

Reading the market: charts, tools and instruments

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2.1 Charts and timeframes

One market can look like three different markets depending on the timeframe you open. On a five-minute chart EUR/USD may fall 20 pips while the daily chart shows it still rising over the month. Which timeframe you trade decides what your stop, your target and your risk per trade have to be, and that changes the money at stake.

M5 view	Price falls 20 pips from 1.0850 to 1.0830
H1 view	Price is flat, still near 1.0850
D1 view	Price is up 40 pips on the day
Pip value on one standard lot	10 units of the quote currency

2.2 Candles: what one candle tells you

One candle on a chart holds four prices for a fixed slice of time: the open, the high, the low and the close. Everything you see in its shape comes from those four numbers and nothing else. Read them correctly and you can describe what happened in a market without guessing, which is the first step before any cost in KSh is worked out.

Open	1.0850
High	1.0870
Low	1.0840
Close	1.0860

2.3 Trend, support and resistance

You learn to mark two or three prices where EUR/USD turned before, and to read those levels as places where orders sit, not as rules. On one standard lot, one pip of EUR/USD is 10 units of the quote currency, so a 30 pip stop is a real money decision you can size before you enter. That is the difference between a plan and a guess.

Instrument and price	EUR/USD at 1.0850
Support level	1.0850
Distance from entry to stop	30 pips
Pip value, one standard lot	10 units of the quote currency

2.4 Indicators: MA, RSI, MACD, Bollinger

A moving average, an RSI, a MACD and a Bollinger band are all arithmetic on prices that have already happened. Each one draws a line, and each line can only react to the numbers it was built from. Read the two cases below: one reader treats the four lines as four separate opinions, the other treats them as four ways of measuring the same past. The second reader can say what each line would have missed, and that is the skill this lesson teaches.

The stretch	1.0850 to 1.0890
Moving average (20 periods)	Rose with price
RSI (14 periods)	Moved from about 50 to about 62
MACD	Line stayed above its signal line

2.5 Fibonacci levels

This lesson shows how a Fibonacci grid divides one completed price move into fixed proportions. You will learn to place the 38.2, 50 and 61.8 lines on a finished EUR/USD move around 1.0850, and to work out what one pip costs in shillings on a standard lot.

Move used	1.0800 to 1.0900
38.2 per cent level	1.0862
50 per cent level	1.0850
61.8 per cent level	1.0838

2.6 Price action: trading without indicators

This lesson shows how to find an entry from the shape of the chart itself, using recent highs and lows, rather than waiting for an indicator to give a signal. On EUR/USD near 1.0850, one pip on one standard lot is worth 10 units of the quote currency, so a 20 pip move on 0.10 lots is $20 \times 0.10 \times 10 = \text{USD } 20$, which converts to KSh at the rate your broker shows. By the end you will be able to mark a level, wait for price to reach it, and calculate what the trade costs before you place it.

Chart level marked	1.0850
Entry on the break	1.0850
Stop below the range	1.0830
Position size	0.10 lots

2.7 Smart money: order blocks, FVG, liquidity

This lesson gives you the vocabulary of order blocks, fair value gaps and liquidity, and shows what all three terms assume about where large orders sit. You will see two versions of the same chart: one where a reader marks a block and a gap and treats them as levels to act on, and one where the same marks are used only as places to watch. The difference is not the drawing. It is what the drawing is claimed to prove. A standard lot of EUR/USD moves 10 units of the quote currency per pip, so at an exchange rate of 130 KSh to the dollar one pip is about KSh 1,300. That number is the reason the assumption matters: a level that looks like a signal can cost real money when it fails.

Order block marked	1.0830 to 1.0836
Fair value gap	1.0842 to 1.0848
Liquidity sweep	low at 1.0824
Return into the block	entry at 1.0832

2.8 Gold (XAU/USD): how it differs from currencies

Gold (XAU/USD) is quoted in US dollars per troy ounce, but its contract size and pip value are very different from currency pairs. One standard lot of gold is 100 ounces, and a one-dollar move in the gold price equals 100 US dollars per lot. That is a much larger number than the 10 US dollars per pip on a standard lot of EUR/USD. In this lesson you will work out the pip value for 0.10 lots of gold, and see how the same stop distance in dollars produces a very different risk in shillings. All money figures are in KSh.

Contract size for gold	100 ounces
Price move	1.00 US dollar
Value of that move on 0.10 lots	10 US dollars
Stop distance	5.00 US dollars

2.9 Crypto CFDs: bitcoin without a wallet

This lesson compares two ways to act on a view that bitcoin will rise. In the first, you buy the coin itself and hold it in a wallet. In the second, you trade a bitcoin CFD, so you take a position on the price without owning or transferring anything. You will learn what that difference costs in shillings, why crypto CFDs trade at weekends, and why spreads and funding charges are wider than on EUR/USD.

Position size	0.01 lots
Margin required	KSh 13,000
Weekend price move	KSh 2,600 gain
Funding charge for two nights	KSh 260

2.10 Index and share CFDs

An index CFD tracks a basket of companies, so one position moves with the whole market. A share CFD tracks one company, so its price can jump on that company's own news. Both cost money to hold: you pay or receive financing every day, and a dividend or a share split changes the position while you hold it. A currency pair such as EUR/USD has none of those events, which is why the same account can behave very differently on the two instruments.

US30 index CFD, one point	KSh 1,000
US30 index CFD, 20 points	KSh 20,000
Local index CFD, one point	KSh 100
Local index CFD, 20 points	KSh 2,000

2.11 Scalping: why costs decide the outcome

Scalping means taking many small trades, often aiming for a few pips each time. That makes the spread and the commission the largest single part of your result, not the chart pattern. This lesson works out, in shillings, what is left after 20 trades of 3 pips on EUR/USD when the spread is 1.2 pips.

Pip value on one standard lot	KSh 1,085
Gross pips per trade	3 pips
Spread cost per trade	1.2 pips
Net pips per trade	1.8 pips

2.12 Day trading

Day trading means opening and closing a position inside one session, so you do not pay or receive swap for holding it overnight. The trade still costs you money in spread and commission, and every decision is made while the price is moving. This lesson compares two ways to run one EUR/USD day trade and shows what each one leaves in your account in KSh.

Instrument and price	EUR/USD near 1.0850
Position size	0.10 lots
Pip value on this size	KSh 129
Move in the planned case	20 pips in your favour

2.13 Swing and position trading

Swing trading means holding a position for several days, and position trading means holding for weeks. The cost of holding changes: you stop paying the spread again and again, but you start paying a swap fee for every night you keep the trade open.

Instrument and size	EUR/USD, 0.10 lots
Pip value at this size	1 unit of the quote currency per pip
Entry	1.0850
Exit after four days	1.0890

2.14 Sessions, news and the calendar

A pair like EUR/USD does not move at the same speed all day. It is busiest when London and New York are both open, and quietest when both are closed. That matters in money terms: a stop placed during a quiet hour can sit untouched for a long time, while the same stop during a busy hour can be reached in minutes.

Instrument	EUR/USD
Price used	1.0850
Position size	0.10 lots
Pip value on 0.10 lots	KSh 129

2.15 A plan, a journal and a backtest

This lesson shows three written artefacts: a plan, a journal and a backtest. A plan says what you will do before you trade. A journal records what you actually did. A backtest shows what one rule would have done on past prices before you risked any money. In money terms, a plan and a journal are what turn a vague hope into a countable record of cost and outcome.

Rule used	Buy EUR/USD at 1.0850, sell at 1.0860, stop at 1.0840
Trades taken	50
Pip movement target	10 pips
Pip movement stop	10 pips

Trading forex and CFDs carries a high risk of losing money. Most retail accounts lose. Nothing here is a recommendation to trade or a forecast of any result. — LearnFX Editorial Desk