

Basics: how a trade and an account work

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1.1 What happens when you press Buy

This lesson follows one order from the moment it leaves the platform to the moment the position is closed, and shows where each cost attaches. The word order is read on the platform as an instruction, not as a result: it is a request to buy or sell at whatever price the market gives next. With AUD/USD near 0.6640, one pip on one standard lot is 10 units of the quote currency, which is about A\$15.06 at that rate, so the numbers below are small but real.

Order	Buy 1 standard lot AUD/USD
Fill	0.6640
Open position	100,000 AUD bought
Pip value while open	A\$15.06

1.2 Pairs and quotes: what 1.0850 means

This lesson explains what a currency pair quote means and how to read the number on a trading platform. A quote such as AUD/USD 0.6640 is the price of one Australian dollar expressed in United States dollars. The last decimal place is called a pip, and on a standard lot it has a money value in A\$ that depends on the current rate.

Bid price	0.6640
Ask price	0.6642
Spread	0.0002
Value of one pip on one standard lot	A\$10.00

1.3 What a pip is worth in money

A pip is the smallest standard step in a price quote. On AUD/USD, one pip is a move of 0.0001, so a quote of 0.6640 becomes 0.6641 after one pip. The money value of that pip is not fixed: it depends on the lot size and on the pair being traded, so the same twenty-pip move pays a different amount on different trades.

Lot size	0.10 lots
Units of base currency	10,000 AUD
Pip size on AUD/USD	0.0001
Value of one pip in USD	US\$1.00

1.4 Lots: standard, mini and micro

A lot is the word for how much of an instrument one trade controls. On the platform it appears as a number you choose before you click buy or sell: 1.00, 0.10 or 0.01. Those three sizes are called standard, mini and micro, and the size you pick sets both the value of one pip and the amount of money that moves when the price moves against you. On an account holding A\$500, the same 20 pip move costs A\$2 on a micro lot and A\$200 on a standard lot.

Standard lot	1.00 lot, 100,000 units of AUD/USD
Pip value at 1.00 lot	A\$10 per pip
Mini lot	0.10 lot, 10,000 units
Pip value at 0.10 lot	A\$1 per pip

1.5 The three costs: spread, commission, swap

Every trade has three costs: the spread, commission, and swap. The spread is paid the moment a position opens, commission is charged on some account types, and swap is charged for every night a position stays open. All three can be worked out before the trade is placed, so none of them should come as a surprise.

Spread in pips	1.2 pips
Value of one pip on one standard lot	USD 10
Spread cost in USD	USD 12
Commission in USD	USD 7

1.6 Overnight swap and swap-free accounts

Swap is the word a platform uses for the daily charge, or the daily credit, that comes from holding a leveraged position past the daily cut-off. On a standard lot of AUD/USD at about 0.6640, one pip is worth A\$10, so a swap of a few pips a night is a real amount of money in the account. A swap-free account removes that charge and usually replaces it with a different one, which this lesson puts next to it in figures.

Position	1 standard lot of AUD/USD
Price used	0.6640
One pip	A\$10
Swap on a standard account	A\$4.00 a night

1.7 Leverage and margin: how much of the trade is yours

Leverage is a ratio. It tells you how large a position your deposit can hold. Margin is the part of your own money that is locked while that position stays open. The two words describe the same arrangement from different sides: leverage sets the size, margin is the deposit behind it. This lesson works out both numbers on AUD/USD, step by step, so the figures can be checked rather than trusted.

Contract size, one standard lot of AUD/USD	100,000 AUD
Notional value in USD at an example rate of 0.6640	66,400 USD
Margin required at 1:30	2,213.33 USD
Margin required at 1:500	132.80 USD

1.8 Order types: market, limit, stop

This lesson explains the three order types a beginner meets on any platform, and what each one does to the price you actually get. The word 'order' is simply an instruction to the broker: buy or sell this instrument, in this size, under these conditions. The condition is the part that changes, and it changes the price. On AUD/USD at 0.6640, one pip on one standard lot is 10 units of the quote currency, which converts to about A\$15 at that rate. So a difference of a few pips between order types is a real difference in dollars.

Idea	Buy AUD/USD
Market order price	0.6640
Limit order price	0.6620
Stop order trigger	0.6660

1.9 Stop loss and take profit

Stop loss and take profit are two prices you attach to a position before it opens. The stop loss closes the position at a loss you chose in advance. The take profit closes it at a profit you chose in advance. On a 0.10 lot AUD/USD position, a 20 pip stop loss is about A\$20 and a 40 pip take profit is about A\$40. This lesson shows where those numbers come from.

Position size	0.10 lots
Entry price	0.6640
Value of one pip	A\$1
Stop loss distance	20 pips

1.10 MT4, MT5 and cTrader: which to pick

The letters MT4, MT5 and cTrader are names of trading platforms. A platform is the screen where orders are placed, prices are shown and the account statement is read. It is not the broker and not the account itself. This lesson shows where each field of one AUD/USD trade is filled in, and what the same trade costs in A\$ on each screen. The choice of platform can be changed later. The account type behind it usually cannot, or only at a cost.

Instrument field	AUD/USD
Volume field	0.10 lots
Order type field	Market or Pending
Price field	0.6640

1.11 Trading from a phone

This lesson is about the word the platform uses for the smallest price move, the pip, and what happens to that number when the chart is only six inches wide. A phone app places the same orders as a desktop terminal, but it shows you far less of the chart at once, so the size of a move matters more than the shape of it. On AUD/USD around 0.6640, one pip is 0.0001, and on one standard lot that pip is worth A\$10 divided by the current rate, which is roughly A\$15.06 at 0.6640.

Instrument	AUD/USD
Price	0.6640
One pip	0.0001
Position size	0.10 lots

1.12 Demo accounts: what they teach and where they lie

The word demo comes from demonstration. On a trading platform it means a practice account funded with imaginary money, using live prices. A demo teaches the platform and the arithmetic honestly. It cannot teach fills in a fast market, and it cannot teach how losing real money feels. On AUD/USD around 0.6640, one pip on one standard lot is 10 units of the quote currency, which is about A\$15.06 at that rate. That figure is the same on a demo and on a live account. What differs is whether the order fills at the price shown.

Position size	1 standard lot
One pip	0.0001
Pip value in the quote currency	10 units
Conversion to A\$	A\$15.06

1.13 Account types: standard, raw spread, cent

The word 'account type' describes how a broker splits one trade into two separate charges: the spread, which is the gap between the buy price and the sell price, and the commission, which is a flat fee per trade.

Position size	0.10 lots
Standard account spread	1.2 pips
Standard account spread cost	A\$1.20
Standard account commission	A\$0.00

1.14 Opening an account and passing verification

This lesson explains the word verification as it appears on a platform, and what a regulated broker in Australia must ask for before an account can be used. The aim is to know which documents are accepted, why the request is made, and how long a check can take, so that a first deposit of A\$200 is not sent to an account that cannot yet receive it.

Instrument	AUD/USD
Price used	0.6640
Position size	0.10 lots
One pip on one standard lot	10 units of the quote currency

1.15 Deposits and withdrawals with local methods

This lesson explains how money reaches a trading account from an Australian bank, and how it comes back. The words used on the deposit screen are the first thing to read, because each one has a different cost and a different speed.

Deposit by PayID	A\$500
Deposit by BPAY	A\$500
Deposit by card	A\$500
Withdrawal back to the same method	A\$500

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