4 x Forex Trading Strategies for Beginners

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I know that it can be incredibly time-consuming, frustrating and just annoying researching Forex trading strategies and different trading styles.

The huge problem is that it is often hard to know if you should use a strategy, if that strategy suits you and your lifestyle, and if it is worth your precious time learning and trading with it.

These are all pretty important to know before you begin devoting your time to learning, trading and mastering them.

In today’s lesson I go through four Forex trading strategies you can learn and use in your trading now.

A quick note before you go through them; I highly recommend you find one strategy that you like, suits you best and your lifestyle and personality. Master the heck out of that one strategy first and become profitable with it.
It is far faster to learn, master and become profitable with one strategy, than trying to learn a whole bunch at the same time. You can always add more and more strategies when you are profitable, but profits are the key.

This is an in-depth guide, so I have added a table of contents for ease of use below;

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**4 x Forex Trading Strategies for Beginners**

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Swing Trading

Swing trading is looking to profit from the next swing the markets make.

As a swing trader you will often be using the higher time frames such as the 4 hour and daily charts and looking to capture large market swings and moves.

As a swing trader you don’t just have to use higher time frames, but you are not breakout trading, false breakout trading or scalping. You are looking to profit from larger swings.

When breakout trading you are looking for really fast price movement and to profit from explosive breaks of important support and resistance levels. If you miss crucial moments, it will often mean you miss the trading opportunity you were waiting for.

Swing trading is not as stressful and you will often have the levels you want to find and then enter your trades at pre-marked so you know when price moves into a level to look for a trade setup.
Because the price is not breaking out and making explosive breakout moves, and is often moving over longer periods, you have more time to make your trading decisions and is a less stressful way to trade.

I have attached an example swing trade on the chart below. If price is in an uptrend you would look to identify where the next swing low is going to occur and where you would like to hunt for long trades.

If price moved into this level you would be watching for bullish price action trigger signals to get long and for price to make its next swing higher for you to make profits.
Why You Should Swing Trade

– You have to study full-time or have a job, but still want to trade

– You want to trade higher time frames like 4hr, daily and weekly charts
– You don’t want to use the smaller paced time frames

– You are happy to make less trades that are higher in quality

**Why You Shouldn’t Swing Trade**

– It does not involve entering fast-paced intraday breakout trades hunting for quick wins

– Whether on the smaller or higher time frames it can take time to play out

– You are not moving in and out of your trades quickly

Swing trading can suit a wide variety of traders who are looking to make quality trades and enter into the next swing in the market.
If however, you are looking for a strategy that is fast paced, you are in and out of your trades quickly and you can make many trades in a short period, you may want to use another strategy.

I have an in-depth guide you can use to learn more about swing trading at; Swing Trading Price Action Quick Guide

**False Breakout Trading Strategy**

A false break can be a very high probability trading setup when you have mastered it and play it at the best areas.

The false break occurs when price looks to breakout of a support or resistance level, but then quickly snaps back in the other direction, false breaking a large portion of the market.
When the first breakout begins price is looking to breakout and through a support or resistance. In this example we will say price is looking to breakout and through a resistance level.

When price begins to breakout higher a large portion of the market begin to look for the resistance to break and will enter long trades, often setting their stop loss just on the other side of the resistance.

When price begins to move back lower, the market participants who were long and looking for the resistance to break begin to get stopped out of their long trades. As price gains momentum back lower more and more stops are eaten and price completes the false break.

The false break trading strategy opens a lot of potential high probability trading opportunities for you because it can be used on many different markets, many time frames and can be used at the major support and resistance levels.

I have attached an example Bearish Engulfing Bar = BEEB false break of a major level below;
Why You Should Use False Breakout Trading

– Can be traded on many time frames
– Can be used in many markets and pairs

– Can be traded with many triggers as the major entry

– Often entering when the majority of the market has been stopped out entering in the wrong direction

**Why You Shouldn’t Use False Breakout Trading**

– Can be stopped out quickly if you get it wrong

– Moves can be explosive and quickly lead to a loss
Once you have mastered false break trading it can be incredibly high probability. You will be looking to enter the market when the majority have been false broken in the wrong direction and you can often enter into explosive moves.

You can also use this strategy on many markets and time frames with many triggers for entry.

You can read an introduction guide to using the false break at; **False Break Forex Trading Quick Guide**

**Scalping**

As a scalper you are looking to get in and out of your trades quickly and profit from smaller moves in the price action.

Whilst you are looking to make far smaller pip targets, you are looking to do it in far shorter amounts of time than other strategies.
As a scalper you are capitalizing on the bigger markets volatility and quick price movements to make your profits.

A swing trader is looking to enter trades on the 4 hour or daily charts and then hold those trades for hours or days. When scalping you are generally holding your trades for minutes at a time, depending on how small the time frame.

Some traders love scalping as it offers them more potential trading opportunities, they do not have to hold for extended periods and they can close their trades and finish for the session.

Below I have included an example 5 minute chart showing price testing a key level and then forming a huge false break pin bar reversal to get short.
You can learn how to scalp the market with price action and two simple strategies at:

**Price Action Scalping: Quick Guide**
Why You Should be a Scalper

– Fast-paced movements firing off more trading opportunities

– In and out of the markets quickly with little trade hold time

Why You Shouldn’t be a Scalper

– A lot less time to make good trading decisions

– Often leads to more trader errors

– Things can blow out and go wrong very quickly

– Trade costs such as spreads will affect bottom line more heavily
Scalping is not for everyone and is not for the faint of heart.

Whilst most traders start out on the smaller time frames and looking for as many trades as they can humanly find, this does NOT mean it suits them or that it is what they should be doing.

If you are going to scalp trade you need to have every part of your trading style locked down and be ready for all market circumstances that will come your way.

**Longer Term Position Trading**

Position trading is a trading style where you are looking to hold trades over much longer periods and take a 'position' in the market.

This style of trading is normally carried out on the daily, weekly and monthly charts.
As a position trader, you will often be trying to use the overall larger trend to gain the best positions and capture long running trades.

The key to position trading is knowing how to cut your losses relatively soon, whilst maximizing the times you make large running winners. This will often involve pyramiding into your winning positions adding further positions as price moves in your favor.

The best markets for position traders are the clearly trending markets where price is making a clear move in one direction. The weekly chart example I have added below shows an obvious trend higher that is perfect for a position trader.

This is the type of market that is making regular higher highs and higher lows. This gives the position trader a chance to not only add to their position, but use the swing points as areas to move their stop as a trail to lock in profits as the market moves.
Why You Should be a Position Trader

– Requires far less time because not always watching charts
– Less stress because not always watching the markets and the short-term moves don’t affect your outcome as much

Why You Shouldn’t be a Position Trader

– Long trade hold times

– Large stop sizes to hold trades

– Using portion of account for days and weeks on end whilst other opportunities are happening

– Far less trading opportunities
If you don’t have the time to monitor the markets as frequently and are happy to let your trades ride for longer periods of time, then position trading may be for you.

If however; you don’t want to wait long periods for your trades to play out, use huge stops or make smaller amounts of trades, then I would suggest another strategy.

What Forex Trading Strategies Should You Use?

Each trading strategy and style comes with its pros and cons. Some strategies you simply will not be able to use either because they don’t suit your time frame and lifestyle or because they are not suited to your personality.

To see what Forex trading strategies suit you best, answer these three questions;
How Much Time do You Have?

This is probably the most crucial question you need to consider.

You need to think about how much time you have to first learn the strategy and then implement it.

If you only have a few minutes each day to monitor the markets, then scalping is not going to be suitable for you at all as you simply will not have the time to make the trades. You could look at position trading or swing trading.

You also need to think about how much time you are willing or able to invest in learning your chosen strategy.

What Personality Style do You Have?

Different personalities are suited to different trading strategies.
You may be a trader who wants to be in the markets, making trades and who is happy to stare at your screen for hours on end.

Or, you may want to use trading to make money, but not spend all of your time watching screens and monitoring every pip movement.

Every trader is different and this is something you need to take into account when you choose your strategy. Don’t choose a strategy that will have you watching every pip movement if you are far more suited to making a trade, setting your stop and profit orders and then coming back later.

What Are You Trying to Achieve?

Are you trying to create a lifestyle with more free time, possibly more time with your family and choosing what you do and when?
Or, are you trying to make as much money as possible and are happy to spend all of your time in the markets day in and day out?

Most traders come to trading for money and lifestyle. When choosing your strategy, think about what you are trying to set up and achieve with your trading.

**Lastly**

Yes, there is a lot to learn, and there are a lot of other Forex trading strategies such as breakout trading, price flip trading and trend or momentum trading, but you only need to start with one strategy.

Find the one strategy that suits you the best, practice the heck out of it on your demo and then become profitable with it.
Once you have become profitable with your first strategy you can add more and more. After becoming profitable and successful learning the first strategy, adding the second, third and fourth becomes a lot quicker as you are using the same base methods.

I hope this in-depth lesson helps you find a strategy to find success with.

Safe trading,

Johnathon