

Basics: how a trade and an account work

LearnFX · South Africa · 15

1.1 What happens when you press Buy

This lesson follows one USD/ZAR order from the moment you press Buy to the moment the position is closed, and shows which of the four steps each cost attaches to.

Order placed	R0.00
Order filled at	18.4100
Position size	0.10 lots
Price when closed	18.4120

1.2 Pairs and quotes: what 1.0850 means

A price quote like 1.0850 tells you what one unit of the first currency costs in the second currency. If the pair is EUR/USD, the first currency is the euro and the second is the US dollar, so 1.0850 means one euro costs 1.0850 dollars. The last decimal place is where the price usually moves, and that place has a real money value. On a USD/ZAR quote of 18.4100, the last digit is the fourth decimal, and one step in that digit is worth a small but calculable amount in rand. This lesson shows where the two-digit difference in a quote comes from and what it costs.

Bid price	18.4100
Ask price	18.4102
Difference in the last decimal place	2 steps
Value of one step on 10,000 units	R0.10

1.3 What a pip is worth in money

Twenty pips on a 0.10 lot of USD/ZAR is R20. That is the whole lesson: a pip is a price step, and what it pays depends on how much of the instrument your trade controls.

Position	0.10 lots
One pip	0.0001
Value of one pip	R1.00
A 20-pip move	R20.00

1.4 Lots: standard, mini and micro

A reader asked: "When I open a trade, what does 0,10 actually mean, and why does the platform show a different profit for the same move in price?" A lot is simply the size of one trade. It decides how much of the instrument that trade controls, so it decides what one pip of movement is worth in rand.

Deposit	R500
USD/ZAR price used	18.4100
1,00 lot (standard)	100,000 units
0,10 lot (mini)	10,000 units

1.5 The three costs: spread, commission, swap

This lesson answers a question many new readers ask: when I open a trade, what exactly do I pay, and when do I pay it? By the end you will know the three costs — spread, commission and swap — and you will be able to put a rand figure on each one before you click buy or sell. The numbers below use a USD/ZAR price of about 18.4100 and a rand amount for every cost, so nothing is left vague.

Spread on entry	R22
Commission on entry	R7
Commission on exit	R7
Total cost to open and close	R29

1.6 Overnight swap and swap-free accounts

A reader asked: 'If I hold one lot of USD/ZAR overnight, does it cost me anything?' The answer is that it usually does, and the charge is called swap. This lesson shows what swap is, how it is worked out on one lot, and what changes when a broker offers a swap-free account.

Position size	1 standard lot
Reference price	18.4100
Notional value in rand	R1,841,000
Swap rate quoted by the broker	-R42.00 per night

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

Leverage is the broker letting you control a position larger than your deposit. Margin is the slice of your own money locked while that position stays open. On USD/ZAR at about 18.4100, one standard lot is 100,000 units, so the position is worth roughly R1,841,000. At 1:30 leverage the margin is about R61,367. At 1:500 it is about R3,682. Same trade, very different amount of your money held aside.

Position size	1 standard lot = 100,000 USD
USD/ZAR price used	18.4100
Position value in rand	R1,841,000
Margin at 1:30	R61,367

1.8 Order types: market, limit, stop

A reader asked: 'If I want to buy USD/ZAR but I don't like the price right now, do I have to take it?' No. You choose how your order behaves. A market order takes the price on screen now. A limit order waits for a better price. A stop order triggers once price reaches a worse price, usually to limit a loss. The difference shows up in rand. On USD/ZAR near 18.4100, one pip on 0.10 lots is about R0.10, so a 20-pip gap between order prices is about R2.00 on that position size.

The idea	Buy USD/ZAR
Market order price	18.4100
Limit order price	18.4000
Stop order price	18.4200

1.9 Stop loss and take profit

A reader asked: if I put a stop loss and a take profit on a trade, how do I know what I lose or make before I even click? This lesson shows you how to attach two instructions to a position: one closes it at a loss you chose in advance, the other closes it at a profit you chose in advance. Using USD/ZAR at about 18.4100 on 0.10 lots, a 20-point stop is roughly R20 and a 40-point take profit is roughly R40, so you can see the rand amounts before you trade.

Entry price	18.4100
Stop loss	20 points away
Loss at stop	−R20
Take profit	40 points away

1.10 MT4, MT5 and cTrader: which to pick

A reader asked: 'I want to try a demo trade on USD/ZAR. Does it matter if I use MT4, MT5 or cTrader, and will it change what I pay?' This lesson answers that. The platform is just the screen you click on. The account behind it decides your costs, your instruments and how orders are handled. On a USD/ZAR trade of 0.10 lots, the spread alone can differ by R18 or more between platforms, so the choice is worth ten minutes. The good news: changing platform later is usually free. Changing account type is not.

Instrument	USD/ZAR
Volume	0.10 lots
Entry price	18.4100
Spread cost	R18.00

1.11 Trading from a phone

This lesson answers a common reader question: if I trade from my phone, what do I actually see on a six-inch screen, and what is missing? The phone app can place the same orders, set the same stops and show the same account balance as a desktop terminal. What changes is how much chart you can see at once, and that changes how many decisions you make in a day. A USD/ZAR trade of 0.10 lots is about R1.84 per pip at 18.4100, so a 20-pip stop risks roughly R36.80 — the phone shows that number, but it may not show the last 200 candles that put price there.

Instrument and price	USD/ZAR at 18.4100
Position size	0.10 lots
Value of one pip	R1.84
Stop distance	20 pips

1.12 Demo accounts: what they teach and where they lie

A reader asks: why does my demo trade fill at a price I never see again on a live account? This lesson shows what a demo teaches honestly — the platform buttons and the arithmetic — and where it stops being honest, using USD/ZAR near 18.4100 and money in rand. By the end, the reader can work out what a one-pip move is worth on a given lot size, and why the price on the ticket is not always the price on the statement.

Instrument and price	USD/ZAR at 18.4100
Position size	0.10 lots
Pip size on USD/ZAR	0.0001
Value of one pip on 0.10 lots	R1.00

1.13 Account types: standard, raw spread, cent

A reader asked: "If two accounts show the same USD/ZAR price, why does one look cheaper?" This lesson shows that the same round trip can cost about R19.50 on a standard account and about R19.50 on a raw spread account, because the raw account moves part of the cost into commission instead of removing it. You will see how the spread and the commission are two parts of one total, and why the total is the number that matters.

Standard account spread	20 pips
Standard account lot size	0.10 lots
Standard account cost of the spread	R20.00
Raw spread account spread	2 pips

1.14 Opening an account and passing verification

A reader asks: "What papers do I need to open a trading account in South Africa, and how long does the checking take?" This lesson answers that in plain terms. You will see which documents a regulated broker must ask for, why the law requires them, and what can slow an application down. The aim is simple: know what to send, and know roughly how long the wait is.

Identity document	SA ID card or passport
Proof of address	Bank statement or utility bill, not older than 3 months
Bank account confirmation	Letter from your bank or a recent statement showing your name
Minimum deposit	R1 000

1.15 Deposits and withdrawals with local methods

This lesson shows which local payment methods can reach a broker account, how long each leg of the journey takes, and why money usually has to come back the same way it went in. If you deposit R1 000 by card and later withdraw R1 000, the rand amount can look the same while the timing and any conversion costs do not. By the end you will know what to check before sending money and what to expect when asking for it back.

EFT deposit	R1 000
Instant EFT deposit	R1 000
Bank card deposit	R1 000
USD/ZAR reference rate	18.4100

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