. For most pairs, 1 pip is 0.0001. For JPY pairs, 1 pip is usually 0.01.
Point	A smaller price increment used by many platforms. On 5-digit quotes, 10 points usually equal 1 pip.
Spread	The difference between buy and sell price. This is one cost of trading.
Bid	The price at which you can sell.
Ask	The price at which you can buy.
Lot	Trade size. Standard lot = 100,000 units; mini lot = 10,000; micro lot = 1,000.
Leverage	Allows a small deposit to control a larger position. It increases both potential gains and losses.
Margin	Money reserved by the broker to keep a leveraged trade open.
Stop Loss (SL)	A price level where the trade closes to limit loss.
Take Profit (TP)	A price level where the trade closes to secure profit.
Risk-to-Reward Ratio (RRR)	Comparison of potential loss to potential profit. Example: 1:2 means risking ₱1 to target ₱2.
Drawdown	The decline from account peak to current balance/equity.
Equity	Account balance plus or minus floating profit/loss.
Market order	Buy or sell immediately at the current available price.
Pending order	An order that triggers only if price reaches a chosen level.
Buy Limit	Buy below current price.
Sell Limit	Sell above current price.
Buy Stop	Buy above current price.
Sell Stop	Sell below current price.

3. Trading Accounts, Brokers, and Safety Checks

Before opening an account, understand the difference between a trading app and a broker. The app, such as MetaTrader 5, is only the platform. The broker holds your account, prices, deposits, withdrawals, and execution rules.

For Filipinos, be extra careful with “guaranteed profit,” pooled funds, copy-trading promises, and people asking you to send money directly to personal wallets. Always verify the company, legal name, website, regulator, fees, withdrawal terms, and customer support channels.

Safety check	What to do
Regulation	Check the broker legal entity and regulator. Do not rely only on screenshots or social media claims.
Account type	Start with demo. If live, start with the smallest account size you can afford to lose.
Deposit method	Use official payment channels only. Avoid personal bank accounts unless verified as official.
Withdrawal test	Test a small withdrawal before adding larger funds.
Fees	Check spread, commission, swaps, inactivity fees, and conversion charges.
Support	Confirm official support email, live chat, and ticket system.
Red flags	Guaranteed profit, “no loss,” pressure to deposit now, and inability to explain risk.

Philippine Context

Regulators regularly warn the public about unregistered investment solicitation and unauthorized foreign exchange schemes. Treat forex education differently from fund management or profit-sharing offers. Learning is fine; handing money to someone promising returns is a major risk.

4. Step-by-Step: Create an Account and Log In

A. Create a demo account first

15. Choose a broker that offers a demo account and supports your preferred platform, such as MT5.
16. Go to the broker’s official website or official app. You can also use the link in my website: <https://forextradermads.com> to open an account with my partner broker.
17. Click Register, Open Account, or Sign Up.
18. Enter your email, phone number, country, and password.
19. Verify your email or phone number.
20. Choose Demo Account. Select account currency, leverage, and starting virtual balance.
21. Save your login credentials: account number, server name, and password.
22. Download the trading platform or open the web terminal.
23. Log in using the account number, password, and exact server name.

B. Create a live account only after practice

24. Complete KYC using valid ID and proof of address if required.
25. Read the risk disclosure and client agreement.
26. Choose the smallest suitable account type.
27. Deposit a small test amount only after verification.
28. Place no live trade until you know how to set SL, TP, and lot size correctly.

5. How to Use Trading Apps on Mobile

Most beginners use mobile because it is convenient. Mobile is good for monitoring and simple execution, but analysis is often better on a larger screen.

MT5 Mobile: Login guide

29. Install MetaTrader 5 from the official app store.
30. Open the app and tap Settings.
31. Tap New Account or Manage Accounts.
32. Search the broker name. Choose the exact server shown by your broker.
33. Select Login to an existing account.
34. Enter account number and password.
35. Tap Sign In. Check if prices are moving under Quotes.

MT5 Mobile: Place a trade with SL and TP

36. Go to Quotes and tap the symbol, for example EURUSD or XAUUSD.
37. Tap New Order.
38. Choose Market Execution for instant buy/sell, or Pending Order for later entry.
39. Set Volume or lot size. Example: 0.01 for micro lot on many brokers.
40. Enter Stop Loss. For a buy, SL is below entry. For a sell, SL is above entry.
41. Enter Take Profit. For a buy, TP is above entry. For a sell, TP is below entry.
42. Review spread, lot size, SL, TP, and symbol.
43. Tap Buy or Sell only if the setup matches your plan.

MT5 Mobile: Modify or close a trade

44. Go to Trade tab.
45. Tap and hold the open position.
46. Choose Modify Position to change SL/TP.
47. Choose Close Position to exit manually.
48. Never remove SL just because price is near it. That is emotional trading.

6. How to Use Trading Platforms on PC

PC or laptop trading is better for chart reading, multi-timeframe analysis, and journaling. Use mobile for monitoring, but use PC for serious planning when possible.

MT5 Desktop: Login guide

49. Download MT5 from your broker's official website or from MetaTrader's official website.
50. Install and open the platform.
51. Click File > Login to Trade Account.
52. Enter login number, password, and server name.
53. Check the bottom-right connection status.
54. Open Market Watch using Ctrl+M if symbols are not visible.
55. Right-click Market Watch > Symbols to show the instruments you want.

MT5 Desktop: Open a chart and place a trade

56. Right-click a symbol in Market Watch and choose Chart Window.
57. Choose timeframe, such as M15, H1, or H4.
58. Add indicators from Insert > Indicators.
59. Press F9 or click New Order.
60. Set Symbol, Type, Volume, SL, TP, and Comment if needed.
61. Click Buy by Market or Sell by Market.
62. Monitor the trade in the Toolbox/Trade tab.

MT5 Desktop: Set SL/TP after entry

63. Look at the open trade in the Trade tab.
64. Right-click the position and choose Modify or Delete.
65. Enter Stop Loss and Take Profit values.
66. Click Modify.
67. You may also drag SL/TP lines directly on the chart if enabled.

7. Basic Trading Strategies for Beginners

A strategy is a repeatable method, not a feeling. Below are simple beginner strategies. Use demo first and test at least 30 to 50 trades before going live.

Strategy	Best condition	Entry idea	SL idea	TP idea
Trend pullback	Clear uptrend/downtrend	Buy pullback in uptrend or sell pullback in downtrend	Beyond recent swing high/low	Previous high/low or 1:2 RRR
Breakout	Price compressing near support/resistance	Buy close above resistance or sell close below support	Inside range or beyond opposite side	Range size projection or 1:2 RRR
Support/resistance bounce	Range-bound market	Buy near support, sell near resistance after confirmation	Outside the level	Middle or opposite side of range
Moving average trend	Clean trending market	Use 20/50 EMA direction; enter after pullback	Beyond pullback swing	Next structure level
News avoidance strategy	Major economic release coming	Do not trade 15-30 minutes before/after news	No trade	No trade

Beginner Rule

Do not combine too many indicators. Start with price structure, trend direction, support/resistance, and one confirmation tool.

8. Risk Management Rules

Risk management keeps you alive long enough to learn. A beginner can have a good strategy and still lose money if position size is too big.

- Risk only 0.5% to 1% per trade while learning. **Risk per trade** is the amount that you will lose if your stop loss is hit.
- Use a Stop Loss on every trade.
- Do not move SL farther away after entry.
- Avoid revenge trading after a loss.
- Set a daily loss limit, such as 2% per day.
- Set a weekly loss limit, such as 5% per week.
- Avoid trading during major news until experienced.
- Do not trade money intended for bills, tuition, rent, or emergency fund.

Account balance	1% risk per trade	2% daily max loss example
\$100	\$1	\$2
\$200	\$2	\$4
\$500	\$5	\$10
\$1,000	\$10	\$20
\$2,000	\$20	\$40

9. Lot Sizing Made Simple

Lot sizing answers this question: “How big should my trade be so that I lose only my planned amount if SL is hit?”

Core Formula

Position size = Account risk / (Stop Loss distance x value per pip).

Example: If you risk \$10 and your SL is 50 pips, you need a position where each pip is worth \$0.20.

Simple EUR/USD example

- Account: \$1,000
- Risk: 1% = \$10
- Stop Loss: 50 pips
- Needed pip value: $\$10 / 50 = \0.20 per pip
- On EUR/USD, 0.02 lot is approximately \$0.20 per pip on many brokers
- So the estimated lot size is 0.02 lot

Important notes

- Pip value changes depending on pair, account currency, and broker specifications.
- Gold/XAUUSD pip value can differ by broker. Always check the symbol specification.
- When unsure, use a position size calculator or test on demo.
- Round down, not up. If calculated size is 0.037, use 0.03, not 0.04.

Risk style	Beginner suitability	Comment
0.25% risk	Very conservative	Good for first live month
0.5% risk	Conservative	Good for learning with real money
1% risk	Moderate	Common upper limit for beginners
2% risk	Aggressive	Can create big drawdown fast
5%+ risk	Dangerous	Avoid as beginner

10. Setting Stop Loss and Take Profit

SL and TP should be based on structure, not random numbers. Your stop should go where your trade idea is invalidated. Your target should be realistic based on nearby support/resistance and volatility.

Trade type	Entry	Stop Loss	Take Profit
Buy	Expect price to rise	Below recent support/swing low	Above entry near resistance or 1:2 RRR
Sell	Expect price to fall	Above recent resistance/swing high	Below entry near support or 1:2 RRR

Risk-to-reward examples

SL distance	1:1 TP	1:2 TP	1:3 TP
20 pips	20 pips	40 pips	60 pips
50 pips	50 pips	100 pips	150 pips
100 pips	100 pips	200 pips	300 pips

Practical Tip

A 1:2 setup means you can be wrong more often and still survive, but only if you follow your stop loss and avoid oversized lots.

11. Beginner Trading Plan Template

Use this template before every trade.

Question	Your answer
What pair/instrument am I trading?	
What is the market condition? Trend, range, or news?	
What is my setup?	
Entry price?	
Stop Loss price?	
Take Profit price?	
Risk amount?	
Lot size?	
Reason for trade?	
Invalidation reason?	
Screenshot taken before entry?	

12. Journaling, Psychology, and Common Mistakes

Trading is not only technical. Many beginners fail because of emotions: fear of missing out, revenge trading, and overconfidence after a win.

Mistake	Better habit
Entering without SL	No SL, no trade
Increasing lot after a loss	Keep risk fixed
Trading every signal	Wait for A+ setups
Ignoring news	Check calendar before trading
Moving SL farther	Accept planned loss
No journal	Screenshot and review every trade
Copying random signals	Learn the reason behind each setup

13. 30-Day Practice Roadmap

Days	Focus	Task
1-3	Platform basics	Open demo, login, add symbols, open charts
4-7	Terminology	Learn pip, spread, lot, SL, TP, margin
8-10	Risk	Calculate 1% risk and lot size examples
11-15	Strategy	Demo trade only one setup
16-20	Execution	Practice market and pending orders with SL/TP
21-25	Journal	Review screenshots and mistakes
26-30	Evaluation	Check if you followed rules, not just profit

Graduation Rule

Do not go live until you can place 30 demo trades with correct lot size, SL, TP, and journal entries. Profit is less important than discipline at this stage.

14. Glossary and References

Quick glossary

- Currency pair: Two currencies traded against each other, such as EUR/USD.
- Base currency: The first currency in a pair. In EUR/USD, EUR is the base.
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- Take Profit (TP): A price level where the trade closes to secure profit.
- Risk-to-Reward Ratio (RRR): Comparison of potential loss to potential profit. Example: 1:2 means risking \$1 to target \$2.
- Drawdown: The decline from account peak to current balance/equity.

References and helpful resources

- Bangko Sentral ng Pilipinas - Foreign Exchange Regulations:
<https://www.bsp.gov.ph/SitePages/Regulations/FxRegulations.aspx>
- Bangko Sentral ng Pilipinas - Exchange Rate Statistics:
<https://www.bsp.gov.ph/sitepages/statistics/exchangerate.aspx>
- MetaTrader 5 Help - Trading Operations Basic Principles:
https://www.metatrader5.com/en/terminal/help/trading/general_concept
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- MetaTrader 5 Help - Platform Settings:
<https://www.metatrader5.com/en/terminal/help/startworking/settings>
- Philippine SEC official website and advisories: <https://www.sec.gov.ph/>