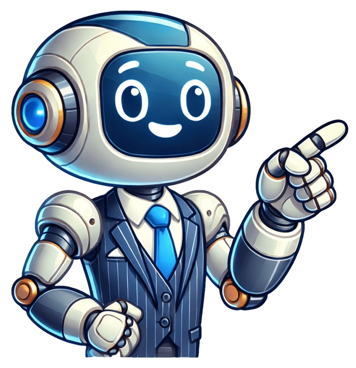

It's quite controversial how people make money by just buying and selling things online. For example, stocks, currencies, or even gold. This is called Trading, and guess what? You don't need a suit, a fancy office, or a finance degree to get started. It's all about smart Decision Making and letting your money work for you! If you're curious about making profit, building a side income, or exploring the world of finance this blog is a friendly walk-through. Discover What Is Trading and how it works and start spotting opportunities and make smart financial decisions. Table of Contents 1) What is Trading? 2) Importance of Trading 3) How Does Trading Work? 4) Types of Trading 5) How to Trade in the Uk and Get Started 6) Trading Strategies 7) Benefits of Trading 8) Top Trading Tips to Maximise Your Profits 9) Conclusion What is Trading? Trading is the act of buying and selling financial instruments—such as stocks, bonds, currencies, or commodities. It involves analysing market trends, making strategic decisions, and aiming to earn a profit from price fluctuations. The process works on a simple principle- buy low and sell high. For example, if you buy a product at a lower price and sell it later when the price increases, you make a profit. Key Takeaways: 1) Trading idealises buying and selling assets to earn profit 2) Modern one mostly happens online through Trading platforms 3) Here, you can place orders to buy or sell assets instantly 4) Some traders buy and sell within minutes, while others hold investments long 5) This can be a great way to grow wealth, but it also carries risks 6) Prices can go up or down based on economic factors or company performance This is the primary concept of trading. Except instead of products, you trade things like company shares, foreign currencies, or even Invest in Gold. Importance of Trading Trading plays a crucial role in the global economy. It promotes investment, creates wealth, and enables businesses to grow. Here is some key importance: 1) It provides liquidity to markets through efficient operation, where traders actively buy and sell assets. 2) Drives economic growth for the companies by selling shares, funding innovation and expanding. 3) It helps individuals generate income by earning profits from price movements in stocks, forex, and commodities. 4) Diversifies financial risk fighting against inflation, currency devaluation, and economic downturns. Boost Your Financial IQ with our Stock Trading Course Today! How Does Trading Work? The main motto of Trading revolves around supply and demand. Prices fluctuate based on how many people want to buy or sell an asset. When demand is high, prices rise, whereas when supply outweighs demand, prices fall. Let's discuss a step-by-step approach: Step 1: Choose an asset, such as stock, forex pair, bond, or ETF Step 2: Analyse the market with technical indicators, news, and economic data Step 3: Decide on your entry point by choosing the right price level to buy or sell Step 4: Execute the trade by placing an order on a Trading platform Step 5: Manage the trade by Setting stop losses and taking profits to minimise risk Types of Trading Nowadays, modern Trading happens digitally through stock exchanges or online platforms. It makes it accessible to almost anyone who wants to enter the market. There are five types of Trading discussed below: Shares Shares also known as Stock Trading means buying and selling company shares on the stock market. When you buy a share, you own a small part of a company. The goal is to buy shares at a lower price and sell them later at a higher price to make a profit. How it Works: 1) Stock Trading happens on stock exchanges like the London Stock Exchange (LSE) 2) You need a broker or a Trading platform to buy and sell shares 3) You can earn money through price appreciation or dividends For example, Buying Tesco shares at £2 per share and selling at £3 for a profit. Index Funds Instead of buying individual company shares, index funds allow to invest in a group of companies at once. How it Works: 1) Instead of picking individual stocks, you invest in an entire market segment 2) It reduces risk because your money is spread across many companies 3) Suitable for long-term investors who prefer stable growth. For example: Invest in an FTSE 100 index fund to gain exposure to the UK's top 100 companies. Forex Forex (FX) Trading is buying and selling different currencies to profit from exchange rate changes. It is one of the largest and most liquid financial markets in the world. How it Works: 1) Forex Trading happens in currency pairs like GBP/USD, EUR/JPY 2) The goal is to buy when the currency is low and sell when it goes up 3) It operates 24 hours a day, five days a week. For Example: You buy £1,000 worth of USD when the exchange rate is £1 = $1.30. Later, the rate changes to £1 = $1.40, and you exchange back to pounds. Now you have £1,076—a profit of £76. From Beginner to Pro – Master the Forex Trading Course with Us. Bonds Bonds are loans that investors give to governments or companies. In return, they promise to pay back the money with interest over time. How it Works: 1) Governments and companies issue bonds to raise money 2) Bonds pay fixed interest rates, making them more predictable than stocks 3) They are traded in bond markets, where prices can fluctuate For Example: You buy a UK government bond (gilt) worth £1,000 with an interest rate of 2% per year. Every year, you receive £20 in interest. After 10 years, you get your £1,000 back plus £200 in interest. Exchange-traded funds (ETFs) ETFs are investment funds that trade like stocks. They hold a mix of assets, such as stocks, bonds, or commodities, providing diversification. How it Works: 1) It tracks the performance of an index, sector, or commodity 2) These are easier to trade than mutual funds and offer lower fees 3) They are good for investors looking for diversification with flexibility For Example: Instead of buying shares of multiple technology companies, you invest in a Tech ETF, which includes companies like Apple, Microsoft, and Google. How to Trade in the UK and Get Started If you are planning to trade in the United Kingdom (UK), here are some steps you need to follow: Choose Your Trading Account First, you have to open a brokerage account with a UK-regulated provider like Hargreaves Lansdown, IG, or eToro. Then, decide between a general investment account, Stocks & Shares ISA, or CFD account. Pick Your Asset and Market Next step is to decide whether you want to trade stocks, forex, ETFs, or commodities. This helps you to consider factors like market volatility, Trading hours, and required capital. Choose Spots, Futures, Or Options The third step will be choosing which of these to select: 1) Spot Trading: Buying and selling at the current market price. 2) Futures Trading: Agreeing to buy or sell an asset at a future date. 3) Options Trading: Contracts that give you the right (but not the obligation) to buy or sell later. Place Your Trade The last step is to place your trade in the market. You can use market orders for instant execution or limit orders that are executed at a specific price. Placing your trade is important to set a stop-loss to limit potential losses. Trading Strategies Trading is all about having a plan about when to buy the goods and sell them at better prices. Different traders use different strategies based on their goals, risk tolerance, and the time. Here, we'll explore some of the most popular strategies and how they work: Day Trading Here are some insights on day Trading: 1) Traders open and close all positions within a single Trading Day 2) They do not hold trades overnight to avoid risks from after-hours market changes 3) Requires quick decision-making, technical analysis, and real-time market monitoring 4) Day Trading requires a large amount of capital due to frequent trades Position Trading Position Trading is a long-term strategy and here are some steps: 1) Traders identify strong economic trends, company growth, or industry expansion 2) It holds assets despite short-term fluctuations, believing prices will rise over time 3) They use fundamental analysis rather than short-term price charts. Turn Market Moves into Career Moves – Start Learning Now and Join our Investment Management Course! Swing Trading Swing Trading is a medium-term strategy where traders hold positions for a few days to weeks. Key takeaways are: 1) Traders identify patterns and trends that indicate price movements 2) They buy when prices are expected to rise and sell before they fall 3) Uses both technical and fundamental analysis to predict market changes Benefits of Trading The potential benefits of Trading make it an attractive option for individuals. Here are some key advantages: Flexibility One of the biggest benefits of Trading is the ability to work on your own terms. Unlike traditional jobs with fixed hours, it allows you to: 1) You can choose your own schedule in the morning, during lunch, or at night 2) The markets operate in different time zones, allowing for flexibility 3) You can trade from anywhere with online platforms and mobile apps 4) You can trade from home, a coffee shop, or even while travelling 5) No physical office required, as you just need a system and internet Profit Potential Trading offers an excellent opportunity to make profits, both for short-term trades or long-term investments. Key benefits are: 1) Unlike traditional investing, where you only make money when prices go up, Trading allows you to profit more. 2) The more skilled you become, the better your profits can grow over time. 3) Many traders use investment as a freelancing or full-time career to generate income. Liquidity Liquidity refers to how easily you can buy or sell an asset without significantly affecting its price. Some ways are: 1) High liquidity means assets can be quickly converted into cash 2) Makes Trading a convenient way to manage your finances 3) Stocks, forex, and commodities have high liquidity 4) Real estate and fixed assets offer lower liquidity Technology and Tools Modern Trading platforms offer a wide range of tools that make it more accessible than before. Key takeaways: Automated Trading allow you to set automated trades based on specific conditions 1) Real-time Market traders access live data, charts, and others 2) It helps to make informed decisions before investing 3) Stop-loss orders and alerts traders to manage risk and prevent losses Independence Trading offers a pathway to financial independence and freedom from traditional employment with the help of: 1) You make all the decisions about when, what, and how much to trade 2) Whether you trade part-time or full-time, you set your own hours 3) With experience, you can increase your investment and boost earnings Top Trading Tips to Maximise Your Profits Here is a list of top Trading tips you can follow to maximise your earnings: 1) Practise with virtual money before risking your own capital 2) Use your own time to understand how investing platforms work 3) Test different strategies in a risk-free environment before investing 4) Create an action plan and set clear goals before entering 5) Decide in advance when you'll enter or exit trades 6) Stick to your plan and don't let emotions dictate your actions 7) Use tools like stop-loss and take-profit orders to manage risk 8) Stay calm, confident, focused and stick to the strategy 9) Avoid overtrading to avoid burnout and unnecessary losses 10) Update yourself with financial news, reports, and economic indicators 11) Analyse yourself to track patterns, mistakes, and improvements 12) Spread your capital across different instruments to reduce risk Conclusion Trading is an exciting way to build wealth but needs some dedication and risk avoidance. A successful one requires knowledge, strategy, and discipline. It might seem complex at first, but once you understand the basics, it opens a world full of opportunity. With the right strategy, tools, and mindset, investing can help you grow your money and secure your future. Follow these simple steps to lead the Equity Market. Gain Practical Skills That Pay Off -Explore Our Revenue Management Training Today! Trading has become the cornerstone of the development of modern civilization. Thanks to new technologies, investors can observe the daily changing quotes of thousands of listed companies, commodities, raw materials, currencies and digital assets. Millions of traders around the world engage in competitive rivalry through trading every day, with supply constantly reducing demand resulting in final valuations. Trading involves the taming and control of fear and greed, two emotions that powerfully influence the behaviour of supply and demand and determine bull market and bull market cycles. In today's article we will focus on the basics of trading and try to describe the process and the basic principles that should guide a trader. What is Trading? As a rule, we can define trading as taking the action of buying or selling, that is, trading in selected assets in order to make a profit. The foundation of trading is the skillful prediction of the future behaviour of the price of the selected instrument (speculation). When traders predict correctly, the transaction is profitable, when the market behaves opposite to the direction of the transaction - they record a loss. It is accepted that trading is active trading (short or medium-term), as opposed to investing, which is often driven by other motivations and a longer investment horizon. In order to forecast the future correctly and with greater efficiency, traders focus on increasing their resources of knowledge, experience and techniques (technical analysis, fundamental analysis, etc.), as well as psychology which is the foundation of the market. Speculation can take place both on leveraged instruments like OIL, US500 or Bitcoin as well as ordinary stock market shares because the essential foundation of trading is to correctly predict the future of assets. There are traders who trade only on selected instruments exploring the essence and behaviour of prices only within one or a few sectors. Others, on the other hand, trade everything, and their key reference point is exclusively the behaviour of the price overlaid with psychology and external factors (macroeconomics, monetary policy, cyclicality, etc.). Trading has no limitations, and traders are free to choose what they trade. Two different market directions Traders can choose between trading directions. If they think prices will fall they open a so-called short-sale (short) transaction, which allows them to make a profit when valuations head south. On the other hand, when traders expect prices to rise, they open a buy (long) transaction, in which case they profit when prices rise. Taking a short position is only possible on leveraged CFDs. On unleveraged stocks and ETFs, entitled to dividends and voting participation, investors can only buy or sell (close the open position), betting on declines is not possible. To illustrate the operation of a long BUY (long) and short SELL (short) position: Thomas opened a long (BUY) position (trade) on the CFDs Bitcoin instrument at $19,500. In 3 hours, the price of Bitcoin rose to $20,300. In this situation, Thomas will record a profit. Thomas opened a short (SELL) position (trade) on the CFDs Bitcoin instrument at a price of $19,500. In 3 hours, the price of Bitcoin fell to $18,900. In this situation, Thomas will record a profit. Thomas opened a long (BUY) position (trade) on the CFDs Bitcoin instrument at a price of $19,500. In 3 hours, the price of Bitcoin fell to SD 19,100. In this situation, Thomas will record a loss. Thomas opened a short (SELL) position (trade), on the CFDs Bitcoin instrument at a price of $19,500. In 3 hours, the price of Bitcoin rose to $19,800. In this situation, Thomas will record a loss. Trading or investing? Although both active trading and investing are forms of trading, in principle, we can list a few fundamental differences between them: Putting these two types of capital investments together, we can come to the conclusion that they are not mutually exclusive, since anyone can simultaneously build a portfolio consisting of investments with a long-term horizon as well as actively speculate on prices in the short term. For example XTB Clients can invest in companies like Microsoft, Apple or Tesla, which does not exclude the fact that at the same time they can speculate on Bitcoin, gold or oil prices. In fact, both types of trading have their individual risks. Thus, for a shareholder who intends to hold shares of company X for the rest of his life, the risks are different than for someone who intends to keep open positions on oil for 2 or 5 days. In addition, each industry has its own individual specifications and factors that shape the price of specific assets affecting supply and demand. Let's use examples: Apple - It could be the success of a new product (new iPhone, VR headset), successful financial results, shareholder changes, problems with semiconductors. Oil - OPEC+ activity, inventory reports (DoE, API) global economic conditions. Bitcoin - Total Bitcoin available on the market (halvings). NASDAQ (US100) - Institutional activity, market risk sentiment, Fed monetary policy. EURUSD - Strength of the economy (GDP), trade balance, policy and decisions of central banks (Fed and ECB), consumer sentiment, ISM indexes, PMI, etc. Investment tools selection Of course, investors are more likely to use stock offerings and ETFs, which can be kept open indefinitely. Depending on the choice of ETF or exchange-traded company, investors can receive dividends and acquire the right to participate in shareholder meetings and votes. Stocks and ETFs are suitable for holding positions long term due to the lack of costs of holding positions and the structure and specification of these instruments. Of the thousands of stocks and ETFs funds, the most popular are index funds like the iShares Core S&P500 UCITS ETF (CSPX.UK) or ETFs that give exposure to precious metals like the iShares Physical Gold ETC (IGLN.UK). Out of hundreds of ETFs, you can also find industry ETFs that offer exposure to a specific, selected sector such as emerging markets, the blockchain sector or automakers. Traders are more likely to speculate on leveraged index futures (US100, US500, DE30), oil futures (OIL, OIL.WTI) or cryptocurrencies. Precious metals gold and silver are also popular, as well as other commodities and raw materials like natural gas, sugar and wheat. XTB also offers leveraged CFD stocks, which gives traders the opportunity to use leverage when speculating on hundreds of stocks of listed companies like Amazon, Microsoft or Bayer. Due to the access to leverage and the cost of holding positions (swap points), these instruments are rather suitable for short-term investments. You can read more about CFDs here. 5 fundamentals of a trader Risk management Risk is a key intrinsic to trading. Skillful risk mitigation avoids losses and gives the trader a chance to preserve profits. It is impossible to be right all the time, and the market will sooner or later show you that you are wrong. The key is, what will you do then? Trading is addressed to those who are aware of the huge risk of capital loss that is inherent in speculation and the market. At XTB, we know what the risk stakes are, which is why we provide clients with dozens of analytical tools in the xStation 5 platform, from technical analysis tools to news and market analysis, and allow the use of defensive orders such as stop loss, take profit and trailing stop loss. Basic elements of risk management include cutting losses before they start to grow and skillfully closing profitable positions. You can read more about defensive orders here. Gaining knowledge Knowledge is the oxygen of every trader. It is not limited to studying the market starting with technical or fundamental analysis, but also to learning the nature and specifications of the instruments he intends to trade. The study of psychology Psychology is what the valuations of all assets are based on, according to the perception of incoming information or market beliefs about the future that instrument prices are formed. The market is a demanding place. Sometimes it happens that good information causes declines, and negative information turns out to be a catalyst for increases. To understand how the stock market pendulum works, one should study human psychology and read it in the context of information noise. Determination Determination has many faces, in the case of trading it can mean studying price charts, observing the market, gaining knowledge. Without passion and commitment, it's hard to get an edge in a place where everyone wants to succeed and make money. Remember that you are playing with a 'live opponent', and on the other side of the trade sit humans or algorithms built by humans. Emotions under control The foundation of trading is to control emotions and acquire an instrumental approach to money. Being afraid of losses is hard to achieve success. That's why it's so important to strip decisions of their emotional tinge and keep a cool head, making decisions in accordance with the strategy. Trading involves risk, but if emotions are involved the risk of losses increases. That is why it is so important to take care of your own mind and confidence level. 5 most popular instruments Below we list five examples of financial instruments that are popular among traders and attract an avalanche of speculation: S&P500 (US500) - The world's largest stock market index, which consists of the stock prices of the 500 largest listed businesses in the United States. The index used to be used as one of the key measurements of the health of the global and US economic conditions. The algorithm selects the companies included in the index,and its composition changes. NASDAQ (US100) - A stock market index, which gained particular popularity during the 'dot-com' boom of the beginning of the new millennium (the year 2000). The index lists 100 companies, a significant number of which operate in the technology industry, which makes its volatility usually higher than the S&P500 index. OIL - Oil is still one of the world's primary resources used mainly in transportation. It can be said that oil is still the lungs of the world's economy. The instrument has attracted speculators for decades, and its susceptibility to OPEC+ decisions and external factors shaping oil prices makes it a popular tool among both derivatives and investment products (ETFs and oil stocks). EURUSD - The world's most popular currency pair, which is one measure of the relative strength of the U.S. and European economies (the Eurozone). Bitcoin - As a showcase of blockchain technology and the entire cryptocurrency sector, Bitcoin is attracting the attention of speculators and investors. Thanks to the record returns that cryptocurrencies have provided since their inception after 2010, the market is following their quotes with bated breath. Bitcoin has also lived to see its competition growing in strength, with Ethereum trying to catch up for many years. The xStation5 platform offers access to more than 5000 of instruments including stocks, ETFs and CFD contracts on commodities, resources, cryptocurrencies, precious metals and leveraged ETF/stock shares. Please note each branch is subject to regulations and may not offer access to all instuments. Trading - advantages and disadvantages Trading has its advantages and disadvantages, which we want to present. Some of the advantages are made possible by access to the trading platform in the xStation mobile application. Below we list the most important ones. Risks and defensive actions We would like to conclude this short article with this section to emphasise how important it is to limit and identify the risks that flow from trading. Below we will list the tools and actions that can be used in a process whose goal is to reduce it to the minimum possible: Using automatic defensive orders in CFD trading (Stop Loss, Take Profit, Rolling Stop Loss). Using automatic pending sell orders when trading stocks and ETFs (Sell Stop, Sell Limit) You can read more about it here. As a Trader, you will be making decisions that should be based on strategy to be repeatable and their effectiveness measurable: Develop some basic rules that you do not break Stick to the set rules and strategy if you have one Learn to control your emotions even in the face of a loss or limited profit Keep notes and analyse your decisions Learn by monitoring your own mistakes and accurate decisions Accept and control greed and fear Indirectly reducing the risk of loss may also be among the actions. Gaining knowledge can significantly increase your 'healthy' confidence and make trading more effective: Studying technical and fundamental analysis Gaining knowledge about the assets you are speculating on Identifying the most important market information Activating the cause-and-effect process and transferring it to the market scenario The xStation5 platform helps you at every stage of this process by providing, among other things: Access to analytical materials and market news (Research) Technical and fundamental analysis tools Advanced charting tools Calendar of economic and stock market events Open Customer Service 24 hours a day, 5 days a week This content has been created by XTB S.A. This service is provided by XTB S.A., with its registered office in Warsaw, at Prosta 67, 00-838 Warsaw, Poland, entered in the register of entrepreneurs of the National Court Register (Krajowy Rejestr Sądowy) conducted by District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register under KRS number 0000217580, REGON number 015803782 and Tax Identification Number (NIP) 527-24-43-955, with the fully paid up share capital in the amount of PLN 5.869.181,75. XTB S.A. conducts brokerage activities on the basis of the license granted by Polish Securities and Exchange Commission on 8th November 2005 No. DDM-M-4021-57-1/2005 and is supervised by Polish Supervision Authority. If you're just starting your trading journey, our "complete guide for beginners" is aimed at you. You're curious about online trading, you find the idea exciting, and ultimately you believe you have the qualities to become successful.We'll provide you with all the necessary tools, educational resources and extensive research that'll get you started. We want to ensure your eyes are wide open when it comes to trading so that you understand both the risks and opportunities that come with the financial markets. You'll avoid the pitfalls, and be aware of the steep learning curve you're about to experience. A good steep learning curve that is.Before you take the plunge and put your funds to work, there are many aspects of trading to consider. For example, what broker to choose, how much capital is required to open your account and what strategy you'll use to trade your selected markets. You can't learn everything you need to know at once – trading is a long-term journey. What you can do, though, is give yourself the best possible start by building the right foundations and begin acquiring valuable knowledge at the outset.How does trading work?You start trading by opening an account with a broker and downloading a trading platform such as MetaTrader 4 (MT4). You then deposit money, choose which markets to trade and you're in the game.Let's start by discussing what happens when you place an order, or as many of us would call it; "executing a trade."You're buying or selling a financial product, often referred to as a security, an instrument or an asset. You can trade a currency pair such as USD/JPY, a commodity such as gold, an equity index such as the DOW 30 or perhaps a cryptocurrency such as Bitcoin (BTC).Click either 'buy' or 'sell', depending on whether you think the market is going to go up or down. You'll go long if you think the market price is going up, or short if you think it is going down.Your order and the costYour order gets routed to the market via your broker, and then gets completed (filled) at the best possible price. The broker will charge you a fee and normally this comes in the form of a spread, otherwise it'll be a commission.Spreads will change frequently. For example, the cost/spread of a currency pair like EUR/USD will continually change; it could be 0.2 pips, then 0.7 pips, or higher. Why does it change? Keep reading.Factors affecting the spread– Sudden spikes in price can cause fluctuations in the spread.– Increased volatility results in increased spreads.– How active the brokers' clients are will have an impact. The more active, the tighter the spread.– Time of trade. A more active market will have more participants and cause a lower spread.How leverage and margins workLeverage refers to how much of the broker's money you can use combined with your own. For example; if leverage is 1:20, every £100 you put in, the broker will loan you another £2000. Leverage magnifies both your profits and your losses. Margin refers to how much you need to keep in your account to avoid a "margin call". Hopefully you won't encounter this issue but it's when you don't have enough money in your account to cover your open positions.How much money do I need to start trading?In theory, you can begin trading without any money. A demo account offers virtual money and is a great way to enjoy a live market environment, without financial consequence. Many analysts and experienced traders would recommend this as a starting place as it's totally risk-free and great experience. You don't have to stay on the demo long, only until you feel confident enough to trade real funds.You'll need to have a clear grasp of leverage and margin before you begin trading for real, and you can start to explore these boundaries while on the demo.Who makes successful trading debuts?The most successful novice traders are those that are willing to learn and can follow a plan. They park their egos to one side and accept that it'll take time to become familiar with this new industry.If you fail to plan – you plan to fail. Avoiding the most common mistakes will help you make a successful debut in the industry. Developing a trading plan is essential. If you were starting a new business venture, you'd put together a business plan, the same is the case for trading, you need to put a plan together before you start.Risk Free Demo Trading AccountLearn, Practice, TradeOPEN DEMO ACCOUNTTrading planWhen you create your trading plan, you can insert criteria such as the times you'll trade and what percentage of your funds you'll risk per session and per trade. Straightaway this will help you: Limit lossesPrevent you from over-tradingEnsure that you're not undercapitalised (in comparison to the trades you place)Putting a plan together will also reduce stress and help prevent emotions from affecting your trading decisions. Your trading plan should include the following:Trade set up. This describes how you decide the direction and entry and exit levels.Risk management. This describes how you will manage your risk, for instance how much you will have on each trade.Trade execution. This describes what criteria is needed for you to hit the buy/sell button.Understanding different trading marketsThere are lots of different financial markets you can trade. Some of the most popular include forex, equity indices, commodities, cryptocurrencies and individual shares.Each market is different and has its own characteristics. You can either trade the underlying asset (using gold as an example, you would actually own the gold you buy), or you can trade derivatives of the assets. An example would be CFDs (contracts for difference).How to trade forex for beginnersYou trade forex (FX) by speculating on which direction a currency pair will move. To use EUR/USD as an example, the Euro gets classed as the base currency, and the US dollar is the term currency. If you speculate on this currency pair rising, you're predicting that the Euro is more in demand than the Dollar.Currency pairs get classed into three groups; majors, minors and exotics. There are four major pairs; EUR/USD, USD/JPY, GBP/USD and USD/CHF, although some analysts also class AUD/USD, NZD/USD and USD/CAD as major pairs. Minors are pairs such as EUR/JPY, EUR/GBP and GBP/JPY. Exotics might include pairs that have currencies such as the Swedish Krona or Turkish Lira as the base currencies.The best spreads and trading conditions usually occur when trading the majors because these currency pairs are the most liquid (bought and sold the most) and most stable.How to trade indices for beginnersPopular and well known equity (share) indices include the DOW 30, the FTSE 100 and the Standard & Poor's 500 (S&P 500). These are indexes of the best performing stocks in that country or category. You can speculate on the direction of these markets and take positions in them rather than having to own all the shares that comprise them. You can't invest directly into an index but you can trade derivatives or invest in funds that mimic the price.How to trade shares for beginnersMany forex brokers also offer their clients the opportunity to buy and sell individual shares (also known as equities), such as Microsoft, Apple, Amazon and Google etc. You can trade them directly by owning the actual share or you can trade them as a derivative, like a CFD. Currently, ATFX only offers share CFDs. You'll see a list of the tradable assets available on your platform. The spreads will be different, and the movements in an individual share can be quite volatile in comparison to currency pairs.For example, the price of a Facebook share could easily rise or fall by 5% in a trading session, whereas a 1% change in a currency pair during a trading session is unusual. Forex is a 24/5 market and experiences moderate changes during the various sessions, unlike share prices that can suddenly and sharply rise or fall when markets open. They're less liquid, there are fewer buyers and sellers, therefore these large price movements are more common.How to trade cryptocurrency for beginnersCryptocurrency trading has grown massively in popularity during recent years. Virtual coins such as Bitcoin, Ethereum, Ripple and Litecoin are now on most platforms, and you can trade them using similar methods to other markets. Cryptocurrencies can be more volatile than FX pairs, and the spreads (the cost of making each trade) can be higher because the market isn't as large and liquid as the FX market.You can also trade cryptocurrencies by owning the underlying asset, so the actual coins or tokens. This is quite an arduous process because you need to own a wallet first and normally you would need to buy bitcoin in order to buy another coin.How to choose a broker?Top questions to ask a brokerWhat platform does the broker offer?Brokers offer different types of platforms. There are the main platforms that allow you to take trades, others that allow you to copy other traders, mobile device platforms and platforms that allow you to manage your account.The main two that allow you to execute your trades are proprietary platforms or third-party platforms. Proprietary platforms belong to the broker whilst third-party (as you'd expect) are developed by an external company.A great example of a third-party platform is MT4. Experienced traders will often choose to trade through brokers who offer MT4 because they trust the platform.Practice with Metatrader 4 Demo AccountBe Ready To Trade LiveREGISTER NOWWhat are the typical spreads?Spreads vary from broker to broker. With forex, you normally look at the most liquid pair to compare the brokers spreads. That's EURUSD.Spreads on EURUSD can range from as low as 0.0 up to normally around 2.0. If you see a broker say their average is higher than 2 for EURUSD, I'd probably keep looking. It's also given as an average, which means you will get both higher and lower than that if you consistently trade EURUSD.Spreads on other asset classes will range depending on that asset. Cryptocurrencies, for example, are very volatile and not very liquid. Their spread is therefore pretty high.What reputation does the broker have?This is important. You want a broker whose clients speak highly of it. The same way you wouldn't buy a car if all the feedback was that the brakes don't work.It's worth scanning various forums to check out the reputation of a broker beforehand. However, you need to be cautious with commercial website rankings, as the owners of these sites often charge to rank a broker, and thus the more the broker pays, the higher the ranking.An absolute must (in our opinion) should be that the broker is regulated. You don't have to use a regulated broker, but we, and most others in the industry would highly recommend it. It adds to a broker's reputation if it is regulated.What is the quality of the broker's analysis and research?Ethical brokers want you to win, and they need you to be successful in order to become successful themselves. This bi-directional feedback loop stimulates their business. They'll provide a range of tools and widgets to help you make good trading decisions, and they'll also publish a wide range of educational material on a daily or weekly basis.Reputable brokers also broadcast webinars, hold seminars, have trading academies and publish e-Books to help their clients become better traders.If the broker's analysis is not up to date, and if they don't have the structure in place to deliver the aforementioned support, then some alarm bells should ring.What trading tools and widgets does the broker offer?Whilst this isn't essential, it is not a bad thing to have an armoury of tools at your disposal. They're there to improve your trading experience, so the better the choice, the better your options.Tools such as Autochartist and Trading Central, matched with an extensive economic calendar, are the types of tools you should look out for.How does the broker respond to your questions?You can assess the quality of a broker by how quickly they respond to your queries before you open an account, and afterwards. The after-sales, service and support mechanisms are crucial to your trading journey. Good brokers will provide the right information at the right time, to help you build confidence in your trading strategy.If the broker ignores your requests or replies late, or offers you too many choices at the outset, it can cause frustration. A broker that replies with the correct information quickly, will speed up your learning process.How to choose a forex broker?You should spend some time surfing the company website, perhaps reading their company mission statement to get a feel for their ethics and standards.Find a set of criteria you're looking for in a broker. This might include the type of broker, whether it's regulated, it's spreads, any number of things, it's up to you. Do your research until one fulfills all your needs. Use the questions above to help form a judgement.Are Forex brokers reliable?You can only judge the reliability of a broker based on your own experience. You'll decide their credibility based on how honest you perceive them to be. You'll see spreads quoted, and very quickly you'll learn how close your orders get filled at the prices you see quoted.Regulated brokers offer particular reliability and assurance because you know that the regulatory authorities are there to help protect financial consumers like you.How do I know if a forex broker is regulated?Typically if a broker is regulated, they'll make it very clear that they are. Why wouldn't they want to promote the fact that they adhere to strict measures to protect you?Some brokers will have a regulation page of their website. Others will have a footer on all their web pages that says who they're regulated by. Each broker will also have a registration number with the authority it's covered by. You can check with the regulatory authority to ensure that the broker you're interested in is regulated.Which is the best forex broker for beginners?The online retail forex trading industry is an ever-evolving, competitive field. You can decide which forex brokers are the best for you as a novice by running through a quick checklist.CredibilityReputationReliabilityAnd it's also worth checking out how user-friendly the trading platform is.The best forex brokers for beginners will offer support when you're opening an account and throughout the early weeks. They'll provide lots of information to help get you started. The best brokers for novices will have informative eBooks, webinars, articles and guides to help get you started safely and securely. By the way, ATFX offers all this.What is the best trading platform for beginners?Begin your trading on a flexible platform that you can adjust as you mature as a trader. Platforms like MetaTrader 4 (MT4) are ideal for this. Simple and user-friendly for beginners but with a host of advanced tools for more experienced traders.Start by simply using MT4 to buy and sell the market you want. Then slowly add in technical indicators and before you know it you could be using the expert advisors (EAs) – these will trade your strategy automatically for you.Which trading account is best for beginners?After the demo trading account (we always recommend beginners start with a demo), the trading account you use will depend on how much capital you have to trade and what sort of tools you want from your account.With most accounts you can work your way up, as you gain confidence. For example, you could start at the basic level account because you don't need all the tools yet. But as you gather more experience, you could upgrade to tools that offer slightly more.What type of account best suits my needs?If you're a novice trader, it's best to start with the most basic account. Concentrate on becoming familiar with its features and the benefits. You can always upgrade when you progress. It'll also depend on how much you intend to deposit.Make sure you're doing what is right for you and your circumstances. Remember, never deposit more than you can afford to lose. If you do, you'll become too attached to your trades and will struggle to follow your plan.How to open a trading accountOpening an online trading account is a straightforward process and only takes a few minutes. You fill in an application form , and you might need to send the firm some evidence of identification depending on where you live. When your account is active, you'll be notified by the broker, and you can transfer funds and begin trading.How to deposit & withdraw funds in my account?You can use a variety of methods to transfer funds into your online trading account such as your credit or debit card, bank transfer, or use a variety of E-Wallets.Each broker is different in the options they offer. Here at ATFX we think it's important to offer all the options for deposit and withdrawal. Some methods take minutes, while others like bank transfers can take longer. But your broker will notify you once your funds have cleared and you're ready to trade.What is the best trading strategy for beginners?Keep it simple from the start and don't overcomplicate things.There's no holy grail, and there's no magic indicator that results in endless profits. Anything that claims to make you rich overnight is wrong. You're best concentrating on tight money-management and developing an understanding of risk and probability.When it comes to strategies, you'll need to find what works best for you. Although that might sound like a cop out, you'll hear time and time again that one strategy works for one person but not another.A simple yet effective strategy for beginners is to use support and resistance levels to trade between. See our page for great beginner trading strategies.Are you ready to start trading?This brief guide is a simple step-by-step introduction, helping you understand what's involved in the early stages. We think we've covered most bases; from how to evaluate the quality of brokers, opening your account, how to transfer funds, and how to build a basic trading strategy.This should give you an idea about how to get started in trading. We don't suggest you dive straight into a live account yet. Test the water on a demo first. If you're a beginner and eager to get started, speak to one of our dedicated support team to give you a bit more information. We have a live chat service on the website, or you could call us and have a relaxed chat with one of our specialists.Start Trading wtih Live AccountElevate Your Trading SkillsTRADE NOW StockBrokers.com is committed to the highest ethical standards and reviews services independently. Learn how we make money. Are you ready to start investing, but aren't quite sure where to begin? The stock market itself is a lot to take in, and picking the right brokerage platform while learning the ropes can seem like an impossible task. But here's the good news: today's brokers are making it easier than ever to take your first steps with tools like fractional shares, educational resources, and even practice accounts to help you build confidence and your portfolio. I spent months testing 14 online brokers — opening accounts, placing trades, and digging into their features to find the best broker for beginners. Each platform I've selected brings something unique to the table, from intuitive design to outstanding education. If you're ready to start investing, this guide will help you find a brokerage platform that matches your needs, simplifies your learning curve, and gets you closer to your financial goals. Why you can trust StockBrokers.comSince 2009, we've helped over 20 million visitors research, compare, and choose an online broker. Our writers have collectively placed thousands of trades over their careers. Here's how we test. Best Trading Platforms for Beginners compare_arrows Compare trading platforms head-to-headUse the broker comparison tool to compare over 150 different account features and fees. Compare brokers now Winners Summary Best trading platform for beginners - Charles Schwab Company Minimum Deposit Stock Trades Options (Per Contract) Charles Schwab $0.00 $0.00 $0.65 Why Charles Schwab is the best trading platform for beginners: Charles Schwab stands out as the ultimate platform for self-directed investors, whether you're a beginner or more advanced. No matter where you are in your investment journey, Schwab offers solutions designed to support you every step of the way. The platform is highly accessible and easy to navigate, thanks to its intuitive Schwab Mobile app and user-friendly web platform. Investor Starter Kit: I found Schwab's Investor Starter Kit to be the key differentiator. It provides $101 to invest across five top S&P 500 stocks when you fund your account. It is a beginner-friendly experience that combines education with action, helping you learn about investing while you're actively participating. The Starter Kit is paired with Schwab Stock Slices, which allow you to buy fractional shares of S&P 500 companies starting at just $5. Education: An award-winning beginner experience requires exceptional investor education, and Schwab delivers. Beginners can access an extensive library of articles, videos, and live webinars that simplify complex topics (like candlestick patterns), from building a diversified portfolio to understanding stock valuations. What impressed me most was how seamlessly Schwab integrates this education directly into its platform, allowing you to learn as you trade. Add to that best-in-class customer support, a wide range of account options (including IRAs and custodial accounts), and zero commissions on stock and ETF trades, and it's clear why Charles Schwab is our go-to choice for anyone ready to start their investing journey. Check out my comprehensive review of Charles Schwab to discover more about its features and offerings. Beginner-friendly platform for goal planning - Fidelity Company Minimum Deposit Stock Trades Options (Per Contract) Fidelity $0.00 $0.00 $0.65 Why Fidelity is best for goal planning beginners: Fidelity is an outstanding choice for beginner investors, solidifying its position as the runner-up in this category. The Stocks by the Slice feature offers the ability to purchase fractional shares of thousands of stocks and ETFs with as little as $1, a budget-friendly way to build a diversified portfolio without requiring a large upfront investment. During my testing, I found Fidelity's user experience to be incredibly intuitive and beginner-friendly, with a well-organized dashboard that simplifies portfolio management, market updates, and educational resources. Fidelity's Learning Center: Fidelity's Learning Center offers a vast library of tutorials, articles, videos, and webinars that cover essential topics like reading stock charts and understanding asset allocation. The Planning & Guidance Center is another standout tool, helping you craft a personalized roadmap to achieve your financial goals. Fidelity also provides exceptional customer support with knowledgeable representatives who are ready to assist 24/7, winning our top award for the category in our 2025 Annual Awards. With its beginner-focused features, comprehensive educational offerings, and low-cost structure, Fidelity is an excellent choice for new investors. Visit my full review of Fidelity to learn more about its entire offering. Best mobile trading app for beginners - E*TRADE from Morgan Stanley Company Minimum Deposit Stock Trades Options (Per Contract) E*TRADE $0.00 $0.00 $0.65 Why E*TRADE is the best trading app for beginners: E*TRADE is an excellent choice for beginner traders thanks to its intuitive platform and easy-to-use mobile apps. I've found the layout clean and straightforward, making it simple for new investors to manage portfolios, monitor quotes, and access market research. E*TRADE Mobile works well for basic trading, while Power E*TRADE offers more advanced tools, perfect for beginners ready to explore options or futures trading. However, it lacks fractional shares and cryptocurrency trading — investment options that some might miss. Research and education: Another thing that sets E*TRADE apart is its access to detailed research from Morgan Stanley, giving investors a solid foundation for making informed decisions. The same can't be said for its investor education, which I found to be a mixed bag in my testing. While the real-time data feature does require a $1,000 balance, the variety of customizable charts makes it worth considering. For me, the depth of Power E*TRADE's charting and trading tools stands out, offering a perfect blend of functionality and simplicity for beginners stepping into more complex trades. The availability of free paper trading on the Power E*TRADE app is also a great benefit for beginners first trying out more complex strategies. Read my entire E*TRADE review for more details about its platform suite. Pricing and fees comparison Here's a comparison of pricing across beginner trading platforms. To compare all our collected data side by side, check out our online broker comparison tool. Company Minimum Deposit Stock Trades Broker Assisted Trade Fee Penny Stock Fees (OTC) Mutual Fund Trade Fee Options (Per Contract) Futures (Per Contract) Charles Schwab $0.00 $0.00 $25 $6.95 Varies $0.65 $2.25 Fidelity $0.00 $0.00 $32.95 $0.00 Varies info $0.65 (Not offered) E*TRADE $0.00 $0.00 $25 $6.95 info $0.00 $0.65 $1.50 Merrill Edge $0.00 $0.00 $29.95 N/A Varies info $0.65 (Not offered) Interactive Brokers $0.00 $0.00 Varies $0.01 $14.95 info $0.65 $0.85 J.P. Morgan Self-Directed Investing $0.00 $0.00 Varies $0.00 $0 $0.65 (Not offered) Ally Invest $0.00 $0.00 $20 $4.95 $0.00 $0.50 (Not offered) Beginner education comparison Here's a comparison of the most popular educational features offered by beginner trading platforms. To compare all our collected data side by side, check out our online broker comparison tool. Company Education (Stocks) Education (ETFs) Education (Options) Education (Mutual Funds) Education (Fixed Income) Education (Retirement) Retirement Calculator Investor Dictionary Paper Trading Videos Progress Tracking Interactive Learning - Quizzes Charles Schwab Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Fidelity Yes Yes Yes Yes Yes Yes Yes Yes No Yes Yes Yes E*TRADE Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes No No Merrill Edge Yes Yes Yes Yes Yes Yes Yes Yes No Yes No Yes Interactive Brokers Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes J.P. Morgan Self-Directed Investing Yes Yes Yes Yes Yes Yes No No Yes No No No Ally Invest Yes Yes Yes Yes Yes Yes No Yes No No No No Trading platforms tested, data findings As part of our research process, we create a list of features, set strict definitions for each so our testing is uniform, collect the data, then extrapolate the resulting data to see how common each feature is across the industry as a whole. Here's our findings. To compare all our collected data side by side, check out our online broker comparison tool. Feature % of trading platforms that offer each feature Education (Stocks) 80% Education (ETFs) 56% Education (Options) 68% Education (Mutual Funds) 40% Education (Bonds) 36% Education (Retirement) 48% Retirement Calculator 36% Investor Dictionary 60% Paper Trading 46% Videos 64% Webinars (Archived) nan% Progress Tracking 28% Interactive Learning - Quizzes 28% Charles Schwab is a terrific all-around choice for everyday investors that offers a thorough educational experience and support for beginners, with its Choiceology podcast a standout. Paper (practice) trading is not available, however. Read full review ProsTD Ameritrade's excellent thinkorswim trading platforms now availableTrading-friendly app and browser enhancementsExceptional high net worth services ConsNo cryptocurrency tradingMutual fund fees are complex Fidelity is a winner for beginners, thanks to its plethora of educational resources that includes a Learning Center stocked with videos, infographics, and even podcasts. Fidelity also offers an innovative Youth Account – a first-of-its-kind brokerage account for teens aged 13 to 17. Read full review ProsExcellent research and mobile appTop-notch educationDecades of reliable client service ConsNo dedicated mobile app for active trading Earning a recommendation based on its trading platform alone, E*TRADE is great for any beginner stock trader. Power E*TRADE is easy to use and offers features including paper (practice) trading and note-taking. Its educational content, though plentiful, can be a challenge to navigate. Read full review ProsWatch lists are the best in the businessSmooth mobile navigationHigh-quality high-net-worth Morgan Stanley proprietary research ConsCryptocurrencies not currently availableMargin rates are high compared to other brokers Merrill Edge offers $0 trades with industry-leading research tools and customer rewards. Learning about investing is a pleasant experience, thanks to excellent organization, quality and in-house curated content. Its Stock Stories and Fund Stories do phenomenal jobs presenting information in a friendly way. Read full review ProsPortfolio Story, Dynamic Insights, and the Stock and Fund Stories are groundbreaking featuresHigh-quality proprietary research ConsSome site elements slow to loadNo crypto, futures, forex or penny stocks Beginners and foreign stock aficionados will enjoy using Global Trader, which allows fractional stock trades, options trading and convenient access to foreign shares. Everything is clearly laid out and easy to operate. I'd rank Global Trader above many apps from beginner-focused brokers. Read full review ProsAstounding array of customizable toolsAllows trading in foreign marketsConvenient apps for individual investors ConsRestrictive trading permissionsMain platforms might feel cold J.P. Morgan Self-Directed Investing makes it easy for Chase Bank customers to invest and allows access to J.P. Morgan research. On the downside, the broker features are sparse compared to industry leaders. Read full review ProsAmong our best brokers for banking servicesMulti-account benefitsMobile app provides clean access to investing, education and market news ConsPlatforms are very basicEducational content is hard to browse For current Ally customers looking to invest in stocks, Ally's universal-accounts experience and easy-to-use website offer a convenient solution. Its website is far stronger than the mobile app. Read full review ProsExcellent banking via Ally BankUniversal account management$0 stock and ETF trades alongside a $0 minimum deposit ConsTrails industry leaders in areas including platforms, tools, research, and education View More FAQs What is a trading platform and how does it work? A trading platform, otherwise known as an online brokerage account, allows you to buy and sell investments via computer or mobile app. The brokerage holds your investments and deposited cash for you and provides activity reports and account statements. It also credits any interest accrued and dividends to your account. To open an online broker account in the United States, you will need a Social Security number and you will be required to enter basic financial information such as your name, address, phone number, and trading experience. In the United States, brokers are regulated by both FINRA and the SIPC. The SIPC insures $500,000 per account including up to $250,000 in cash against theft or the firm going belly-up. It's important to remember, however, that insurance does not protect any investor against losses due to market fluctuations. What brokerage account is best for beginners? Charles Schwab is my pick for the best brokerage for beginners, offering an ideal balance of education, ease of use, and affordable investing options. The Schwab Mobile app and web platform are intuitive and beginner-friendly, making it easy to get started. What sets Schwab apart is its Investor Starter Kit, which gives new investors $101 to invest across top S&P 500 stocks when they fund their account, paired with the ability to buy fractional shares through Schwab Stock Slices for as little as $5. Schwab's built-in educational resources, whether you're reading articles or watching live webinars, will also guide you step by step as a novice. Which type of trading is best for beginners? Beginners should consider learning the ropes first by buying and holding stocks, ETFs, or mutual funds. Delving immediately into day trading or complicated investing strategies like options before getting the hang of basic order types is a recipe for disaster. Wait until you have more experience before using options, short selling, or buying on margin. Get acquainted with the most important things to know about the stock market for beginners. Practice first: It is always a great idea to try out any new trading strategies or learn more about your trading platform in the completely risk-free environment of a demo account, also known as paper trading. Offered by most brokers, paper trading accounts allow you to use fake currency in a simulated trading environment, usually using real-time stock charts and prices. While you should be wary of using the results of trades made in such an account to judge the success or failure of any one strategy, it will give you invaluable experience in the logistics of implementing those trades. Can I teach myself how to trade? Yes, you can teach yourself to trade, provided you have realistic expectations and stay at it through a full market boom-and-bust cycle. Don't invest more than a fraction of your trading capital at once, and keep a trading journal noting why you entered and exited each trade and how well that trade performed. Most traders fail because they focus on chasing the upside more than managing risk. Dive deeper and learn more about using trading journals for stock trading. Can I buy stocks without a broker? There are two types of stock brokers. Online stock brokers, meaning companies like E*TRADE and Fidelity, allow you to buy and sell stocks. Traditional stock brokers — individuals who pass a series of exams and work at brokerages — buy and sell stocks on behalf of clients. Traditional stock brokers often work for corporations and may earn commissions on the products they sell you (they are salespeople), and that may affect their advice. If you are looking to buy and sell stocks on your own, you are looking for an online broker. When you open an account with a regulated brokerage, you can deposit money and make investments in the stock market. If you want someone to manage your money for you, you will want to hire a financial advisor. We prefer registered investment advisors who are paid a predictable fee over registered representatives who charge commissions. Get started finding a registered investment advisor over on our sister site, AdvisorSearch.org. Can I start trading with $100? Yes. Nowadays, most online brokers require no minimum deposit to open an account, commission-free stock and ETF trades, as well as the availability of fractional shares. As a result, new traders can start trading with a small investment such as $100. To compare features and pricing, use our online broker comparison tool. What is paper trading? Paper trading, or virtual trading, is a trading platform feature that enables the trading of stocks, ETFs, and options with virtual currency (fake money). This helpful learning tool is popular with beginners and is a great way to practice stock trading without risking real money. Explore my top picks for the best brokers for paper trading. What are fractional shares? A fractional share is a portion of a full share of a publicly traded company. Fractional shares enable investors with smaller budgets to buy a stake in companies with high stock prices. For example, instead of spending over $180 to buy one Amazon (AMZN) share, a trader could purchase a $10 fractional share – and then own a proportional fraction of that share. A real-world example is Charles Schwab's Schwab Stock Slices, which are fractional shares of any company in the S&P 500 and carry a minimum purchase of $5. Discover my top picks for the best brokers who offer fractional shares. Is online trading safe? Online trading is safe if you use a regulated online stock broker and never invest more than you are willing to lose. Trading stocks online is inherently risky. A good rule of thumb is to never invest more than you can afford to lose or that you might need within the next three months. Start with a small amount of money, read investing books, and keep it simple by buying and holding for the long term rather than trying to time the market. Our testing Why you should trust us Jessica Inskip is Director of Investor Research at StockBrokers.com, bringing 15 years of experience in brokerage and trading strategy. A former FINRA-licensed rep, she held Series 7, 63, 66, and 4 licenses. Jessica focuses on investor education and brokerage industry research, appears regularly on CNBC, Bloomberg, The Schwab Network, Fox Business, and Yahoo! Finance, and hosts the Market MakeHer podcast. Blain Reinkensmeyer, co-founder of StockBrokers.com, has been investing and trading for over 25 years. After having placed over 2,000 trades in his late teens and early 20s, he became one of the first in digital media to review online brokerages. Today, Blain is widely respected as a leading expert on finance and investing, specifically the U.S. online brokerage industry. Blain has been quoted in The New York Times, The Wall Street Journal, Forbes, and Fast Company, among others. Blain created the original scoring rubrics for StockBrokers.com and oversees all testing and rating methodologies. How we tested We used our own brokerage accounts for testing. We collected thousands of data points across the brokers we review. We tested each online broker's website, desktop platforms, and mobile app, where applicable. We maintained strict editorial independence; brokers cannot pay for inclusion or a higher rating. Our research team meticulously collected data on every feature of importance to a wide range of customer profiles, including beginners, casual investors, passive investors, and active traders. We carefully track variables like margin rates, trading costs, fees, and platform features and use them to help rate brokers across a range of categories measuring ease of use, range of investments, research, education, and more. At StockBrokers.com, our reviewers use a variety of computing devices to evaluate platforms and tools. Our reviews and data collection were conducted using the following devices: iPhone SE running iOS 17.5.1, MacBook Pro M1 with 8 GB RAM running the current MacOS, and a Dell Vostro 5402 laptop i5 with 8 GB RAM running Windows 11 Pro. Each broker was evaluated and scored on over 200 different variables across seven key categories: Range of Investments, Platforms & Tools, Research, Mobile Trading, Education, Ease of Use, and Overall. Learn more about how we test. Trading platforms tested We tested 14 online trading platforms for this guide: How to Trade 0DTE Options How To Buy Dogecoin (DOGE) How to Buy SafeMoon Crypto Dunning-Kruger Effect: Meaning and Examples in Finance How To Buy Shiba Inu (SHIB) How Information Bias Can Lead to Poor Investing Decisions Robinhood vs. eToro Why Not to Quit Your Job to Trade Stocks? Benefits for Active Traders Who Incorporate Pre-Market Routine Sets Stage For The Trading Day A Day in the Life of a Professional Forex Trader Needle in a Haystack: Stock Message Boards How Much Money Do You Need to Start Trading? An Introduction to Trading Types: Fundamental Traders Beginner's Guide to Hedging: Definition and Example of Hedges in Finance Trading Account: Definition, How to Open, and Margin Requirements The Roles of Traders and Investors Common Investor and Trader Blunders What Is a Trading Strategy? How to Develop One Best Times of the Day, Week, and Month to Trade Stocks Cash Trading Definition, Rules, vs. Margin Trading Trading Effect What Is After-Hours Trading, and Can You Trade at This Time? Is There a Catch to Free Stock Trading? What Is Spot Trading and How Do You Profit? How It Works 20 Rules Followed by Professional Traders What It Takes to Become an Elite Trader Mastering Short-Term Trading The Art of Selling a Losing Position Investopedia Anxiety Index Rio Hedge Maximizing Your Investment Strategy: When to Apply Fundamental, Technical, or Quantitative Analysis Trump Wants Apple's iPhones Made in the U.S. Wedbush Says That's a 'Fairy Tale' Best Technical Analysis Courses for July 2025 Supertrend Indicator: What It Is and How It Works Top Technical Analysis Tools for Traders Top 7 Books to Learn Technical Analysis 7 Technical Indicators To Build a Trading Tool Kit Best Ways To Learn Technical Analysis Understanding Basic Candlestick Charts The Most Reliable Indicator You've Never Heard Of Fundamental vs. Technical Analysis: What's the Difference? What Is a Candlestick Pattern? Debunking 8 Myths About Technical Analysis Inside the Rare But Powerful Triple Tops and Bottoms Technical Analysis Patterns Average Return: Meaning, Calculations and Examples Market Indicators That Reflect Volatility in the Stock Market How to Build a Trading Indicator How to Use a Moving Average to Buy Stocks Technical Indicator: Definition, Analyst Uses, Types and Examples Metrics What Technical Tools Can I Use to Measure Momentum? What Is T-Distribution in Probability? How Do You Use It? ETF Analysis: The iPath S&P 500 VIX Futures Advanced Candlestick Patterns The Rectangle Formation Relative Strength: Definition in Investing and Stock Analysis Exponential Moving Average vs. Simple Moving Average: What's the Difference? Industrial ETFs Bouncing Off Key Support Divergence vs. Convergence What's the Difference? The following statements do not constitute investment advice or any other advice on financial services, financial instruments, financial products or digital assets. They are intended to provide general information. The following statements do not constitute an offer to conclude a contract for the purchase or sale of financial instruments and financial products or an invitation to submit such an offer and to buy or sell any particular digital asset.Stocks and ETFs are subject to high fluctuations in value. A decline in value or a complete loss are possible at any time. The loss of access to data and passwords can also lead to a complete loss.Basics of trading: Trading involves buying and selling financial assets, such as stocks. The goal is to profit from changing prices, using strategies that range from short-term to long-term.Mechanics and strategy: Some major aspects of trading include market analysis, opening positions, risk management, and using technology to make efficient trades.Benefits and risks: There's a lot of flexibility with trading, but the market can also be volatile — there's potential for both profit and loss. You need to be disciplined, ready to learn, and thoughtful about how to manage your risk.Embarking into the world of trading can be daunting. There are fundamental financial concepts and mechanisms at play, and financial markets aren't exactly known for being simple and easy to understand. But don't be discouraged! This article is a roadmap to help newcomers grasp the basics of what trading is and how it works.Ready to get started? Let's go!Trading involves the buying and selling of financial assets, such as stocks, to earn profits based on the price fluctuations of these assets. There are different types of trading, and traders use various strategies, techniques, and tools to decide when to buy or sell different assets. The aim, however, is always to profit from the price difference. Here's a simple example: When the COVID-19 pandemic began and travelling suddenly wasn't possible, airlines' stock prices went down — to the tune of a 12% single-day drop in mid-March. This was an opportunity for traders to buy cheap airline assets on the speculation that airline stock prices would go back up after the pandemic ended. If that happened (and it did!), traders could make a profit.The trading time frame can range from long-term investments to short-term trades lasting minutes, hours, or days. It involves assessing market conditions and economic factors, technical analysis, and sometimes speculation. In short, it's all about anticipating how prices will move, and then making trading decisions.Now that you know what trading is, let's look at how it works.With N26, you can buy stocks and ETFs without leaving your banking app. Get started from as little as €1.Discover Stocks and ETFsThe fundamental principle that makes trading work is the connection between supply and demand. When there are more buyers than sellers, demand increases — and so do the prices. When sellers outnumber buyers, demand shrinks, causing prices to fall. This can happen for many reasons: market trends, geopolitical events such as war or economic sanctions, natural disasters like droughts, or technological developments. Additionally, a trader's profit relies on the market price eventually matching their speculation — for example, our trader assumed that airline stock prices would increase again. If the pandemic had continued and all airline companies had collapsed, this speculation would have been wrong, and the trader would have lost money.Trading involves a series of steps. Here's a simplified overview of how trading typically works:Education and strategy: Traders have to learn about markets, different assets, and trading strategies. The more they learn, the more prepared they'll be to make decisions — but still, that doesn't guarantee a profit. Market analysis: Traders analyze market conditions, trends, news, and indicators to identify potential opportunities. This involves studying price charts, patterns, economic data, company performance, or global events impacting the market.Opening a position: Based on their analysis, traders decide when and what to buy or sell. They place orders through a broker or a trading platform. Today, that can be done on online platforms or banking apps. Monitoring and managing positions: Traders must monitor their positions, using stop-loss orders to limit potential losses and take-profit orders to secure profits. Constant monitoring helps traders react to market changes and adjust their strategies to reduce potential losses.Closing positions: Traders close their positions when they achieve their desired profit, reach a predetermined stop-loss level, or when market conditions indicate a need to exit. Review and analysis: After closing a trade, traders often review their performance, analyzing what worked well and what didn't. This helps refine their strategies for future trades.Risk management: Successful traders prioritize risk management. They diversify their portfolios, use appropriate position sizes, set stop-loss levels, and avoid risking too much capital on a single trade.Remember, trading involves risk, and not all trades will result in profits! It requires discipline, continuous learning, and adapting to changing market conditions. Nothing is certain in trading: Market volatility, economic events, and even unexpected news can — and will — influence trading outcomes.Use N26 Spaces sub-accounts to easily organize your money and save up for your goals.Discover sub-accountsDespite its risks, trading offers many advantages. The potential for high returns is the main motivator for many people to get into the dynamic world of trading and financial markets. There are plenty of opportunities, including: Profit potential: With skillful analysis and the right strategy, traders can benefit from both upward and downward market trends, potentially increasing their initial investment.Liquidity: Markets generally offer high liquidity, since there's typically a buyer or seller available. This liquidity allows traders to enter and exit positions easily, reducing the risk of not being able to execute trades.Flexibility: The time commitment and strategies of trading are flexible. Traders can opt for short-term or long-term trading, choose different financial assets, and adapt strategies based on changing market conditions.Technology and tools: These days, traders rely on online trading platforms and resources that enable them to gather data, analyze, and execute trades efficiently.Continuous learning: Engaging in trading means committing to ongoing learning. Traders continuously develop their skills, understanding of markets, and strategies, which might help them make better trading decisions — and potentially higher profits.Independence: Trading allows individuals to take charge of their financial decisions. Traders have control over their portfolios, strategies, and the timing of their trades.While there are plenty of opportunities with trading, it also carries risks. Market volatility, unexpected events, and fluctuations can lead to losses. Plus, it can be a lot of work — successful trading often requires discipline, a thorough understanding of markets, careful risk management, and continuous learning so that you can adapt to changing market conditions.Take it easy and make sure to keep learning if you think trading is right for you.With N26, making your money work for you has never been easier. Smart, intuitive tools let you invest your money your way — whether you want to start trading, automate your investments, buy stocks, or get into ETFs. And there's no paperwork — just full transparency and security. Plus, with N26 Spaces subaccounts, you can easily set aside funds for your investments. Ready for the stock market? Trade, invest, and manage your money with confidence. tradingtrading for beginnersThese might also interest you Traders, as opposed to investors, are those who'd prefer to make use of leverage and derivatives to go long or short on various markets. Individuals (called retail traders), institutions and governments participate in financial markets by buying and selling assets with the aim of making a profit. In 2021, retail traders accounted for 23% of all US equity trading, double the 2019 figure, buying more than $1.9 billion in stocks.1, 2 Coronavirus-related volatility, which saw stock prices fluctuating at an unprecedented rate, was followed by these soaring numbers. Some financial traders stick to a particular instrument or asset class, while others have more diverse portfolios. Governments and institutions can adapt at a much faster pace, as they often have departments that focus on trading different sectors and industries. Institutions remain the biggest participants in the market, with about 77% of trades attributed to them. For individuals to invest on the stock exchange, they must go through a stockbroker that will execute the order. They'll do their due diligence, research before placing a trade, read charts, study trends; and the broker will act on their behalf. Retail traders take positions from their own private accounts, which they fund – they bear the full risk of losing their capital. Institutions that trade include commercial banks, hedge funds, and corporations that have an influence on the liquidity and volatility of stocks in the market. This is because they typically engage in block trades, which comprises of buying or selling at least 10,000 shares or more at a time.3 These entities stand to profit from supply and demand of goods or products, political instability, the availability of currency (including the movement of interest rates), and many other factors.