BIZGREENS.COM

A MAJOR PROJECT REPORT

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF

BACHELOR OF TECHNOLOGY
(Computer Engineering)

SUBMITTED TO
RAJASTHAN TECHNICAL UNIVERSITY, KOTA

Supervised by:

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12EJGCS044

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JAGANNATH GUPTA INSTITUTE OF ENGINEERING & TECHNOLOGY
SITAPURA JAIPUR

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I am extremely thankful to **Mr. Deepak Gupta**, Director, JNIT, Sitapura, Jaipur , for providing me infrastructural facilities to work in, without which this work would not have been possible.

Signature(s) of Student

Rishabh rawat
12EJGCS044

CERTIFICATE

I hereby certify that the work which is being presented in the B.Tech. Major Project Report entitled **"www.Bizgreens.com",** in partial fulfillment of the requirements for the award of the **Bachelor of Technology in Computer Engineering** and submitted to the Department of Computer Engineering of Jagannath Gupta Institute of Engineering & Technology , Sitapura, Jaipur is an authentic record of my own work carried out during a period from **Jan 2016 to April 2016**(8th **semester**) under the supervision of **Mr. Siddhant Singh (Asst. Prof.), CS Department**.

Signature of Student

Rishabh Rawat
12EJGCS044

This is to certify that the above statement made by the student(s) is correct to the best of my knowledge.

Mr. Shekhar Chander
(Associate Professor)
HOD (CS)

Mr. Siddhanta Singh
(Assistant Professor)
SUPERVISOR

Date:-

ABSTRACT

This report is conducted in order to set the foundations upon which the final project of my B.Tech in Computer Science will be built. The title of project is: “Bizgreens.com – Forex Handbook” and is supervised by Mr.Siddhant Singh. The main target of this report is to conduct a thorough and in-depth analysis of the vast field of Forex news analysis and at the same time explore the opportunities and the conditions that could lead into building a successful forex news website.

The principal objective of this project is to exhibit the most feasible method to establish a Forex news handbook. The intent of this project is to provide a detailed explanation of the currency trading market for all kinds of audience. Thus, it provides the essentials of the Forex market as well as samples of trades from the group, in which is possible to appreciate the common risks and mistakes a person is susceptible to while trading. In addition, it includes an explanation of the methodology utilized by the group such as the use of technical and fundamental analysis.

The approach that was followed was to initially carry out a survey of relevant literature and related work on the broad spectrum of eNews.. Understanding its wider context is essential. The literature review tries to examine this impact and reach into useful conclusions as to where the project should focus on, in order to be successful. The success and failure factors of e-News is another issue that is examined along with some cases of companies that managed to effectively implement e-News in their operations and others that did not. Finally, there is a presentation and comparison of some well established website development methods. This comparison aims to show the advantages and disadvantages of these methods. This can be vital in order to exploit their strong points and avoid similar mistakes in the methodology that will be finally applied for the development of the website.

The second part of the report aims to present the methodology that will be followed throughout the project. The main objectives and goals of the project are described in this part, along with the project plan. Furthermore this part involves research on some key issues of the development methodology that was decided, like website evaluation, market research and business models suitable for e-News.

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Chapter 1 INTRODUCTION

The intent of this project is to provide a thorough description of a plan to establish a forex website. In order to accomplish this goal several active investment companies in the forex market were researched to study their business plans, trading strategies, risk management and other aspects that constitute a forex news handbook.

Technological achievements always had a great impact on every aspect of human society and affected our everyday life in a variety of ways. It is a technological breakthrough, that, over the last two decades, revolutionized our communication, entertainment and business methods and practices. Internet was created in the late 60s as a small network of computers and has evolved into the main and most essential link between companies, governments and individuals. Internet surpasses geographical boundaries, time limitations, cost restrictions. Furthermore, it is easily accessible by anyone. It is a low cost way for pioneering technologies, business models and ideas to reach a great number of people and provides the perfect environment for entrepreneurs.

With Internet's popularity on the rise, it became clear that the business world could not overlook this phenomenon. Online applications, huge databases of candidates and vacancies, online communication, are some of the most important changes that Internet has introduced in the employment field.

1.1 Scope and Focus of the Report

The foreign exchange market, the mechanism by which currencies are valued relative to one another, and exchanged, was developed. An individual or institution buys one currency and sells another in a simultaneous transaction. The exchange rate is determined through the interaction of market forces dealing with supply and demand.

Traders generate profits, or lose, by speculating whether a currency will rise or fall in value compared to another currency. The value is a reflection on the condition of that country's economy with respect to other major economies. However, the market does not rely on any one particular economy. A trader can earn money regardless of whether an economy is flourishing or falling. Forex has been dominated by inter-world investment and commercial banks, money portfolio managers, money brokers, large corporations. With the advances of internet technology and leverage options, more and more individual traders are getting involved for the purpose of speculation. As other reasons such as facilitating commercial transactions exist for the participation in the Forex market, there exist a huge opportunity and profits for start of new firms with the proper knowledge and background. With this project our goal is to help the reader establish a Forex firm if so desired.

1.2 Project Description

The intent of this project is to provide a thorough description of a plan to establish a forex news. In order to accomplish this goal several active investment companies in the forex market were researched to study their business plans, trading strategies, risk management and other aspects that constitute an investment firm. Based on this information, a forex firm was created by replicating some of the useful ideas, dismissing what does not work and adding some of the group's ideas to build a more versatile portfolio for clients. Nonetheless, before it was necessary to analyze all the information needed to create such company. There are many aspects related to the financial markets, specific countries' regulations, type of portfolio, ways of trading and necessary qualifications that one has to have an understanding of in order to have a reputable and successful investment firm.

However, it was concluded that no matter what the trading plan was the technical and fundametal analysis were key for a good trade. The second step consisted in focusing on applying the trading experience in teams to try to simulate as much as possible the feeling of trading with real money in a company. In addition, the group developed programming skills while creating an Expert Advisor, or an indicator. However, it was not easy task since it involved a lot of researching and support from other students to be able to get familiar with the programming world due to the lack of experience in the area. Finally, the overall learning experience led the group to the simulated establishment of a forex website.

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CHAPTER 2- LITERATURE REVIEW

2.1. Information is Power

This is one of the most widely accepted statements and applies for every aspect of human activity. Internet is an unlimited pool of information and benefits anyone who uses it properly. According to Porter and Millar (1985) information gives competitive advantage to a company in three different ways:

1. By changing industry structure and changing the rules of competition.
2. By providing companies with new ways to outperform their competitors.
3. By creating new businesses, even from within a company's existing operations.
   The authors continue by discussing the strategic significance that Information Technology has obtained for companies, by affecting the value chain, thus the technological and economic activities that a company performs to do business. Not only it transforms the value chain, but also transforms the product or the service that the company produces. Additionally, authors suggest five ways for Information Technology to be successfully implemented in business processes. This can be done by:
   - assessing the intensity of information
   - determining the role that Information Technology will have in the industry structure
   - understanding the ways that it can create competitive advantage for their companies
   - investigating the possibilities of new businesses
   - developing a strategic plan to take advantage of Information Technology.

2.2. Methodologies for building Websites

An innovative and revolutionary idea can provide the basis for a successful e-Business. Applying the specific strategy can increase the profit potential of the e-Business. However, technology and especially computer based technologies play a key role not only in the success of an e-Business, but also in its mere existence.

- **System analysis/planning.**
  In this step business objectives are identified, in order for the project to have measurable targets and achievements. Also some functionalities of the system that the system must produce in order to achieve the business objectives, are defined.
- **System design.**
  In this step the main components of the system and their relationship to one another should be described. This phase consists of the logical design, where functions that are going to be performed, databases that are going to be used, security procedures and controls to be used, are all specified. This phase also includes the physical design, which is the materialization of the logical design.
- **Testing the system.**
  Once the coding is complete the system has to be thoroughly tested. Unit testing involves the testing of the website's modules. System testing aims to test the site as a whole and ensure its functionality for the user. Acceptance testing is used to verify that the system meets the business objectives, that were defined in the system analysis phase.
- **Implementation and maintenance.**
  This step is very important, since websites, as any other software, may break down. They need continuous checking, testing and repair. A perfectly designed website, which is often unavailable due to technical reasons, is not a successful one.

This process, described by Laudon and Traver is very abstract and does not focus on the details of each phase. It can only be used as a general guideline, since many methodologies follow similar steps to reach the goal of developing a successful website. A similar, though much more detailed approach, is the one proposed by Howcroft and Carroll . The authors proposed their own methodology for website development after comparing a number of available methods, such as the "Four Phase Model" (strategy, design, production and delivery, designed by Siegel (1997) and Ikonic's Five Box Development Process (a five stage process, which highly depends on thorough documentation between each stage).

The method suggested by Howcroft and Carroll (2000) tries to combine the advantages of the compared methodologies that are presented in the relevant literature. Their method consists of four phases with several steps in each phase. An overview of the main points of this methodology is presented below.

Phase One: Analysis. Deals with the development of a web strategy and an analysis of how a website may achieve this strategy. The main objective of this phase is to reduce the risks of lack of top management commitment and misunderstanding the system requirements. This phase consists of **three** steps:

- Development of a web strategy, which means defining where the organization is now, where the organization wishes to be and how it will get from the present state to the desired one.
- Defining the objectives.
- Objective analysis, which involves: technology analysis, information analysis, skills analysis, user analysis, cost analysis and risk analysis.

Phase Two: Design. "The website should be designed with the knowledge that it is likely to have sections and processes added to it during its lifetime, as requirements change and new technologies emerge." (Howcroft and Carroll, 2000). It consists of two steps:

- Information and Graphics Design
- Testing of Design

Phase Three: Generation. It consists of the four steps that lead the project from the design phase to the actual generation of the website.

- Resource selection
- Design Review
- Code generation and Installation
- Testing.

Phase Four: Implementation. This is an ongoing phase that does not stop after the development of the website. It involves:

- Implementation
- Maintenance
- Objectives review

This method has some key advantages. It is well structured, detailed and simple to understand. It organizes the task of building a website into four well defined phases and provides further guidance to the developers by breaking down each phase into steps.

Another interesting web development methodology, which follows the same pattern as the one presented above, is the one described by Alexandrou. His methodology involves **eight** phases:

1. **Sales**: identifying client opportunities, evaluating potential clients and market opportunities and prepare proposals.
2. **Project Initiation**: gather together the project team and plan all the activities in detail.
3. **Analysis**: defines the strategy, the processes and the financial viability of the solutions. It also involves defining technical and business functionalities of the solution.
4. **Design:"**undertakes a thorough creative design process that ensures the goals of the e-Business model are defined, designed and implemented in a creative solution."
5. **Development:** involves prototyping and application building, unit and system testing.
6. **Implementation:** producing the final system
7. **Production Operations:** take all the necessary actions to ensure the viability of the solution for a long period of time.
8. **Project Close:** ensure that the project is running as planned and according to user requirements.

2.3 Wordpress

In summary, the benefits of Wordpress.org are:

- Free, open source software
- A robust CMS (Content Management System), proven over a number of years
- Used by big and small sites alike
- Flexible
- Thousands of plugins and themes (both free and paid)
- Create your own unique themes for very little cost
- Plenty of online help and resources
- Easy to find contractors if you would rather outsource work.

Methodology to build website:

1. **A Concept**
   You'll need a clear, well researched idea of your market and what it is you are trying to build.

2. **Domain name**
   e.g. Yourdomainname.com

3. **Web hosting**
   Somewhere for the files that make up your website to live.

4. **Wordpress**
   It will probably come with your hosting package. If it doesn't, you can download it free.

5. **Wordpress Theme**
   A free or paid theme to style your website to give it the look and feel you want.

6. **Wordpress Plugins**
   To extend functionality and get Wordpress to do what you want.

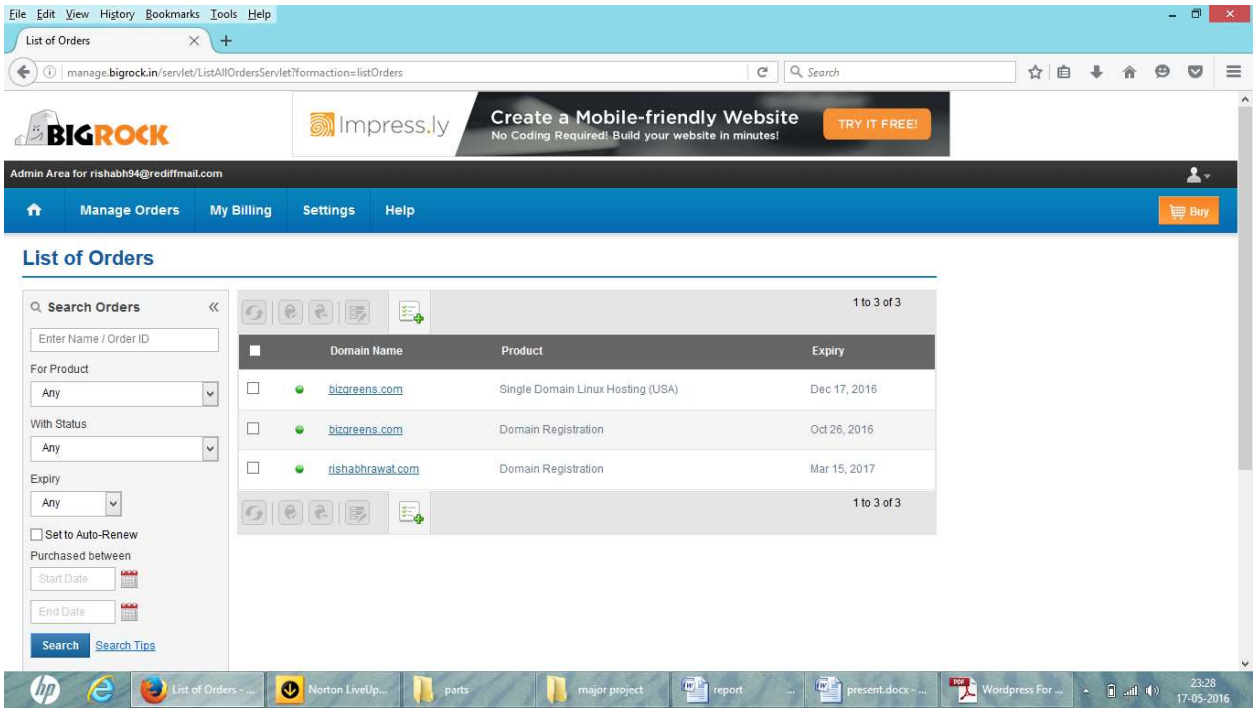
Chapter 3- Present Work

3.1 Domain Name

It is the address that people type in when the want to get to your web site. For example...

http://www.bizgreens.com

Typically somewhere like Godaddy.com, we type in the name you want,and if it available then we buy it. Sometimes, you might even be offered some advice as to whether to go for a .com domain, or something else.

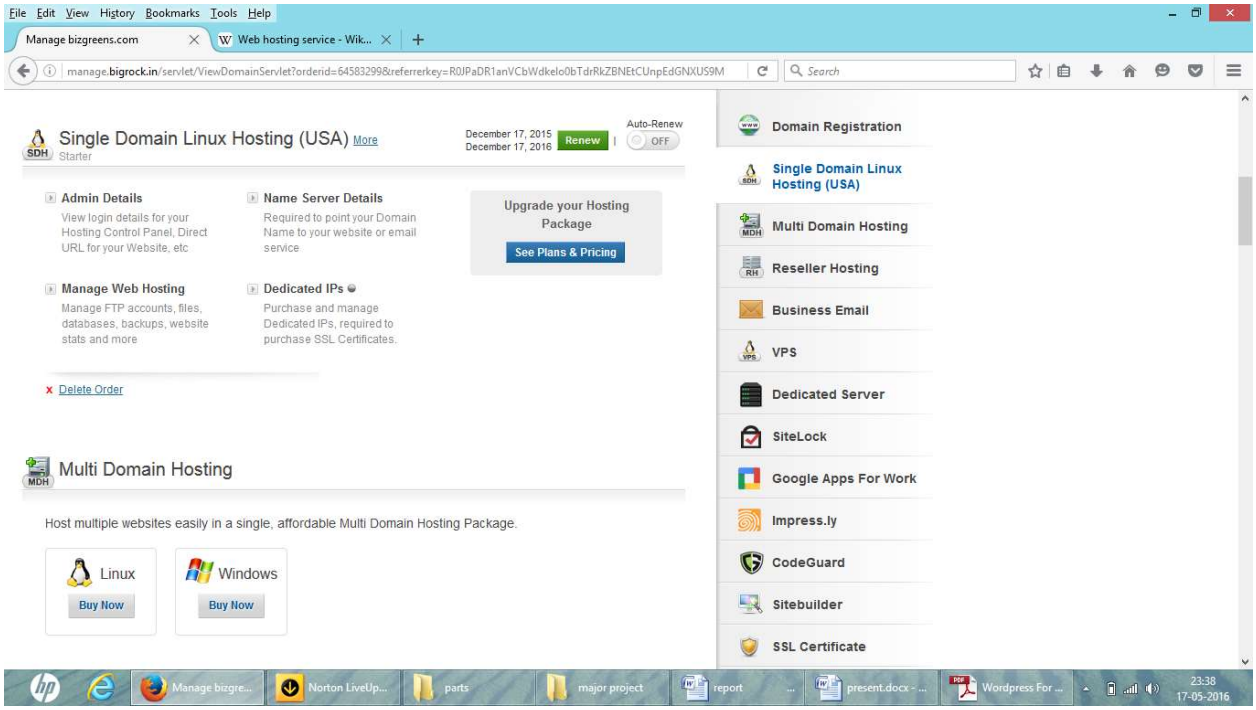


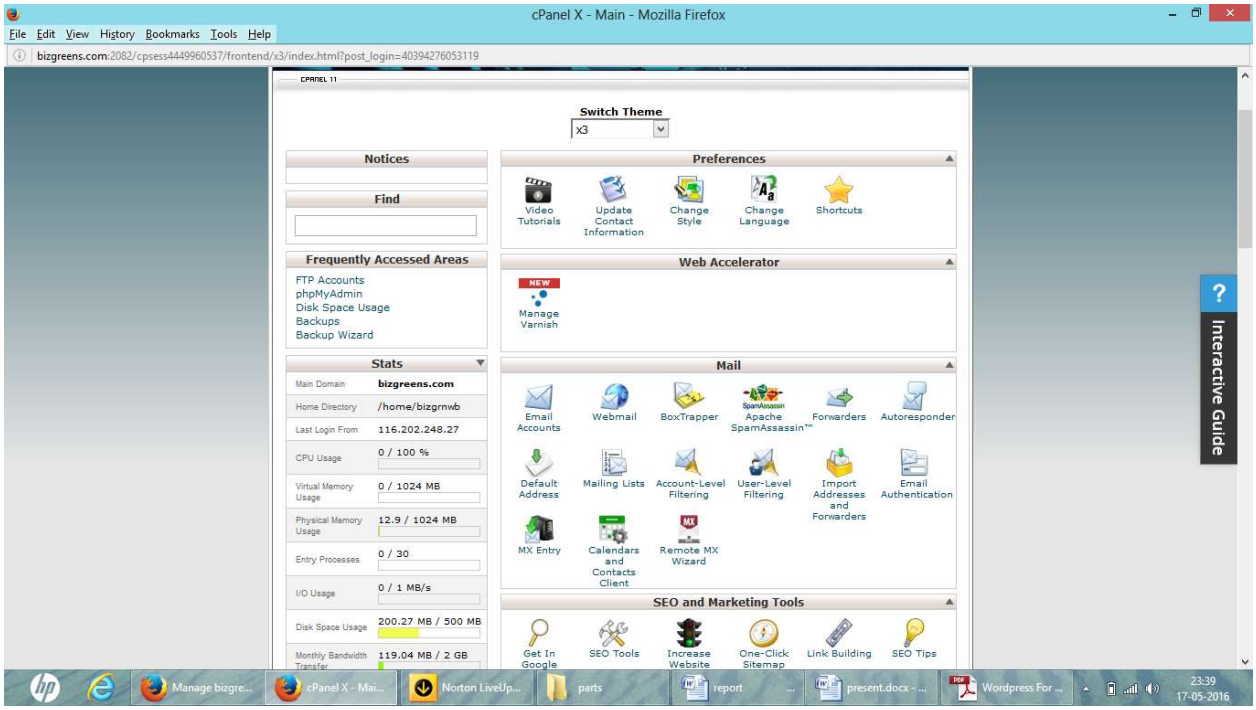
3.2. Web Hosting

A web hosting service is a type of Internet hosting service that allows individuals and organizations to make their website accessible via the World Wide Web. Web hosts are companies that provide space on a server owned or leased for use by clients, as well as

providing Internet connectivity, typically in a data center. Web hosts can also provide data center space and connectivity to the Internet for other servers located in their data center, called colocation, also known as Housing in Latin America or France.

The scope of web hosting services varies greatly. The most basic is web page and small-scale file hosting, where files can be uploaded via File Transfer Protocol (FTP) or a Web interface. The files are usually delivered to the Web "as is" or with minimal processing. Many Internet service providers (ISPs) offer this service free to subscribers. Individuals and organizations may also obtain Web page hosting from alternative service providers. Personal web site hosting is typically free, advertisement-sponsored, or inexpensive.





3.3 Types of hosting

Many large companies that are not Internet service providers need to be permanently connected to the web to send email, files, etc. to other sites. The company may use the computer as a website host to provide details of their goods and services and facilities for online orders.

Free web hosting service is offered by different companies with limited services, sometimes supported by advertisements, and often limited when compared to paid hosting.

Shared web hosting service: one's website is placed on the same server as many other sites, ranging from a few sites to hundreds of websites. Typically, all domains may share a common pool of server resources, such as RAM and the CPU. The features available with this type of service can be quite basic and not flexible in terms of software and updates. Resellers often sell shared web hosting and web companies often have reseller accounts to provide hosting for clients.

Reseller web hosting: allows clients to become web hosts themselves. Resellers could function, for individual domains, under any combination of these listed types of hosting, depending on who they are affiliated with as a reseller. Resellers' accounts may vary tremendously in size: they may have their own virtual dedicated server to a colocated server. Many resellers provide a nearly identical service to their provider's shared hosting plan and provide the technical support themselves.

Virtual Dedicated Server: also known as a Virtual Private Server (VPS), divides server resources into virtual servers, where resources can be allocated in a way that does not directly reflect the underlying hardware. VPS will often be allocated resources based on a one server to many VPSs relationship, however virtualisation may be done for a number of reasons, including the ability to move a VPS container between servers. The users may have root access to their own virtual space. Customers are sometimes responsible for patching and maintaining the server (unmanaged server) or the VPS provider may provide server admin tasks for the customer (managed server).

Dedicated hosting service: the user gets his or her own Web server and gains full control over it (user has root access for Linux/administrator access for Windows); however, the user typically does not own the server. One type of dedicated hosting is self-managed or unmanaged. This is usually the least expensive for dedicated plans. The user has full administrative access to the server, which means the client is responsible for the security and maintenance of his own dedicated server.

Managed hosting service: the user gets his or her own Web server but is not allowed full control over it (user is denied root access for Linux/administrator access for Windows); however, they are allowed to manage their data via FTP or other remote management tools. The user is disallowed full control so that the provider can guarantee quality of service by not allowing the user to modify the server or potentially create configuration problems.

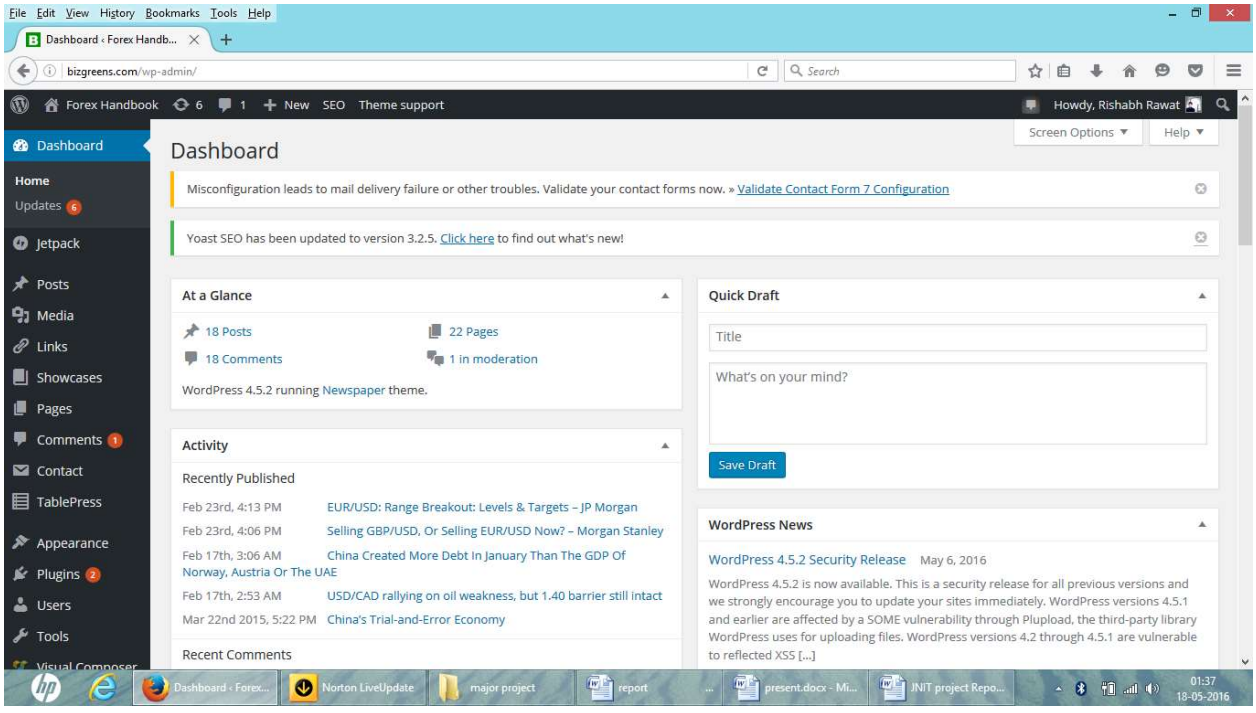
3.4 Installing Wordpress

Single Site vs. Multi-Site

There used to be two different versions of Wordpress that could be downloaded. There was the version of Wordpress that could be downloaded and installed to be used for one domain.Then there was Wordpress MU, which was a multi-user version of Wordpress. In some ways it is a bit of a confusing name, as Wordpress is multi-user by default, and Wordpress MU was really a multi-site version of Wordpress. This meant that whereas with ordinary Wordpress it was one install for one site, Wordpress MU could create and manage multiple Wordpress sites from the one install. If you wanted to have a community of bloggers (maybe for a school classroom) then this was ideal. Everything could be managed from the one dashboard.

Front & Back End

There are two faces to any Wordpress installation. There is the front end, which is what the whole world sees. These are the web pages that your visitor sees when they land on your site. Then there is the back end. This is where you, or someone you give permission to, logs in and controls what happens on the site, what it looks like, adds content, and publishes it.



3.5 User Roles

Subscriber - This is the most basic role that a registered user in Wordpress can have. This doesn't allow the user to do much more than any other visitor to your site would be able to do. The benefit of someone subscribing is that a profile (which they can add to and edit) is created for them when they register, and means that when they add comments to your site they don't have to keep re-entering their details. They can just login and comment whenever they want.

Contributor - A contributor is a role which allows someone to submit content, such as an article, to your website. They have no rights to publish the article, it will be saved as a draft article, or pending review. This level of access allows them to view comments in the administrator panel, add new (draft) posts, which they can edit afterwards, and view the titles of draft posts left by others. This role is useful for encouraging others to contribute content to your site, without the risk of having spammy or low quality content getting published to your site. Before anything is published, you get the chance to review and approve it.

Author - An author in Wordpress can do the same things as a contributor, with the big difference being that not only can they submit articles, but they can also publish them. This role would be assigned to someone that you know and trust, and you are confident they will submit quality articles.

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Editor - An editor can do all of the things an Author can do, but they can also review, edit, and publish other authors and contributors posts. Essentially, they are doing what you would imagine any traditional editor would do. This role gives the Editor control over just about everything that is published on your site.

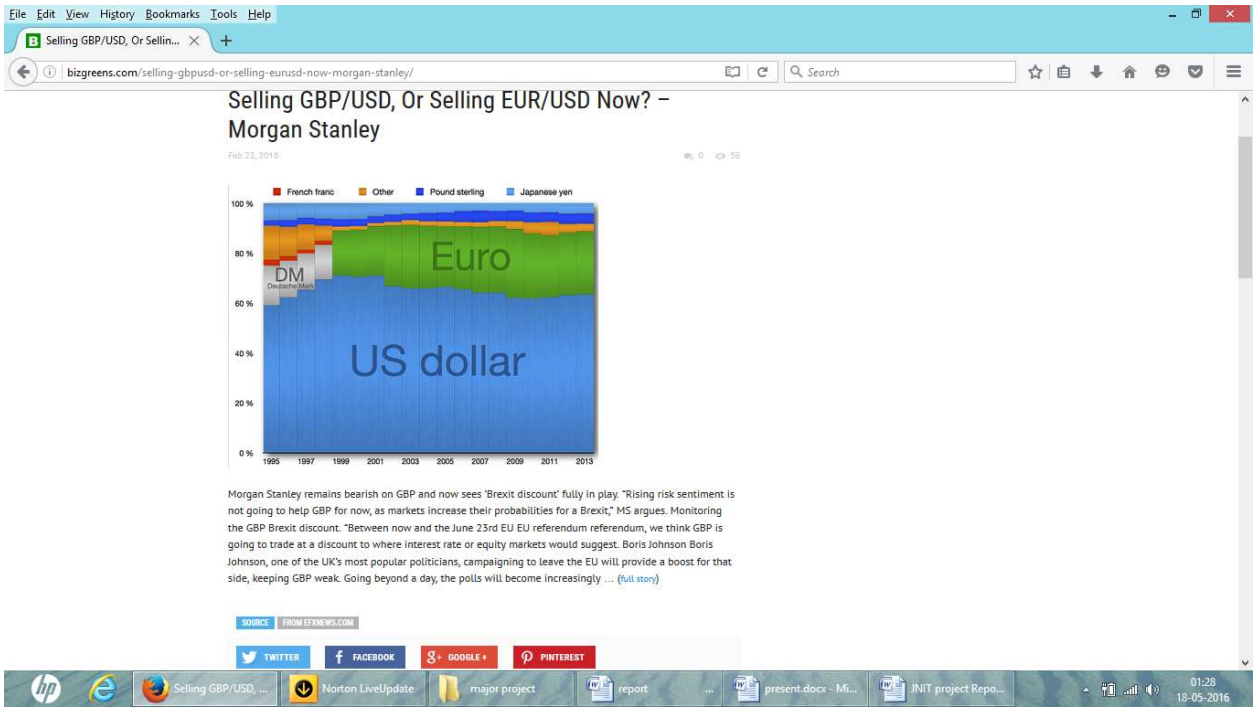
Administrator - The administrator has complete power and control over every aspect of the website. They can, if they wish, delete everything with just a couple of clicks of their mouse. They have the ability to add and configure new or existing plugins, add or change themes, delete users, assign user roles, and do anything they want to the Wordpress site. If you are building your website in Wordpress then this is the role that YOU assume. If you ever need to allow someone administrative access to your site (maybe a technical support person helping you with a plugin you bought), then it is best to create a new admin user id specifically for them, and then delete it as soon as they have finished doing what they need to do.

3.6 Posts

The blog page of your website automatically lists individual stories (posts) added by yourself. These can be of any length – short punchy updates or incredibly long features or stories. It's your choice…

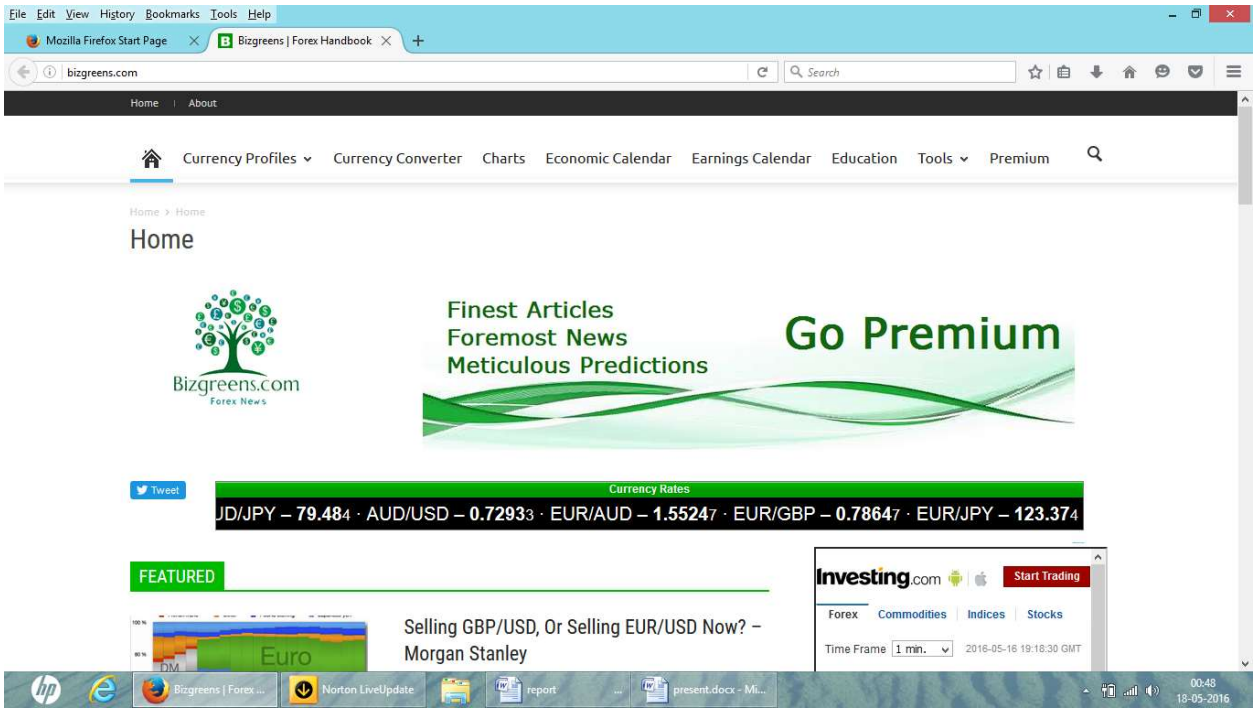
Posts are often dated marked (and sometimes the post author is displayed also). They appear in reverse chronological order; as you publish new posts, older posts get pushed down the page. If you're blogging a lot, it can help users if you categorise your posts. But speak to your designer about this first.

Your design will determine how many posts are listed on your blog page. If you're showing too few or too many posts, there's a simple setting to control this in the admin area. You might need to ask your web designer to change this for you.



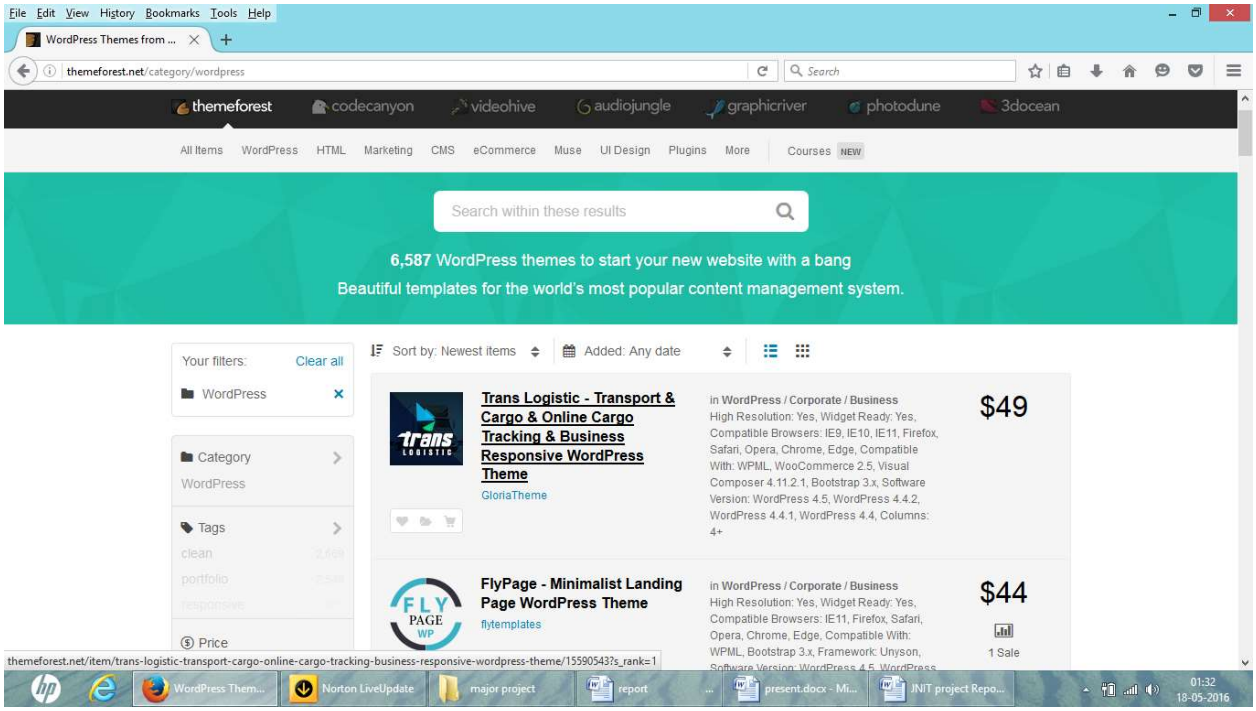
3.7 Pages

Pages are more permanent. Typical examples would be your home page, About us, Contact us, etc. Once you publish them, they stay put. They're handy for timeless content, like an About or Contact Me section. This stuff probably isn't going to change very often, and you want your visitors to be able to access it easily no matter where they are on your site. Your pages are displayed in a menu somewhere on your blog that's always visible (usually up near your header or in a sidebar), so people can explore your site with ease.



3.8 WordPress Themes

Theme Forest is very easy to navigate, and they have a special section dedicated to WordPressthemes. The average theme will cost around $35, and it's very easy to install and customize these themes on your new website.



3.9 Plugins

WordPress plugins are bits of software that can be uploaded to to extend and expand the functionality of your WordPress site.

Note: One of the primary advantages of using the self-hosted version of WordPress from WordPress.org is the ability to upload and use plugins on your WordPress site.

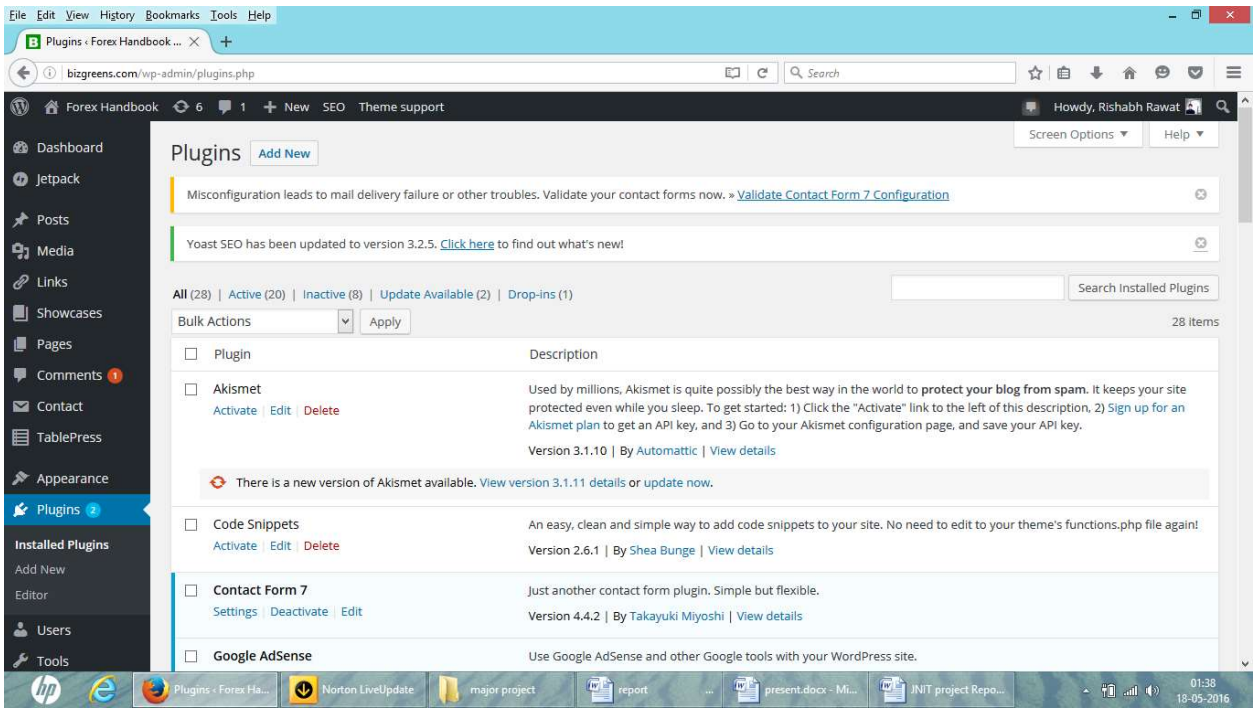
Free vs Premium WordPress Plugins

There are tons, literally tons, of WordPress plugins available for free download from the WordPress.org Plugin Directory. There are also premium or paid WordPress plugins.

While there are thousands of plugins available for free from the plugin directory, paid plugins usually offer a full time support staff and developers that work on maintaining the security and compatibility of plugins with the latest version of WordPress as well as with other themes and plugins.

Most of the time, plugins play nicely with the core of WordPress and with other plugins, but sometimes a plugin's code will get in the way of another plugin, causing compatibility issues. With a paid plugin, it's just nice to know you have support staff that can help you out if anything goes wrong.

WordPress plugin directory to see all of the possible ways plugins can extend or enhance WordPress site.



3.10 History of Financial Markets

Financial markets began to emerge as early as the 12th century in France because people wanted to manage and regulate the debts of agricultural on behalf of banks. The first “brokers” were men who traded with debts for the banks. Some men gathered in a building called “Van der Beurze” in what is now Antwerp, Belgium. This became their primary place for trading and also institutionalizing a formal way of trading. This idea spread around neighboring countries and it opened in different places across Europe. In Venice bankers began to trade government securities, something which was possible because these bankers were in independent city states ruled by influential citizens. Italian companies were the first to issue shares and all other companies in England and Netherlands followed suit. The Dutch East India Company which was founded in 1602 was the first joint-stock company (corporation/partnership of two or more individuals who own shares of that company) to get a fixed capital stock and consequently, continuous trading in company stocks started on the Amsterdam Exchange. This created room for active trading in various derivatives. Since then there are stock markets developed in most developing economies.

3.11 Types of Markets

Since the emergence of the stock market in the 12th century, there have been other markets that have also surged and prospered. Although we are going to base our company on the Foreign Exchange Market, we are going to identify the other major markets besides the foreign exchange market and give a brief description of each.

3.11.1 Stock Market

The original financial market, the stock market is one of the best ways for companies to raise money. When a private owned company needs more capital to expand its operations there are two ways they can get the money, borrowing money or going public. Publicly traded companies raise additional capital by selling shares of ownership in the public market. The liquidity that this market offers the ability to investors to easily buy or sell securities or stocks. Something attractive for investing in stocks, which offers a lot more liquidity than other less liquid markets such as real estate.

3.11.2 Bond Market

The best way to describe this market is that it is a market “where individuals can issue new debt (primary market), buy or sell debt securities (secondary market)”[wikipedia]. This is generally done in the form of bonds. Bonds are debt securities, in which the issuer owes the owners a debt and pays interest to use and/or to repay the principal of the debt at a later date. The primary purpose of the bond market is to provide a mechanism for long term funding of public and private expenditures. This market has been known for being on e of the less riskier

investments. It is highly sensitive to interest rates, and thus it is often used for changes in the interest rates.

3.11.3 Derivatives Market

The derivatives market is basically divided in three different sub-markets, which are: Future Contracts, Forward Contracts, Option Contracts

- Future Contracts
- Forward Contracts
- Option Contracts

3.12 Emergence of the Foreign Exchange Market

Money exchange has been around in different forms for thousands of years. Evidently, its practice has been evolving throughout time. The first currency traders were the moneychangers from the Middle East introducing the coin exchange between cultures. A different form of currency was first utilized by the Babylonians who utilized paper bills and receipts. However, this idea was later implemented during the middle ages in order to ease the foreign money exchange trading for merchants.

Long before the foreign exchange market was created in 1973 as it is known today, it went through several alterations during its early stages. At the end of WWI it stopped being a quite stable market. The volatility as well as the speculative activity increased which was not as promising for many institutions at the time. Moreover, the elimination of the gold standard in 1913 along with the Great Depression caused the market to lose activity. Changes made to the market from 1931 to 1973 extremely affected the global economies and speculative activity was nearly null.

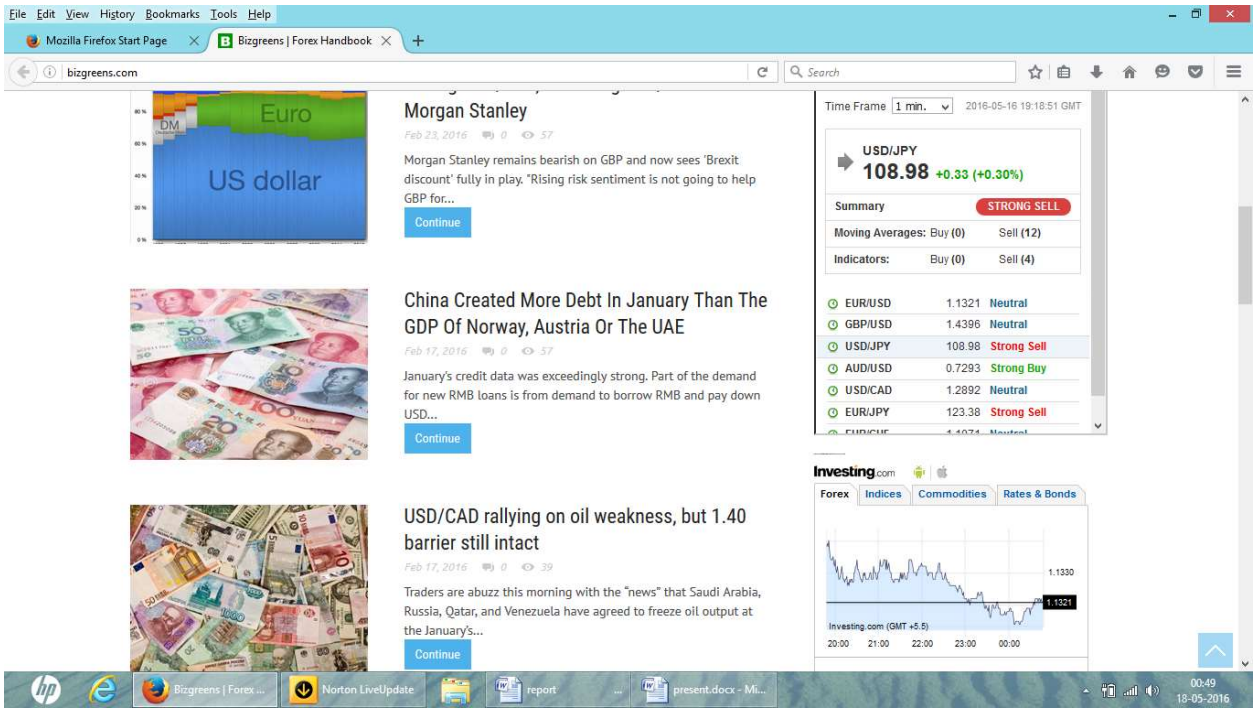
The WWII had an enormous effect in the development of the forex market and some currencies. After the stock market crash of 1929 the US dollar was but an unsuccessful currency until the WWII turned it around making it the most popular benchmarking currency. While on the contrary, the Great British Pound was tremendously affected by the Nazis losing its popularity as a major currency. It was not until the end WWII that in efforts to support the global economies Great Britain, France and the United States joined forces.

United States currency given its strength at the time, and fluctuation of one percent on both sides of the set standard was allowed for these currencies. In case a currency's exchange rate would reach the limit on either side of the standard, the banks were responsible for bringing the rate back into the range. The agreement failed eventually, but brought back stability for Europe and Japan's economy.

3.13 What is Forex?

This is the acronym used for Foreign Exchange Market. This is the largest financial market in the world with an estimated $1.5- $4 trillion in currencies traded daily. To grasp the vast size of the volume in this market, it would take the (NYSE) New York Stock Exchange at least three months to reach the amount traded in one day on the Forex market. One of the reasons for this vast volume is that unlike other financial markets, forex is not tied to an actual stock exchange, it is an over the counter (OTC) market.In today's interdependent global economy, countries are not producing all of the goods they need themselves. They have learned that there are other more convenient ways of getting what they want from another nation in exchange for something else. .

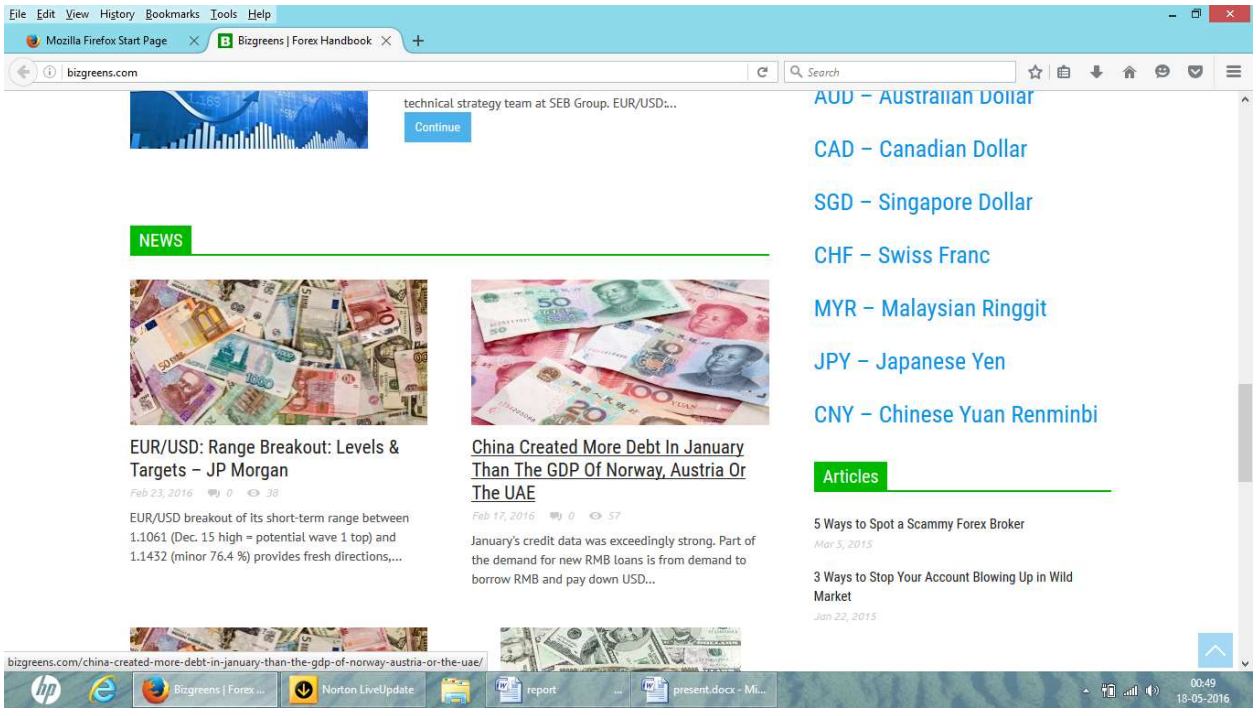
In forex, traders make entries by speculating or predicting the value of a certain currency in comparison to another. You would buy the currency which seems to gain value and sell the other. People "predict" the value of a currency because in essence, that value represents the condition of that country's economy with respect to other economies. Thus, if there are good economic news, or it is predicted that good news will come out and the price does not necessarily represent this information correctly, traders will look to buy that currency to make profit and vice versa when selling.



3.14 Forex Trading

Although currency trading is very much like stock market, and other markets it has some differences from them, some of the differences are going to be explained briefly. Banks and other financial institutions are known as the "market makers" because they are the ones that pour billions of dollars in the market and move it up or down. The benefit of the foreign exchange market is that is not tied to one country's economy, but it is a global market and that is why it is very difficult for these "market makers" to manipulate the price in their favor, this is one of the biggest markets in the world, having a volume of up to 4 trillion dollars a day, which offers a lot of liquidity. There are very few institutions with the buying (or selling) power to affect the market. However, there are some "big players" that are in the market, not necessarily to make money but to intervene if they feel the value of their currency is affecting the local economy. An example of this is the multiple Japanese interventions last year when the yen was getting "too expensive" for their liking. Another intervention was the Swiss Bank's when they decided to peg their currency to the euro in an effort to control their currency.

A very important factor that differs the foreign exchange market from other markets is the risk. This is in most people's opinion the riskiest trading one can do because of several reasons. One of them is that the leverage is greater here. While in the stock market you may get a 20:1 leverage, foreign exchange leverage may go up to 500:1 in some countries. This means bigger gains, however, if you do not know what you are doing more likely than not your account will be wiped out in a single trade.



3.15 Terminologies

- **Base/Quote Currency**
  This is the first currency written in a pair. For example, if the currency pair is EUR/USD, the Euro would be the base currency and the US dollar would be the quote currency. You would
- **Pip**
  A pip or basis point is the smallest measure of change in a currency. For example, in the US based pairs it represents one hundredth (1/100) of a cent.
- **Spread**
  The spread is the difference between the bid and ask. When you bid, you are buying and when you ask you are selling. The bid price is always greater than the ask price.
- **Hedging**
  Ability to hold both long and short positions at the same time
- **Lot**
  Standard unit of a transaction. Usually, this is equal to 100,000 units of the base currency. There is also a mini-lot = 10,000 units and a micro-lot = 1,000 units.
- **Rollover/Swap**
  If you keep a position open for more than one trading day, you would have to pay/receive interest, depending on the currency pair you are trading. The rollover price represents the interest rate difference for the two currencies involved.
- **Leverage**
  The used of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.
- **Long**
  The buying of a security such as stock, commodity or currency, with the expectation that the asset will rise in value.
- **Short**
  The sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value.
- **Margin Call**
  A broker's demand on an investor using margin to deposit additional money or securities so that the margin account is brought up to the minimum maintenance margin. Margin calls occur when your account value depresses to a value calculated by the broker's particular formula. It is sometimes called "fed call" or "maintenance call."

3.16 Technical Analysis

Technical analysis is the method used to study graphs to determine price movement. The theory behind this is that a trader can look at historical price movements to determine future prices since the market tends to repeat itself. Basically what this means is that if a price level held as a key support or resistance in the past, the market (traders) will remember this level and base their trades accordingly. This way you can find probable directions of price by looking in the past for similar patterns.

A very popular way to find trends is by localizing the peaks and troughs in the charts. A peak is the exchange rate's highest value in a specified period of time and a trough is the lowest value taken by the price on the same period of time. Downtrends and uptrends are established by a several number of troughs and peaks in the chart. Figure 1 below provides an example of the trendline from several troughs. Having a trendline facilitates a trader's decision on whether to go long or short on a price. While an uptrend signals to buy, a downtrend means to sell.

3.17 Fundamental Analysis

Fundamental analysis is the study that focuses on the economic, social, and political issues that affect the currency of a country. The more difficult part is analyzing what factors affect supply and demand. These factors determine whether the economy of a particular country is either strong or weak, thus showing this in its currency. In a nutshell, a good economy produces a higher currency value and a bad economy However, there are some exceptions, countries that rely heavily on exports might intervene in the foreign exchange market to manipulate their currency, because even though they may have a strong economy they may not want their money too expensive because it will drive their exports down.

During the implementation of the project we were required to use fundamental analysis. In order to make profitable entries while trading, we needed good understanding on the current economic, social and politic issues around the world. As previously mentioned, from the beginning of the project we studied the daily Gartman Letter. A sample of this letter is included in Appendix B. In addition we were able to look if the news could possibly affect our trading by going online to forexfactory.com. As an instance, this website provides the current news related to unemployment, statements recently crated or big events going on and signals the viewer the level of impact it would have in the forex market. Another useful website used for a fundamental analysis was babypips.com. This website provides the most current news that facilities the trader's decisions while taking positions.

3.18 Automated Trading

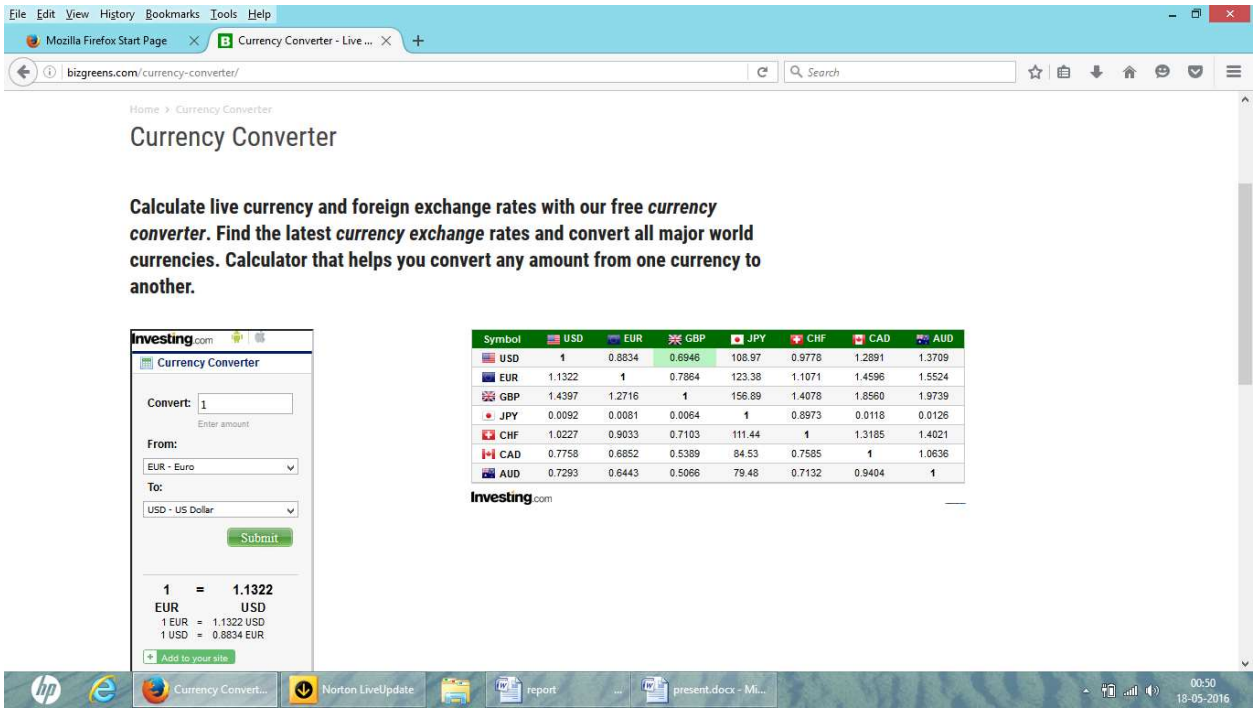
Throughout this project we were able to learn the concepts and reasons for automated trading. When we started we had very little knowledge about programming. However, through this project we not only learned a lot about programming, but we also programmed our own programs for the MT4 platform. Amongst one of the things we learned is that computers and technology have come a long way from the first days of trading, when humans did not have such a luxury and technology. Now if the power were to go out in the entire world, preventing computers to perform their daily tasks, not only will most people not be prepared for such event, but it would make the markets crash, as technologies and computer are the main drivers of today's economy.

3.19 Custom Indicators

Is an application similar to the technical indicator already embedded to the client terminal that will help you analyze the market. So if you have an idea of an indicator that would help you analyze the market better, you can write one. However, indicators do not trade automatically, but are for implementing of analytical functions.

3.20 Scripts

Scripts simplify thing that may not be present. For example, with a script you may be able to set up a way to close all positions with one single click, if that is not already an option.



3.21 FOREX news handbook - Bizgreens.com

3.21.1 Corporate Structure

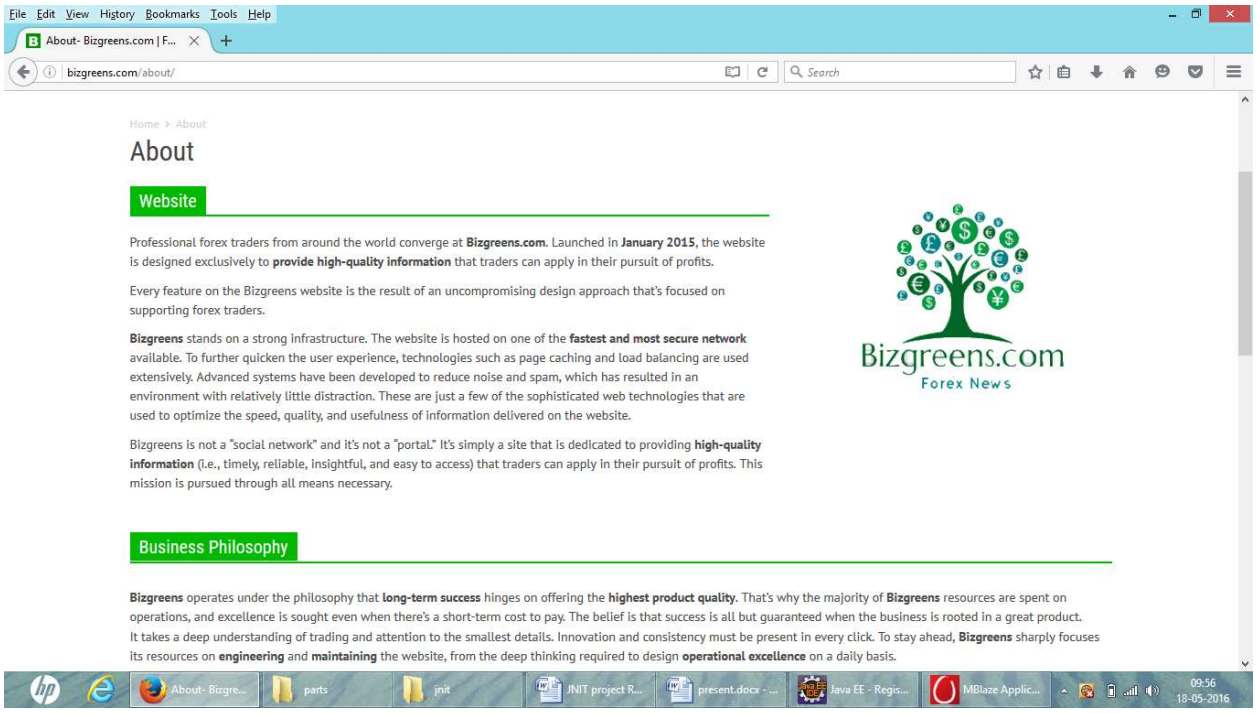
Sole Proprietorship

Pros:

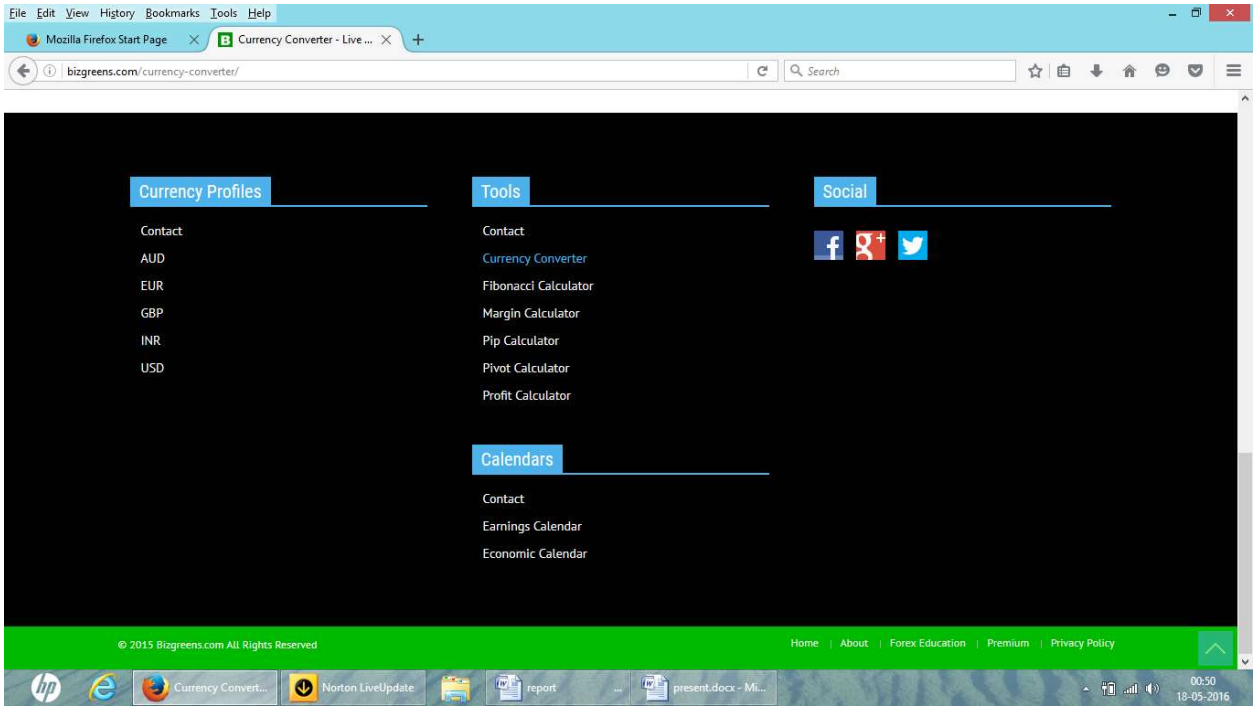
- Easy to start and manage
- Inexpensive
- No separate tax returns, business gains and losses are reported in your personal income tax returns
- Flexible to manage, it gives you complete control
- Business expenses and loses are tax deductible

Cons:

- Unlimited personal liability for business debts and lawsuits
- Illness can endanger your business
- Difficult to find investors
- May be at a disadvantage attracting employers who are looking for ownership in the business



3.22 Screenshots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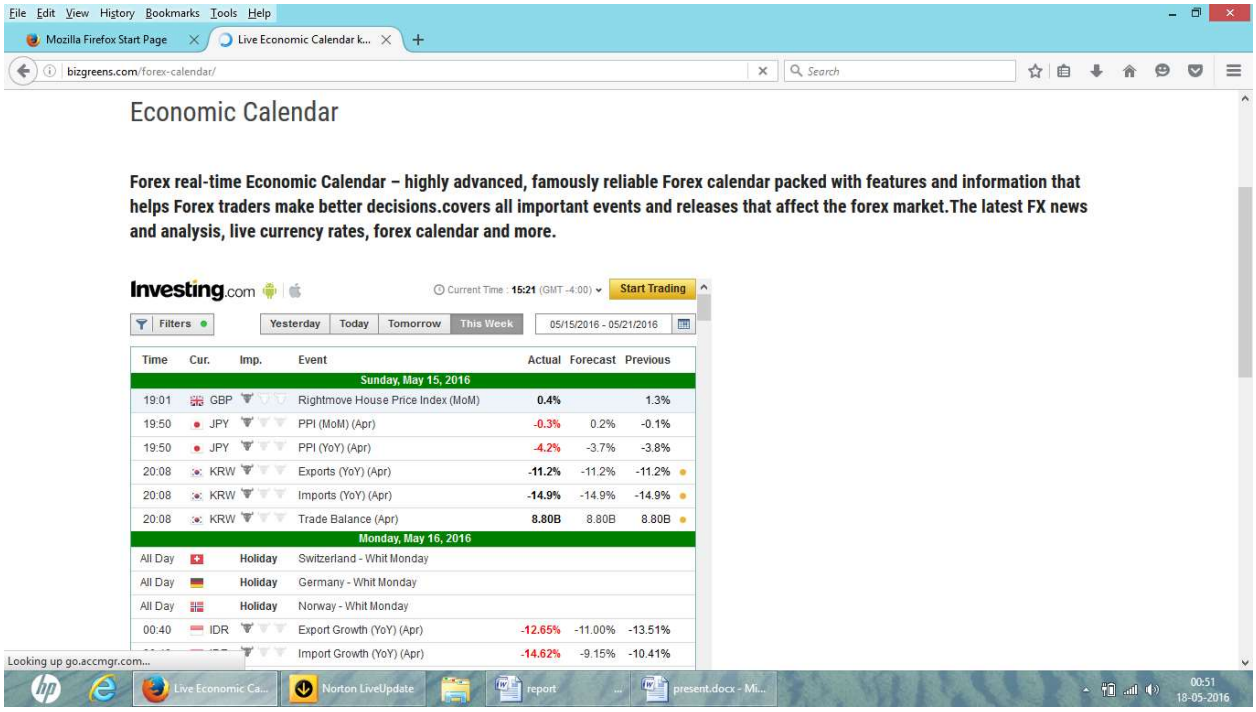
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Investing.com
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Tomorrow
This Week
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Time Cur. Imp. Event Actual Forecast Previous
Sunday, May 15, 2016
19:01 GBP Rightmove House Price Index (MoM) 0.4% 1.3%
19:50 JPY PPI (MoM) (Apr) -0.3% 0.2% -0.1%
19:50 JPY PPI (YoY) (Apr) -4.2% -3.7% -3.8%
20:08 KRW Exports (YoY) (Apr) -11.2% -11.2% -11.2%
20:08 KRW Imports (YoY) (Apr) -14.9% -14.9% -14.9%
20:08 KRW Trade Balance (Apr) 8.80B 8.80B 8.80B
Monday, May 16, 2016
All Day Holiday Switzerland - Whit Monday
All Day Holiday Germany - Whit Monday
All Day Holiday Norway - Whit Monday
00:40 IDR Export Growth (YoY) (Apr) -12.65% -11.00% -13.51%
Import Growth (YoY) (Apr) -14.62% -9.15% -10.41%
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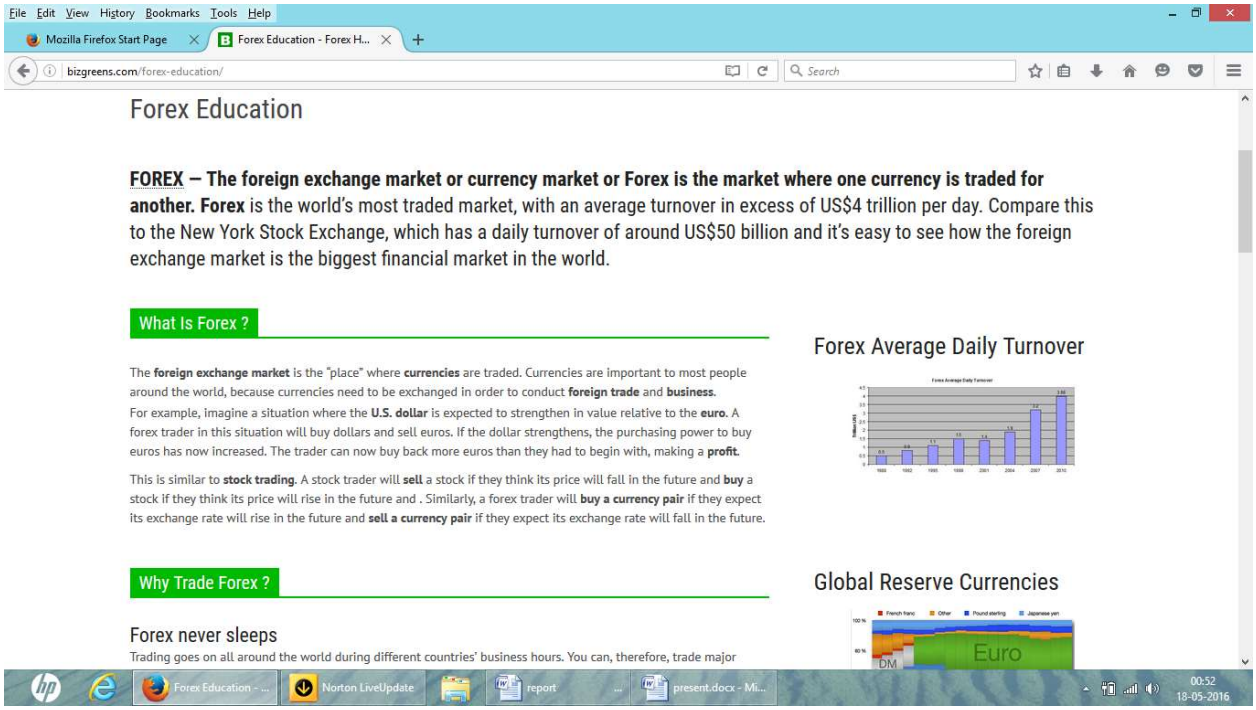
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Forex Education
FOREX – The foreign exchange market or currency market or Forex is the market where one currency is traded for another. Forex is the world's most traded market, with an average turnover in excess of US$4 trillion per day. Compare this to the New York Stock Exchange, which has a daily turnover of around US$50 billion and it's easy to see how the foreign exchange market is the biggest financial market in the world.
What Is Forex ?
The foreign exchange market is the "place" where currencies are traded. Currencies are important to most people around the world, because currencies need to be exchanged in order to conduct foreign trade and business.
For example, imagine a situation where the U.S. dollar is expected to strengthen in value relative to the euro. A forex trader in this situation will buy dollars and sell euros. If the dollar strengthens, the purchasing power to buy euros has now increased. The trader can now buy back more euros than they had to begin with, making a profit.
This is similar to stock trading. A stock trader will sell a stock if they think its price will fall in the future and buy a stock if they think its price will rise in the future and . Similarly, a forex trader will buy a currency pair if they expect its exchange rate will rise in the future and sell a currency pair if they expect its exchange rate will fall in the future.
Forex Average Daily Turnover
Why Trade Forex ?
Forex never sleeps
Trading goes on all around the world during different countries' business hours. You can, therefore, trade major
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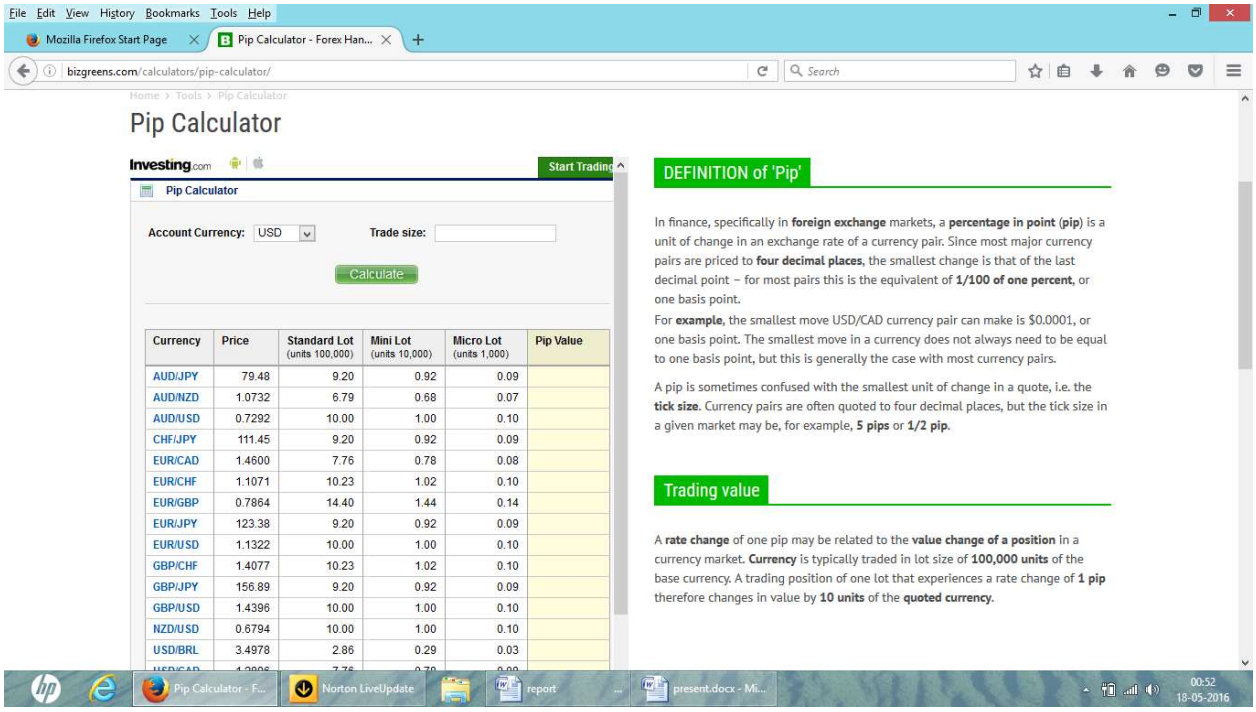
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Account Currency: USD
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Calculate
Currency | Price | Standard Lot (units 100,000) | Mini Lot (units 10,000) | Micro Lot (units 1,000) | Pip Value
AUD/JPY 79.48 9.20 0.92 0.09
AUD/NZD 1.0732 6.79 0.68 0.07
AUD/USD 0.7292 10.00 1.00 0.10
CHF/JPY 111.45 9.20 0.92 0.09
EUR/CAD 1.4600 7.76 0.78 0.08
EUR/CHF 1.1071 10.23 1.02 0.10
EUR/GBP 0.7864 14.40 1.44 0.14
EUR/JPY 123.38 9.20 0.92 0.09
EUR/USD 1.1322 10.00 1.00 0.10
GBP/CHF 1.4077 10.23 1.02 0.10
GBP/JPY 156.89 9.20 0.92 0.09
GBP/USD 1.4396 10.00 1.00 0.10
NZD/USD 0.6794 10.00 1.00 0.10
USD/BRL 3.4978 2.86 0.29 0.03
DEFINITION of 'Pip'
In finance, specifically in foreign exchange markets, a percentage in point (pip) is a unit of change in an exchange rate of a currency pair. Since most major currency pairs are priced to four decimal places, the smallest change is that of the last decimal point – for most pairs this is the equivalent of 1/100 of one percent, or one basis point.
For example, the smallest move USD/CAD currency pair can make is $0.0001, or one basis point. The smallest move in a currency does not always need to be equal to one basis point, but this is generally the case with most currency pairs.
A pip is sometimes confused with the smallest unit of change in a quote, i.e. the tick size. Currency pairs are often quoted to four decimal places, but the tick size in a given market may be, for example, 5 pips or 1/2 pip.
Trading value
A rate change of one pip may be related to the value change of a position in a currency market. Currency is typically traded in lot size of 100,000 units of the base currency. A trading position of one lot that experiences a rate change of 1 pip therefore changes in value by 10 units of the quoted currency.
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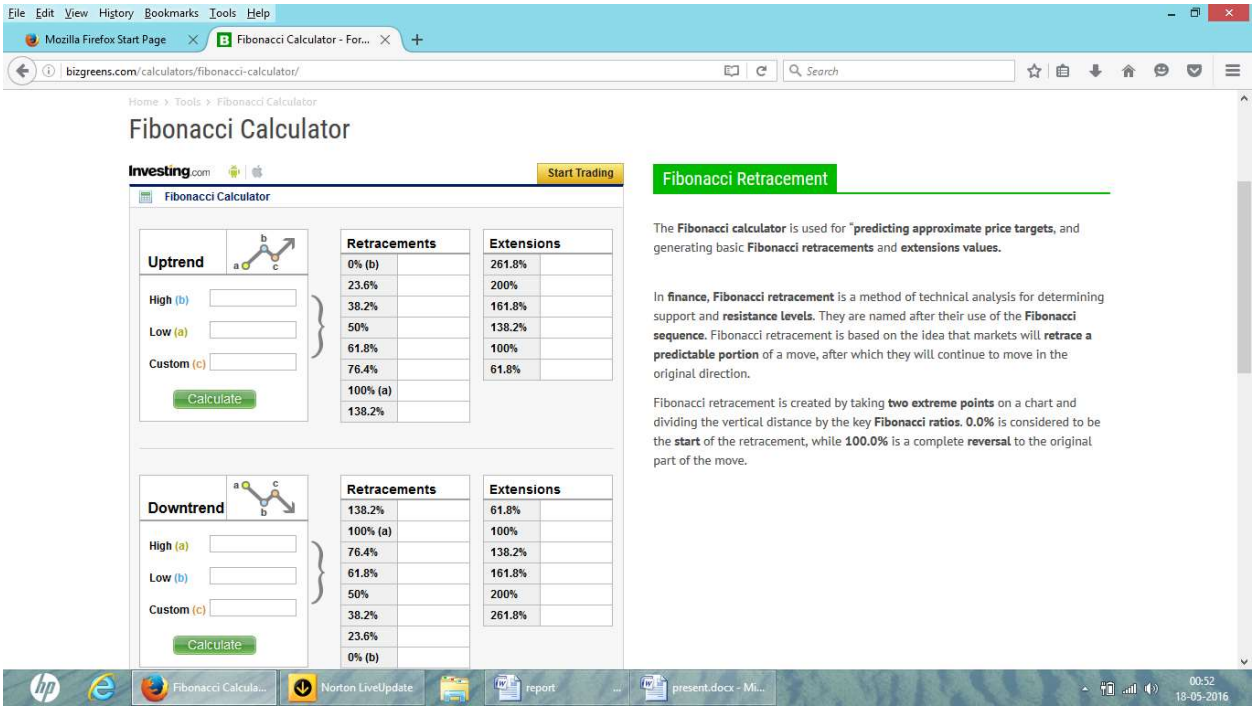
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Custom (c)
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76.4%
100% (a)
138.2%
Extensions
261.8%
200%
161.8%
138.2%
100%
61.8%
Downtrend
High (a)
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Fibonacci Retracement
The Fibonacci calculator is used for "predicting approximate price targets, and generating basic Fibonacci retracements and extensions values.
In finance, Fibonacci retracement is a method of technical analysis for determining support and resistance levels. They are named after their use of the Fibonacci sequence. Fibonacci retracement is based on the idea that markets will retrace a predictable portion of a move, after which they will continue to move in the original direction.
Fibonacci retracement is created by taking two extreme points on a chart and dividing the vertical distance by the key Fibonacci ratios. 0.0% is considered to be the start of the retracement, while 100.0% is a complete reversal to the original part of the move.
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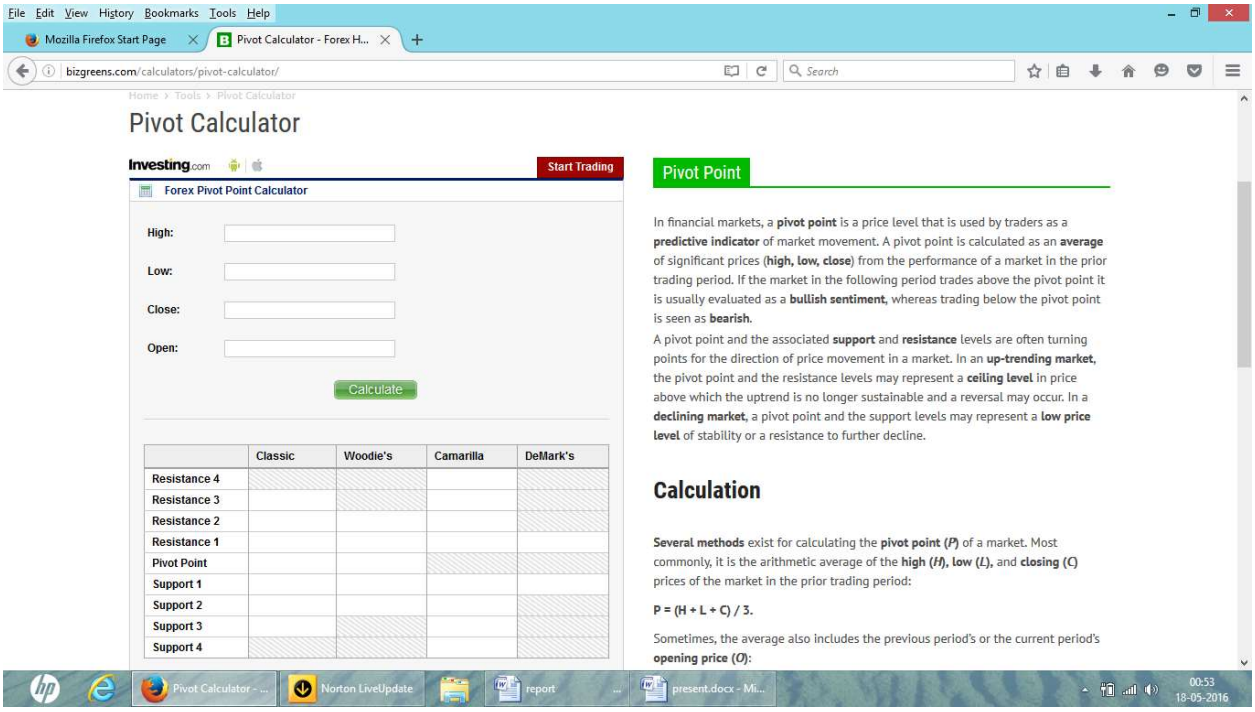
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Camarilla
DeMark's
Resistance 4
Resistance 3
Resistance 2
Resistance 1
Pivot Point
Support 1
Support 2
Support 3
Support 4
Pivot Point
In financial markets, a pivot point is a price level that is used by traders as a predictive indicator of market movement. A pivot point is calculated as an average of significant prices (high, low, close) from the performance of a market in the prior trading period. If the market in the following period trades above the pivot point it is usually evaluated as a bullish sentiment, whereas trading below the pivot point is seen as bearish.
A pivot point and the associated support and resistance levels are often turning points for the direction of price movement in a market. In an up-trending market, the pivot point and the resistance levels may represent a ceiling level in price above which the uptrend is no longer sustainable and a reversal may occur. In a declining market, a pivot point and the support levels may represent a low price level of stability or a resistance to further decline.
Calculation
Several methods exist for calculating the pivot point (P) of a market. Most commonly, it is the arithmetic average of the high (H), low (L), and closing (C) prices of the market in the prior trading period:
P = (H + L + C) / 3.
Sometimes, the average also includes the previous period's or the current period's opening price (O):
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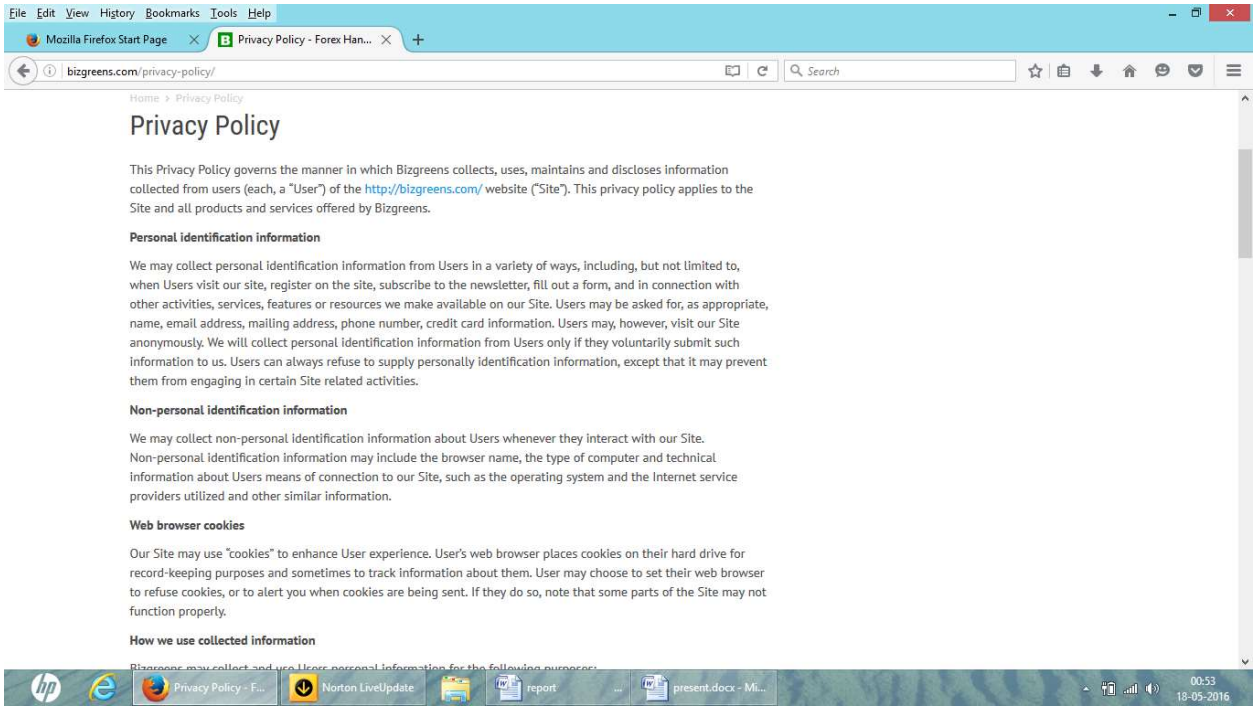

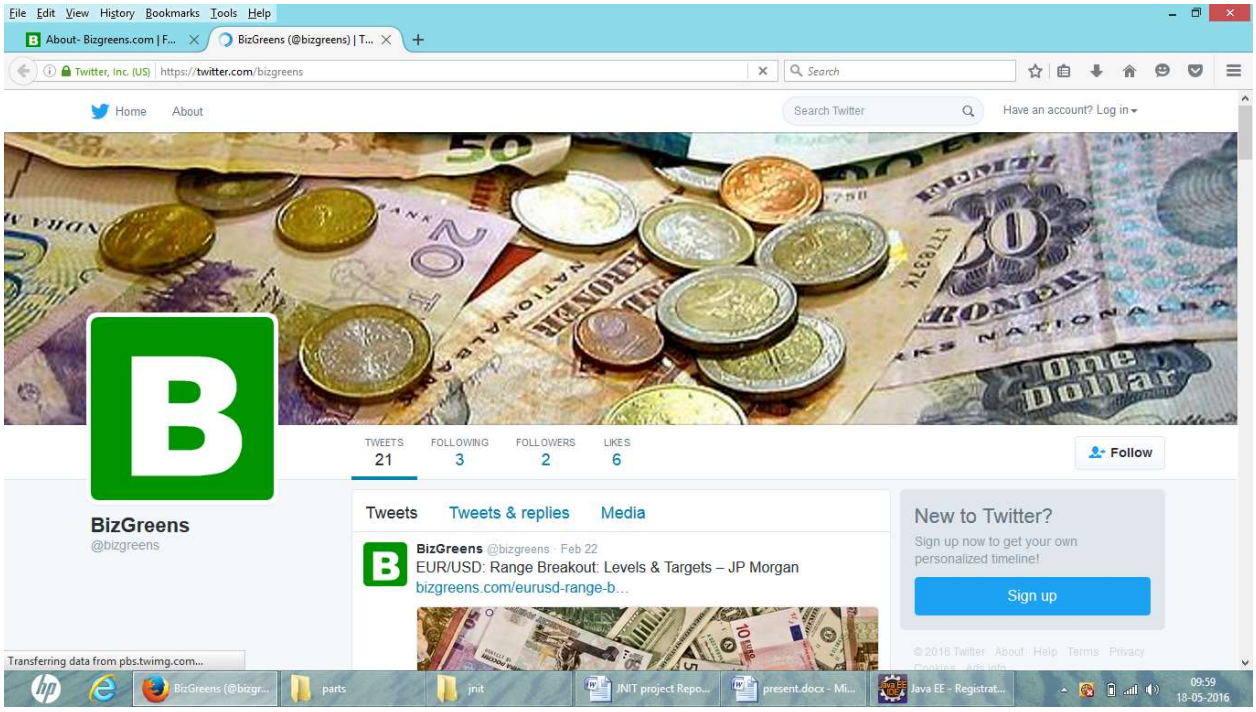

Chapter 4 Results and Conclusions

4.1 Introduction to Results

Throughout this project, the more we learned about the financial markets, the more surprised we got at all the factors that come to affect it. We were more surprised however, at how irrational it behaves sometimes. Because of this we learned that one has to be very careful and have certain parameters or rules for each transaction to protect, one's assets from this irrational behavior because "the market can stay irrational for far longer than you or I can stay solvent" as Mr. Gartman put it in one of his letters. Other things we have learned in this project is that there is no one correct way to trade there is only "your way" if a person can stick to his/her system where the probabilities work in your favor, over time this will make you profitable. However, it takes months and years to finally realize and understand this concept, as easy as it sounds it is the hardest thing to learn because in the first months of trading when we think we have "learned the system" there are new ways in which we can sabotage ourselves. It is not after numerous failures that we understand that consistency is what really matters. That is why so many people fail at doing this, it is a big emotional rollercoaster that not all people can deal with.

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4.2 Conclusion & Recommendations

At the beginning of our trading experience the research of all the common terms in the forex world was crucial. Additionally it was very important to learn that trading is not gambling, thus it is essential to base every one of our entries with some sort of analysis. As previously described there are many tools that can minimize our exposure to risk and loss and consequently have bigger gains.

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Appendices

Appendix A. Macroeconomic Issues that Influenced the FOREX Market

EUROPEAN DEBT CRISIS

Starting around mid- September news came out that the banks of US, England, Switzerland, Japan and Europe were going to establish a huge repo line. This was to create some much needed sentiment of relief around the world to alleviate some of the concerns people had about the global economy and the growing possibility that we might be headed for yet another recession.

CHINA AS A RESERVE CURRENCY

Now, with all the commotion going on around the world and talking about safe or stable economies, China is way up there. The Chinese government knows this and that is why it is trying to internationalize the Renmibi. It makes sense since the Chinese have own most US debt and all they do is save their money and their economy is growing significantly. They want the spotlight and maybe even replace the US dollar as a reserve currency. Having this in mind, there was news that Nigeria shifted some of its reserve to the Chinese Renmibi. This shows China's commitment and growing influence in the international market and to move away from the US dollar. Although it is only a third world country, this is something the US should not ignore, it is a bold initiative (who knows what services the Chinese offered to provide though).

HIGHER TAXES?

Moving on to a different topic, on one of his letters Mr. Gartman mentioned how Warren Buffett wanted the taxes to be raised for the people in the highest percentile tax bracket. He made noticeable points that, those measures would not affect Mr. Buffet much since his taxable income is less than one percent of his net worth. The only thing that this did was to give support to Obama and his leftist supporters for doing something probably very counterproductive for the economy. There have been various cases that support the idea that over-taxing the rich is in fact a bad idea, they either take their wealth somewhere else or it just disappears.

GOLD

The gold has finally broken upward the downtrend line in yen terms, but in euro and dollar terms it has not been able to break that resistance. However, this can be a good indicator to predict that eventually gold in euro and dollar terms will follow anytime and I will be monitoring it constantly. Something I have noticed is that the gold in US dollar terms is usually more bearish than in euro and yen terms, respectively.

THE NEXT BUBBLE

Apparently, there is speculation on what is going to be the next bubble. The last one was the real estate market, which has since dipped 70% from its highs in late 2006. Now speculators are putting their eye in the agriculture industry as the rapid advance of the farmland prices over the past couple of years. I wonder how much power speculators have over this. It is nice to know that with the little knowledge that I have, that this "bubble" indeed is very possible knowing that such a steep incline would eventually produce a retracement or "price correction". I think this is just another proof of how the markets are just human psychology and how everything and anything that is moving away from a steady pace, eventually returns to a balance.

GLOBALIZATION

Globalization seems to be the norm in this modernized world. It has made the world smaller and created several trading partners around the world. The U.S. being the biggest economy today, being the consumerist society that it is one would think that most of its products are imported, especially with the wide known fact of cheap Chinese labor.

PRICE OF COMMODITIES, OIL AND METALS

Since we started reading the Gartman Letter, Mr. Gartman makes sections for the prices of commodities, metals and oil. And it has come to my attention that all of these depend on the strength of the US dollar, they are inversely related. There are other factors of course such as the supply and demand of these commodities, in the case of oil and agriculture the weather also has a lot to do and last but not least is the political stability of the countries that produce the crude (OPEC). Oil prices are under heavy pressure, more accurately the Brent/WTI spread, under news that the likelihood of rebel taking over Libya is greater. High ranking senator such as John McCain are going to Libya to speak with representatives of the resistance movement... we'll just have to wait to see what happens with this news when they meet in Martyrs Square in Tripoli to hold a news conference. On other oil news, it seems yet another great deal of oil has been found on the mid-eastern US, I hope that is good news for us that have to pay at the pump...With this in mind, Mr. Gartman did not mention much about the death of Gaddafi in Libya. One thing is almost certain though, with his death the path for oil exports from Libya clears up, which will produce more supply and possibly driving the price down.

Chapter 4 Results and Conclusions

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Although these were unexpected assignments, it was interesting and useful to learn about them, especially the automated trading portion. We found that automated trading was very useful to take out the emotional part of trading. The assignment on the investment company was useful, it taught us how this business works and the risks involved in it.

Our main challenge in the automated trading news was that none of us really had enough experience with computer language to be able to write the programs we wanted to write and thus we had to resort to classmates in other groups to help us with this part. For the assignment on researching about types of companies available, while we found this information useful, we felt that too much time was spent on it.