# Introduction to Financial Markets Course

Practical Course Companion eBook

22 lessons across 4 modules, organized for review, practice and responsible application.

**IMPORTANT**

Educational use only. This material does not provide investment, legal, tax or financial advice. Markets and digital assets involve risk, including possible loss of capital. Verify information independently and use appropriately regulated professional advice when needed.

# How to use this eBook

Read one lesson at a time, write the answer to its practice prompt, and compare your decision with the stated key points. Use historical or hypothetical examples for practice. Keep a learning journal so that changes in your reasoning remain visible.

## Course map

| Module | Lessons |
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| Introduction | 5 |
| Terminology | 10 |
| Worst Mistakes Traders Make | 4 |
| ECN | 3 |

Module 1

# Introduction

## 1. What is Forex?

Forex is the global market where one currency is exchanged for another in currency pairs.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what is forex? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Introduction.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what is forex?, then write the conditions that would invalidate your interpretation. |

## 2. What's a Commodity?

A commodity is a standardized raw material or primary product such as gold, oil, wheat or copper.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what's a commodity? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Introduction.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what's a commodity?, then write the conditions that would invalidate your interpretation. |

## 3. What's an Index?

A market index tracks the combined performance of a defined basket of securities.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what's an index? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Introduction.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what's an index?, then write the conditions that would invalidate your interpretation. |

## 4. What's a Share?

A share represents a unit of ownership in a company and may carry economic and voting rights.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what's a share? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Introduction.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what's a share?, then write the conditions that would invalidate your interpretation. |

## 5. What's a CFD?

A contract for difference tracks the price movement of an underlying asset without transferring ownership and can involve substantial leverage risk.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what's a cfd? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Introduction.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what's a cfd?, then write the conditions that would invalidate your interpretation. |

Module 2

# Terminology

## 1. Pips, Points, and Ticks

Pips, points and ticks are units used to describe a market's minimum or customary price movement.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain pips, points, and ticks in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify pips, points, and ticks, then write the conditions that would invalidate your interpretation. |

## 2. Balance and Equity

Account balance records closed results, while equity also reflects unrealized gains and losses on open positions.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain balance and equity in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify balance and equity, then write the conditions that would invalidate your interpretation. |

## 3. Bull and Bear Market

A bull market generally describes sustained rising prices, while a bear market describes sustained falling prices.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain bull and bear market in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify bull and bear market, then write the conditions that would invalidate your interpretation. |

## 4. Lots

A lot is a standardized position-size unit; position size should always be linked to a predefined risk limit.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain lots in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify lots, then write the conditions that would invalidate your interpretation. |

## 5. Bid and Ask Prices

The bid is the price available to a seller and the ask is the price paid by a buyer; the difference is the spread.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain bid and ask prices in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify bid and ask prices, then write the conditions that would invalidate your interpretation. |

## 6. Short and Long Positions

A long position seeks to benefit from a rise, while a short position seeks to benefit from a decline.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain short and long positions in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify short and long positions, then write the conditions that would invalidate your interpretation. |

## 7. Stop Loss and Take Profit

A stop loss is an order intended to limit loss, while a take profit is an order intended to close at a planned gain.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain stop loss and take profit in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify stop loss and take profit, then write the conditions that would invalidate your interpretation. |

## 8. Pending Orders

A pending order is an instruction that activates only when price reaches a specified level.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain pending orders in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify pending orders, then write the conditions that would invalidate your interpretation. |

## 9. Leverage and Margin

Leverage increases market exposure relative to deposited capital, while margin is the capital reserved to support that exposure.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain leverage and margin in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify leverage and margin, then write the conditions that would invalidate your interpretation. |

## 10. Chart Types

Line, bar and candlestick charts present price data differently and should be chosen for the question being analyzed.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain chart types in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Terminology.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify chart types, then write the conditions that would invalidate your interpretation. |

Module 3

# Worst Mistakes Traders Make

## 1. Trading Emotionally

Trading Emotionally is a practical part of the learning pathway that connects a clear goal with repeatable action and review.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain trading emotionally in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Worst Mistakes Traders Make.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify trading emotionally, then write the conditions that would invalidate your interpretation. |

## 2. Averaging Down

Averaging Down is a practical part of the learning pathway that connects a clear goal with repeatable action and review.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain averaging down in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Worst Mistakes Traders Make.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify averaging down, then write the conditions that would invalidate your interpretation. |

## 3. Trading Without Risk Control

Trading Without Risk Control focuses on identifying avoidable exposure, setting boundaries in advance and reviewing decisions without hindsight bias.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain trading without risk control in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Worst Mistakes Traders Make.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify trading without risk control, then write the conditions that would invalidate your interpretation. |

## 4. Not Following a Plan

Not Following a Plan is a practical part of the learning pathway that connects a clear goal with repeatable action and review.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain not following a plan in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside Worst Mistakes Traders Make.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify not following a plan, then write the conditions that would invalidate your interpretation. |

Module 4

# ECN

## 1. What is ECN?

An electronic communication network matches market participants electronically and can display variable spreads plus commissions.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain what is ecn? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside ECN.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify what is ecn?, then write the conditions that would invalidate your interpretation. |

## 2. How are ECN Brokers Different?

An electronic communication network matches market participants electronically and can display variable spreads plus commissions.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
|---|---|
| - Explain how are ecn brokers different? in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside ECN.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify how are ecn brokers different?, then write the conditions that would invalidate your interpretation. |

## 3. Advantages of ECN

An electronic communication network matches market participants electronically and can display variable spreads plus commissions.

Understanding this idea helps a learner describe market behavior more precisely, compare scenarios and avoid treating any single signal as a guarantee. Examples are educational and hypothetical; real financial decisions require independent research and risk assessment.

| KEY POINTS | PRACTICE |
| --- | --- |
| - Explain advantages of ecn in plain language and connect it to the goal of Introduction to Financial Markets Course.<br>- Recognize the inputs, assumptions and limitations that affect this idea inside ECN.<br>- Apply the idea to a small example, record the result and choose one evidence-based next step. | Use a historical or hypothetical example to identify advantages of ecn, then write the conditions that would invalidate your interpretation. |

# Final application plan

Choose one course concept to apply. Define the goal, the evidence you need, the smallest responsible test, the boundary that would stop the test and the date when you will review the result.

**Goal**

**Evidence and inputs**

**Small test**

**Risk boundary**

**Review date and next step**