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Forex Frontiers: The Essentials of Currency Trading

Ivan Cavric
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Financial trading has changed over the last decade. On-line tools, fast-rising IPOs, and 401Ks have all contributed to the growing number of people who follow the Dow, tune in to Federal Reserve Chairman Ben Bernanke's speeches, and even check the Nikkei's closing. These changes have also led people to look beyond stocks and bonds to other trading products, like foreign currency exchange or forex, as it is commonly called.

Forex Frontiers begins with a simple explanation of how the foreign exchange market works. Cavric warns that this isn't an easy market to maneuver; if traders don't stay calm and stick to a strategy, even when things are going well, it is possible to lose money quickly. The author outlines how to develop a forex psychology and a risk and money management plan. He explains why following market events are important and how to forecast what the market will do by the moves a currency pair makes on a price chart. Cavric also shows how to read candlestick patterns in charts and the way to interpret a Fibonacci retracement.

Most importantly, Cavric discusses how to develop a strategy. He writes, "Put simply, controlling risks is an aspect of trading that cannot be ignored. If traders do not introduce measures to restrict [their] risk levels, their chances of survival are slim. Devise a simple money strategy that allows for a precise determination of the risk involved with every newly opened position." This is an area many other guides gloss over or shy away from, leaving novices making trades and then wondering where their account equity went.

These days, tips on how to trade forex are available on a number of broker and independent analysis websites. However, such advice is not as simple, consistent, or comprehensive as Cavric's. Explanations and descriptions are short and sweet. Chapters are broken down into numbered sections, making the book readable and easy to consult for quick reference. While the text does contain some typos, most traders will probably overlook them and focus instead on the straightforward suggestions Cavric provides on protecting their earnings.

Experienced traders are bound to use Cavric's text as a tool to help them brush up on particular concepts. New traders will receive an excellent introduction to the world of forex trading that will help them navigate the ups and downs of the market for years to come. *Forex Frontiers* is the first of three books Cavric intends to write, and readers will be interested to discover what guidance these new volumes hold.

P.R. NAKAI (February 14, 2012)

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