HEDG

TRADING FOUNDATIONS

A Beginner's Playbook

Contents

SECTION 01

Introduction

"An investment in knowledge always pays the best interest."

Benjamin Franklin

In this section

Why Trade?

Trading used to be a members-only club. To get a quote you needed a broker at the other end of a line, a fat account, and someone to vouch for you. Access came down to your contacts, and most people stayed locked outside.

Those days are over. Grab your phone, spare five minutes, and you can own a piece of nearly any stock, currency or commodity out there. The price of entry has dropped to almost zero.

The gap between trading and trading well never closed. Show up ready and the market pays you over time. Wing it and it bleeds you dry. Preparation is the only edge with staying power.

> This guide closes that gap fast. You will learn the instruments, the language, and the routines that mark a trader apart from a gambler. HEDG and a plan are already waiting for you.

The Currency Market

Forex is the global market for trading one currency against another. Nothing else comes close to its size. No other market turns over this much cash in a single day.

You never trade a currency alone. Every forex order pits one against another, so prices come in pairs. Look at EUR/USD: the euro is the base, the dollar is the counter. Quote it at 1.09 and a single euro buys you a dollar and nine cents. Watch that number climb and you know the euro is winning.

This market runs almost around the clock, five and a half days every week through sessions worldwide. It runs so deep that no single player can push prices off course for long. Not even a central bank manages it. Supply and demand set the rate.

> Trade the major pairs any time the market's live. You get real-time charts and the tools to execute the trade the second a setup forms.

What's a CFD?

A contract for difference, or CFD, is your call on direction. Price up or price down, you profit either way, and you never hold the asset itself. The deal sits between you and the broker alone. No exchange floor, no physical handover of stock, currency or commodity changes hands.

Two things made CFDs popular. First, the leverage beats ordinary investing, so a small outlay commands a big position. That cuts both ways: bigger wins, bigger losses. Second, you can go short just as easily as you go long, with no borrowing to arrange first.

What does that cost you? The spread. That tiny gap between bid and ask gets charged the moment you enter, so squeezing gains out of tiny moves is tougher than it looks.

> Leverage works in both directions. Whatever boosts a profitable CFD trade hits your losers with the exact same force.

What's a Commodity?

A commodity is a raw input traded in volume: think gold, silver, crude oil, natural gas, copper, wheat or coffee. The defining trait is **fungibility**. Inside a single grade, one ounce equals any other ounce, no matter where it came from.

Commodities mostly trade as futures. Each contract has a fixed size set by the exchange. One gold contract might cover a hundred troy ounces, and the exchange lists which grades qualify for delivery. Hit the spec and you get the same price, no matter where it came from.

What's an Index?

You want a fast pulse on a whole market, but tracking every stock by hand is a losing game. That is what an index fixes: it rolls dozens of stocks into one figure you can read at a glance. Shell, for instance, trades on its own ticker while also living inside the wider oil-and-gas index.

Each index runs on slightly different math, but the number on your screen comes down to one thing: a weighted mix of the stocks inside it, most often by market value, though a handful like the Dow still weight by price.

The Dow Jones Industrial Average follows thirty of America's biggest firms. The wider S&P 500 covers five hundred, so it reflects the US market more completely. You will also hear traders watch these:

- The FTSE 100 (London)
- The DAX 40 (Frankfurt)
- The Hang Seng (Hong Kong)
- The Nikkei 225 (Tokyo)
- The Shanghai Composite (Shanghai)

What's a Share?

Stocks, sometimes called shares, hand you a piece of one company. List on an exchange and the firm prints a fixed count of shares, each one a small claim on everything the business owns. They carry a face value at the start, but the moment trading goes live, the market sets the price.

A share climbs or drops as demand shifts, and demand follows how appealing the company looks to investors. Here are some of the busiest names traded anywhere:

- Apple
- Microsoft
- Amazon
- Alphabet (Google)
- Nvidia
- Tesla

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SECTION 02

Terminology

"Markets hand cash from the jumpy to the calm. Wait well and you collect. Rush, and you pay."

Warren Buffett

In this section

Pips, Points & Ticks

When price moves, you measure it in pips, points and ticks. Those are the units that tell you how far it travelled.

To the left of the decimal, each whole step is one **point**. Push a stock from $40 up to $45 and you have banked five points.

How far can a price step past the decimal in one move? That smallest increment is a **tick**, and its size depends on the instrument. On EUR/USD the fractional tick is 0.00001, and ten of them stack up to a single pip.

In FX a **pip** lives at the fourth decimal place. Move GBP/USD from 1.2740 to 1.2741 and you have travelled exactly one pip. Forex traders say "pip"; futures desks call the identical move a "tick."

KNOW WHAT A PIP IS WORTH

Pip value = pip size × lot size (for US-dollar-quoted pairs)

Take a standard lot (100,000) of GBP/USD: 0.0001 × 100,000 = $10 per pip. Catch a 35-pip move and you are looking at roughly $350.

Balance & Equity

Your **balance** tallies every trade you have already shut: the gains and losses you have banked. Your **equity** shows where that figure would land if you flattened every open trade this instant.

While positions stay open, your balance only tells half the story. It can look fine on paper even as your real equity sinks, because losing trades are still bleeding underneath it.

$500	-$100	$400
DEPOSIT	OPEN P/L	EQUITY

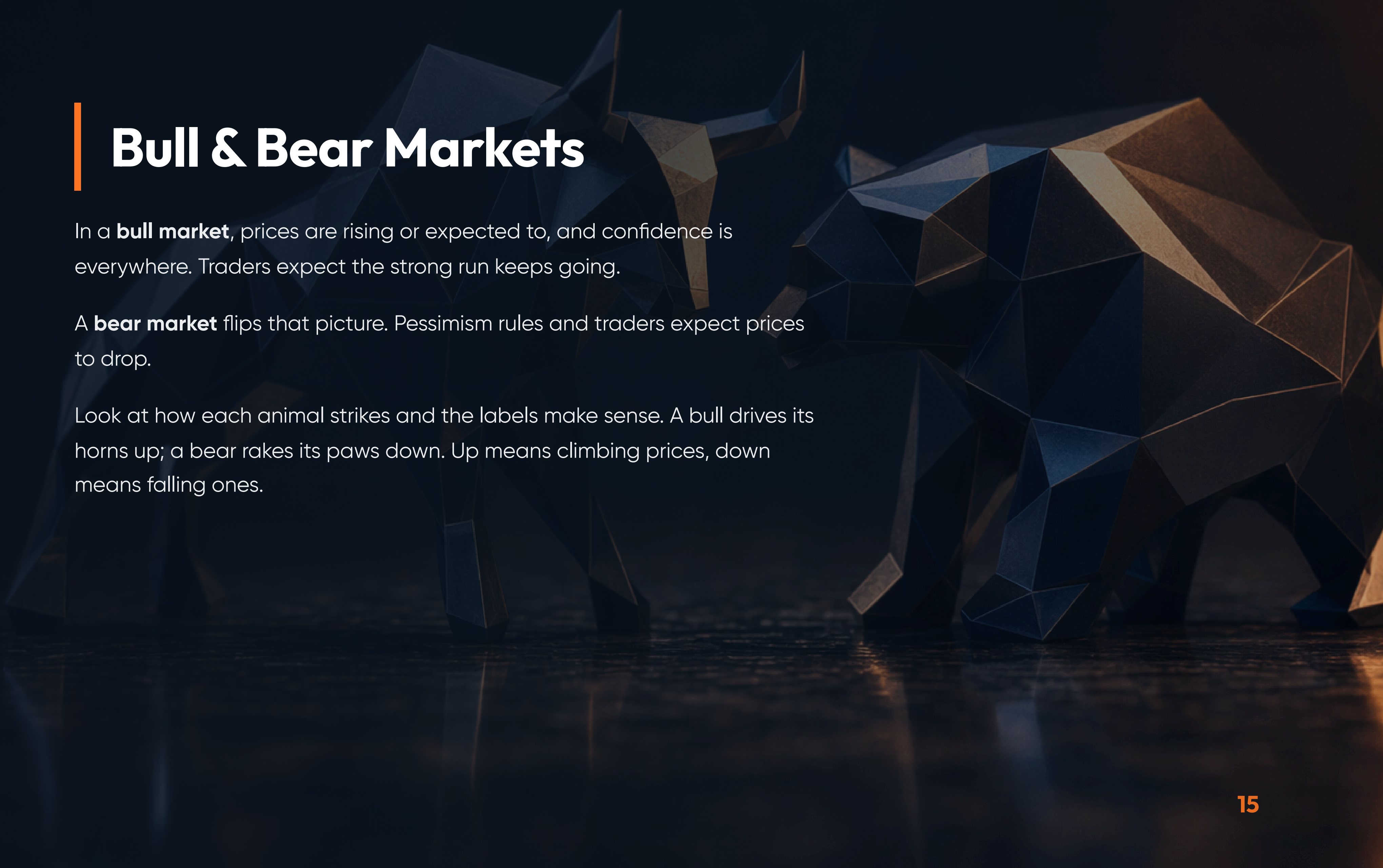
Your balance line might read $800, but ignore it. What drives this trade is the $650 sitting in your equity.

Bull & Bear Markets

In a **bull market**, prices are rising or expected to, and confidence is everywhere. Traders expect the strong run keeps going.

A **bear market** flips that picture. Pessimism rules and traders expect prices to drop.

Look at how each animal strikes and the labels make sense. A bull drives its horns up; a bear rakes its paws down. Up means climbing prices, down means falling ones.



Lots

You almost never buy a financial instrument one unit at a time. Trades move in fixed batches known as **lots**.

Lot size depends on the market and the asset. For currency pairs there are three tiers: standard is 100,000 units, mini is 10,000, micro is 1,000.

Lot sizes shift even within one market. A platinum lot might hold five units, while a copper lot runs to two hundred.

100,000
STANDARD

10,000
MINI

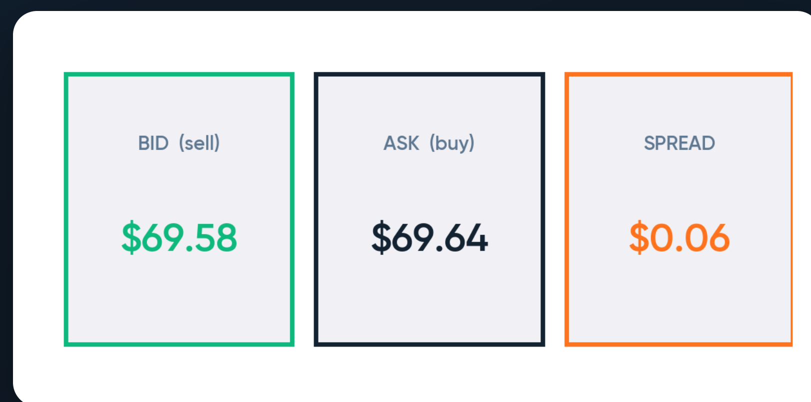
1,000
MICRO

Bid & Ask Prices

When you sell, you take the **bid**. That is why people call it the sell price. When you buy, you pay the **ask**, also known as the buy price.

Now and then the two prices match. Usually a small gap stays between them. That gap is the **spread**, and the market maker keeps it as payment for carrying the risk.

When something trades heavily, the market maker can unload it fast, so spreads stay narrow. Thin markets mean wider spreads, covering the risk that price moves against them before they can hand the position off.



Short & Long Positions

When you buy expecting the price to rise, you are going **long**. The idea is to offload it later at a higher level and pocket the gap. Pick up five Apple shares and you are long five shares.

Other times you expect a drop. That means going **short**: sell first, buy back later at a lower price. CFDs let you do this without ever holding the asset.

> Short one share at $80, then buy it back when it drops to $65. That $15 gap lands in your pocket as profit.

Stop Loss & Take Profit

A **stop-loss** order shuts your position the moment price reaches a level you set, capping the damage when a trade turns sour. No matter how confident you are, putting one on every position is just smart discipline.

A **take-profit** order works the other way around. It seals your gains by shutting a winning trade the moment it hits a target you choose, so a reversal cannot steal them back.

Set both and you can walk away from the screen. The trade exits on its own once price hits the levels you picked.

AIM FOR A POSITIVE RISK : REWARD

Risk : Reward = (Entry – Stop) : (Target – Entry)

Target 1:3 or better, risking $1 to chase $3. With that math you can lose more often than you win and still finish in the green.

Want a safety net? HEDG lets you bolt a stop-loss and target onto every order with two taps. The exit rules go live before the position does, so your discipline is baked in from the start.

Pending Orders

A **pending order**, sometimes labelled an entry order, locks in your target price up front. The market reaches that level and the trade triggers on its own, no clicking required.

Suppose GBP/USD has run thirty pips your way and you expect more. Instead of staring at the chart and clicking by hand, drop a pending order that only triggers if price pushes another thirty pips higher.

Never reach your price? Then nothing fires. The order lapses after its time window, so it cannot suddenly wake up once conditions have shifted.

Pending Orders: Four Types

Buy Stop: set above the live price, used when you expect a running uptrend has more room to climb.

Sell Stop: parked below the market to ride a slide that is already underway.

Buy Limit: placed under the current price, for when a market is sliding down but you reckon it will turn and climb.

Sell Limit: sits over the live price. Use it when a rally looks tired and you think it will fade from here.

Leverage & Margin

Markets crawl. Trade only the cash in your account and the gains stay invisible. That is where **leverage** earns its keep. The broker fronts you buying power, so a position can dwarf whatever sits in your balance.

Put down $500 at 200:1 leverage and you control up to $100,000 in the market. That $500 is your **margin**.

Smart leverage users never guess their size. One fixed rule decides it for them, so every trade risks the same small, pre-set portion of the account:

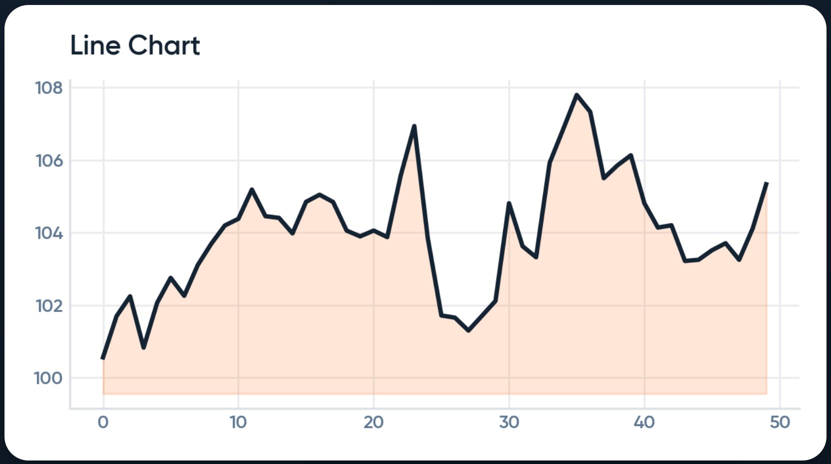
SIZE TRADES DELIBERATELY

Lot size = (Equity × Risk %) / (Stop in pips × Pip value)

Say you hold a $2,000 account and risk 1%. That's $20 on the line. Run a 25-pip stop on GBP/USD at roughly $10 a pip per standard lot. Do the math: $20 ÷ $250, around 0.08 of a standard lot.

Leverage cuts both ways. It scales your wins, and it scales your losses just as hard. One move against a heavily leveraged position can wipe your margin in seconds. Size by the rule above, and never trade without a stop-loss.

Chart Types



Traders read price through a few chart types. We will cover the ones you will meet most. To keep things fair, every example uses one shared trading session.

Line chart. Take each close, plot one dot, link them into a single line. You lose fine detail, but the big-picture trend pops, and patterns like Head & Shoulders or triangles jump out.

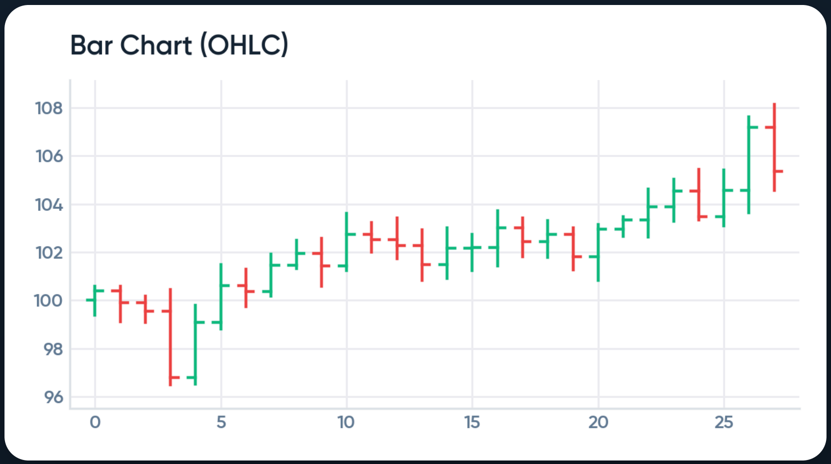
Bar chart. A single bar shows four numbers for the period: the open, the close, the high, and the low.

Chart Types

Point & Figure. A board of X's and O's: every X marks a climb, every O a drop. The moment the market flips direction, a new column opens, so a single column never mixes X's and O's. Much like the line chart, it works best for long-range trends.

Candlestick. A candle holds the same four prices as a bar, but the gap between open and close gets shaded into a solid "body." That body makes repeating patterns jump out instantly. It is why candlesticks won and became the standard.

Chart Types



Three-Line Break. Every close that pushes beyond the prior line's close adds a fresh line in the same direction. Flipping direction needs a close that clears all three prior lines in one shot. That makes it handy for spotting trend, support and resistance.

Renko. Brick is what the word means in Japanese. The chart draws a fresh brick only once price has run past the set brick size beyond the previous one. You give up the precise tick-by-tick reading, but in return the small chop drops away and the trend reads cleanly.

Chart Types

Kagi. Direction holds until price moves against the trend by a fixed threshold, usually 3%. Push past the prior reversal point and the line goes bold. Plenty of charting tools shade the bold and slim stretches in two separate colours.

> There is no single winning chart type. Pick the one or two that fit the way you think, and on HEDG you flip between them with one tap.

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SECTION 03

Worst Mistakes Traders Make

"Being right or wrong is not the point. What counts is the size of your wins versus the size of your losses."

George Soros

In this section

Trading Emotionally

Fear usually hits hardest when you are already up on a trade. You start dreading the gain will vanish if you hold past today, so you bank winners way too soon.

Losers flip the script. Now hope runs the show. Every look at the chart whispers the bounce is coming, and traders pile in more to "average down" and hit break-even faster.

> Fight your gut. Let winners breathe. Kill losers early.

Averaging Down

Averaging down is adding to a trade that is already in the red. You pull your average entry lower, so a smaller bounce is enough to get back to flat.

Now and then it rewards you, which is exactly why you keep doing it. There lies the snare. Down the road the move refuses to turn, and you either crack and lock in a brutal loss or get a margin call.

Cash is only part of the bill. Every hour you babysit a loser is an hour you could have spent hunting a winner.

Trading Without Risk Control

Plenty of traders enter trades with zero plan for risk. Stack up enough of those and the odds catch you: some portion is bound to lose.

Plenty of traders own stops and still sabotage them. They park them way too wide on swing trades, or worse, drag the stop back the second it nears, sure the price is about to flip their way.

> Set your stops where they actually shield your account, then keep your hands off them. Honour your own risk caps and your losses stay on a leash.

Not Following a Plan

Beginners jump into trades with no plan, and the ones who have a plan ditch it the second a trade turns against them. That road ends in a loss almost every time.

Pros never enter a trade unprepared. Before they click, they already know their position size, their entry level, and their exit level, whether that exit books a profit or a loss.

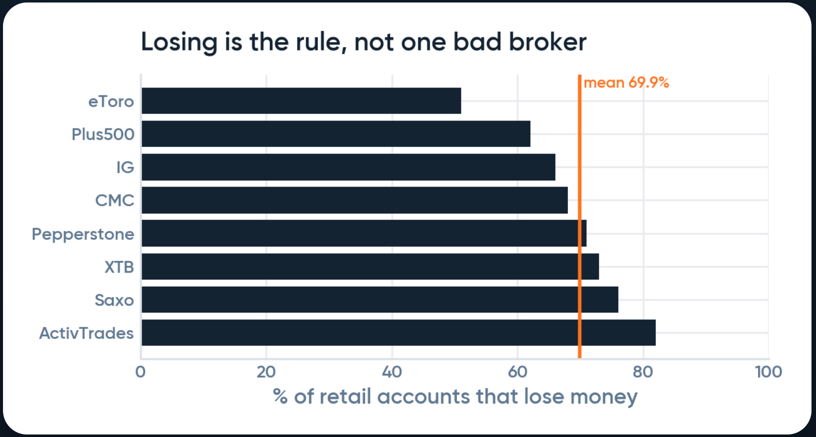
> A mediocre plan you obey beats a genius plan you abandon. Lock in your rules before you enter, while your head is still cool.

What the Numbers Say

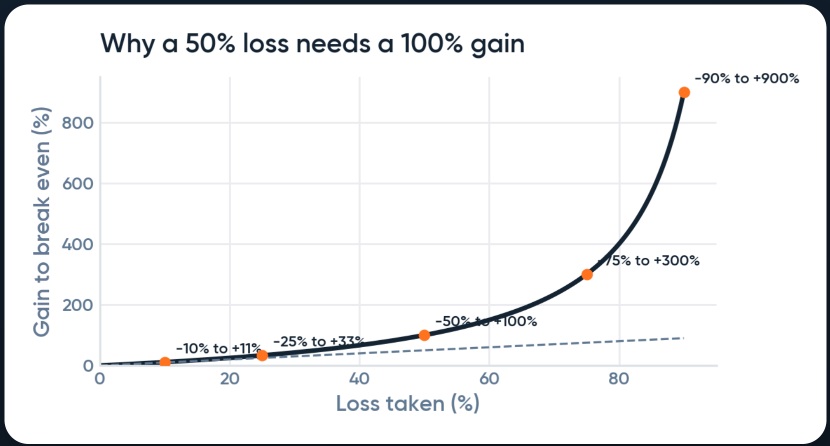
Before you fund an account, sit with one uncomfortable fact. Regulators force brokers to publish the share of retail accounts that lose money, and across the board it lands between roughly 70% and 85%. That is the base rate you are trading against.

It is not one rogue broker, it is the whole industry. Leverage is the engine: it magnifies every move, and most accounts cannot survive the swings. The few who last treat losing as the default and build everything around not blowing up.

> Find the loss-rate line on a broker's own homepage before you deposit. If it is buried, that tells you something too.



The Recovery Trap



Losses and gains are not mirror images. Lose 10% and an 11% gain brings you back, which feels fair enough. Lose 50% and you need a full 100% gain just to reach flat. Lose 75% and you need 300%.

The rule is gain = loss ÷ (1 − loss), and it bends hard against you the deeper you fall. This is why preserving capital comes first: never dig a hole so deep the climb out stops being realistic.

> Stay on the gentle part of the curve. Risking 1% a trade and capping the day around a 3% loss keeps small losses small.

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2026 ESSENTIALS

Putting It Together

"Plans are nothing; planning is everything."

Dwight D. Eisenhower

Your Trade-Planning Checklist

The outcome is decided before your finger hits the mouse. Cool heads write the plan down, every session, no exceptions. Walk the checklist that follows and inside sixty seconds you know where you get in, where you get out, and why you took the trade at all.

CONFIRM BEFORE EVERY TRADE

- Instrument and direction: pick the market, then decide if you're judging whether it climbs or drops.
- Entry price: where you want the position to open.
- Stop-loss level: the point at which you concede the setup failed and exit.
- Take-profit level: where you bank the gain and close.
- Sizing your position: stick to the 1% rule. Any single trade should risk 1% of the account at most.
- Hunt for risk:reward of 1:4 or above, putting your target four times farther out than your stop.
- Reason for the trade: one clear sentence on why you are in.
- Economic calendar: look ahead for reports likely to jolt whatever you trade.

> HEDG lets you lock entry, stop-loss and take-profit in one shot the second you open a position. Your whole plan ships as a single order, nothing left dangling.

Choosing a Trusted Broker

Picking where to hold your money counts just as much as your trades. A solid broker guards your cash, quotes honest prices, and fills you fast. Before you deposit a cent, work through a few checks and skip none of them.

- **Regulation** under a credible authority, paired with a licence number you can confirm on your own.
- **Segregated client funds**, ringfenced away from the broker's own balance.
- **Negative-balance protection**, so your losses never exceed the balance in your account.
- **Fees and spreads with nothing hidden**, spelled out up front before any order goes in.
- **Quick, dependable fills**, so the price you see is the price your order lands at.
- **Responsive support**, ready to help when questions come up.

Confirm each line on the list and your footing is solid from the first trade. Leave them unchecked and you shoulder exposure that owes nothing to how the markets move.

> Bluepine Ltd runs HEDG under FSA of Seychelles regulation, licence SD183. Your funds are segregated and negative-balance protection comes standard.

Using AI Tools Wisely

AI signals and chatbots are a solid place to begin. Treat them as a smart research aide, not a fortune teller. They match patterns from old data, so they miss, especially when fresh news jolts the market. Take each call as a cue to dig deeper, then make the choice yourself.

Got an AI suggestion? Verify it first. Match it to the live chart and to one primary source, maybe a company filing or a reputable data feed. Confirmed by your own eyes, it goes in the plan. Not confirmed, you toss it and carry on.

Key habit: Check first, then act. Treat an AI tip as a lead to test, not a verdict to trust.

Running copy-trading or auto tools? Pick a risk cap you actually grasp, then hold it on slow days and wild ones alike. HEDG hands you **AI-assisted insights that stay under your command**, so you sign off on every position.

HEDG

Thank you for choosing HEDG. We wish you successful trading.

Disclaimer

Treat everything here as general education and opinion. None of it tells you to buy or sell anything, and none of it promises how a trade will end. This is not advice tailored to you.

Risk warning

CFDs and other leveraged products are high risk. You can lose your whole balance. Leverage cuts both ways. Weigh your own experience and get independent advice when it makes sense.