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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.

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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

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“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

Insitustional 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.

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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% per trade

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.