

# How Markets Work

## **BUYERS VS SELLERS**

Markets move based on buyers and sellers. More buyers push price up, more sellers push price down.

## **SUPPLY & DEMAND**

Supply and demand drive price. Demand pushes price up, supply pushes it down, and price often reacts where these are strongest.

## **LIQUIDITY IS KING**

Liquidity is where orders sit in the market. Price moves toward these areas to fill those orders, which is why liquidity often drives market direction.

## **MARKET PARTICIPANTS**

Market participants are the buyers and sellers in the market. Their decisions create supply and demand, which is what moves price.

## **BID/ASK SPREAD**

The bid is the price you sell at, and the ask is the price you buy at. The difference between them is the spread, which is the cost of entering a trade.

# Key Statistics

70-90%

## TRADERS LOSE MONEY

Around 70–90% of retail traders lose money (varies by market and broker data).

1 year

## TRADERS QUIT

A large portion of traders quit within their first year of trading.

40-60%

## PROFITABLE TRADERS

Most profitable traders are only 40–60% accurate, but still make money through strong risk-reward setups.

1-5% <sup>per</sup> <sub>trade</sub>

## TRADERS RISK

Most losing traders risk more than 1–5% per trade, leading to rapid account decline.

80% >

## EMOTIONAL DECISIONS

Around 80%+ of trading decisions are emotional, not planned.

1% <

## CONSISTENTLY RISK

Traders who consistently risk 1% or less per trade have much higher survival rates.

## Simple Truth

Most traders don't fail because they can't find opportunities — they fail because they can't manage risk, emotions, and consistency.

# Why Traders Lose?

## Main Reasons Traders Lose:



### Poor Risk Management

Most traders risk too much on single trades or don't use stop-losses properly.



### Emotional trading

Fear and greed lead to revenge trading, overtrading, and impulsive decisions.



### Lack of consistency

Constantly changing strategies instead of mastering one approach.



### No trading plan

Entering trades without clear rules or structure.



### Overleveraging

Using too much leverage increases both gains and losses dramatically.



### Chasing the market

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# The Big Players

Prices in trading are mainly moved by large market participants who place big orders. These are often called “big players” or “smart money,” and they include:

- Banks – especially investment banks that execute huge currency and asset flows
- Hedge funds – large investment firms that take big speculative positions
- Institutional investors – pension funds, mutual funds, and asset managers moving large capital
- Central banks – governments and monetary authorities influencing currency value through policy and interventions
- Market makers – liquidity providers who help facilitate buying and selling and can influence short-term price movement



*“The market is a game — know who’s really moving the pieces”.*

**Central Banks:**

Set interest rates, manage money supply, control inflation, and influence the value of currency through policy decisions or intervention in financial markets

**Institutional Traders:**

Banks, hedge funds, and asset managers. They move the market by placing large buy and sell orders, which can influence price direction.

**Market Makers:**

Large financial firms that keep the market moving by providing buy and sell prices. They add liquidity so trades can happen easily and help set the bid and ask prices.

**Individual Traders:**

Like you and me who trade with smaller amounts of money. They don’t move the market directly, instead, they react to price movements created by larger players like banks and institutions.

# Environment Setup

## Trading Environment Setup Checklist:



### Trading Platform

A reliable Trading Platform, clean chart setup with key levels or tools, no indicator clutter. (Max 2-3 tools).



### Your Watchlist

A list of markets or assets a trader is tracking for potential trading opportunities. It helps you focus only on selected charts instead of watching everything. Traders use it to monitor price movements, identify setups, and stay prepared for entries.



### Economic Calendar

A schedule of important news events that can impact the markets. You can use it to anticipate volatility and avoid or prepare for sudden price movements. (Bookmark Investing.com)



### Trading Journal

A record of all your trades, to help you track what you traded, why you took the trade, and the result. Traders use it to review mistakes, improve strategies, and build consistency over time.



### Routine

A structured way of approaching the market each day. Setting specific trading times, doing pre-market analysis to prepare, focusing on execution during the trading session, and finishing with a post-market review to evaluate performance. This helps build consistency, discipline, and continuous improvement.