

Basics: how a trade and an account work

LearnFX · the Philippines · 15

1.1 What happens when you press Buy

A trade looks like one action on a chart, but it is really four steps: the order leaves your platform, it gets filled at a price, it becomes an open position, and it ends when you close it. Each step is where a specific cost attaches, so knowing the steps tells you what you are paying for. We use EUR/USD around 1.0850 and a standard lot to show the money in pesos.

Instrument	EUR/USD
Price at entry	1.0850
Standard lot size	100,000 units
Pip size	0.0001

1.2 Pairs and quotes: what 1.0850 means

A quote like 1.0850 is just the price of one currency in another. Here, one euro costs 1.0850 US dollars. The last decimal place is called a pip, and on a standard lot of EUR/USD it is worth 10 units of the quote currency, so 10 US dollars. At an example rate of ₱56 to the dollar, that is about ₱560 per pip. This lesson shows where the two numbers in a quote come from and what that difference means in pesos.

Bid (sell price)	1.0850
Ask (buy price)	1.0852
Spread	0.0002
Spread in pips	2 pips

1.3 What a pip is worth in money

A pip is the smallest standard step in a price. On EUR/USD, one pip is a move of 0.0001, so a chart price of 1.0850 becomes 1.0851 when it rises one pip. In money, a pip is worth a fixed amount per lot, and that amount changes with the pair and the lot size. This lesson works out what twenty pips pays on a 0.10 lot EUR/USD trade, in pesos.

Pip size on EUR/USD	0.0001
One standard lot	100,000 units of EUR
Pip value on one standard lot	10 units of the quote currency
Lot size used here	0.10 lots

1.4 Lots: standard, mini and micro

This lesson shows how the size of one trade changes the value of a single pip, using EUR/USD around 1.0850 and a deposit of ₱500. A lot is simply the amount of the instrument one trade controls: a standard lot is 100,000 units, a mini lot is 10,000 units, and a micro lot is 1,000 units. By the end, the reader can see why the same price move produces very different peso amounts on each lot size.

Standard lot (1.00)	₱10.00 per pip
Mini lot (0.10)	₱1.00 per pip
Micro lot (0.01)	₱0.10 per pip
Deposit	₱500

1.5 The three costs: spread, commission, swap

This lesson shows the three costs you pay on a trade: the spread when you enter, commission on some account types, and swap for every night a position stays open. On one standard lot of EUR/USD, the spread and commission alone can come to about ₱1,100 before the price has moved in your favour.

Spread	1.2 pips
Value of one pip on one standard lot	₱10
Spread cost	₱12
Commission	₱7

1.6 Overnight swap and swap-free accounts

This lesson explains what an overnight swap is, using a chart of EUR/USD around 1.0850 so the cost is tied to a picture rather than a paragraph. If a position is held past the daily cut-off, the broker adds or subtracts a small amount based on the two interest rates behind the pair. On one standard lot that amount can be a few hundred pesos a night, and a swap-free account removes it but usually replaces it with a different charge.

Position	1 standard lot EUR/USD
Price used	1.0850
One pip	10 units of the quote currency
Swap rate quoted by the broker	-0.08 pip per night

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

This lesson shows how leverage and margin decide how much of your own money sits behind a trade. On a standard lot of EUR/USD near 1.0850, one pip is worth about ₱10.85, and the margin locked by the broker depends on the leverage you choose.

Contract size	100,000 EUR
Position value in US dollars	\$108,500
Position value in pesos	₱6,184,500
Margin at 1:30 leverage	₱206,150

1.8 Order types: market, limit, stop

On a chart, every entry has a price. An order type decides which price you get: the one showing now, a better one you choose, or a worse one that starts a trade once the market moves. The difference between these three can be a few dollars or a few hundred pesos on the same idea, so it is worth knowing before you click buy or sell.

Market order	1.0850
Limit order	1.0830
Stop order	1.0870
Difference between limit and market	20 pips

1.9 Stop loss and take profit

This lesson shows two orders you can attach to any open position: a stop loss, which closes the trade at a loss you pick in advance, and a take profit, which closes it at a profit you pick in advance.

Position size	0.10 lots of EUR/USD
Value of one pip	₱58
Stop loss distance	20 pips
Loss if the stop is hit	−₱1,160

1.10 MT4, MT5 and cTrader: which to pick

This lesson compares MetaTrader 4, MetaTrader 5 and cTrader on the things that change what a trade costs you in pesos: the instruments each one lists, the way each one handles an order, and the way each one reports costs. The choice of platform is easy to reverse. The account type behind it is much harder to change, so it is worth reading before you open anything. We use one EUR/USD trade at about 1.0850 to show which fields get filled in on each screen.

Instrument and price	EUR/USD at 1.0850
Order size	1 standard lot
Value of one pip	10 units of the quote currency
Pip value in pesos	₱10 per pip

1.11 Trading from a phone

A phone trading app can place the same orders as a desktop one, but it shows far less of the chart at once. On a six-inch screen you see perhaps the last few hours of price, so you react to the last candle instead of the last week. That changes decisions, and it changes what a move is worth in pesos: one pip on one standard lot of EUR/USD is 10 units of the quote currency, which at around 1.0850 is about ₱10, and that number is the same whether you tap on a phone or click on a desktop.

Instrument and price	EUR/USD around 1.0850
One pip on one standard lot	10 units of the quote currency
One pip on 0.10 lots	1 unit of the quote currency
One pip on 0.10 lots in pesos	about ₱1

1.12 Demo accounts: what they teach and where they lie

A demo account shows the same price chart as a live account, so the arithmetic is honest: if EUR/USD moves 20 pips on 0.10 lots, the profit or loss is the same number on both. What a demo cannot show is how the order actually fills when the market moves fast, and it cannot show how it feels to watch real money leave your account. This lesson uses a chart-first view of a fast move to separate what a demo teaches from what it hides.

Position size	0.10 lots
Pip value on 0.10 lots	₱54.25 per pip
Move on the chart	20 pips
Demo result	₱1,085

1.13 Account types: standard, raw spread, cent

This lesson compares what the same round trip on EUR/USD costs on a standard account and on a raw spread account. The price on the chart looks identical on both, but the money leaving the account is not. One pip on one standard lot is 10 units of the quote currency, so at an exchange rate of about ₱56 to the dollar that pip is worth roughly ₱560, and the spread is charged in pips while commission is charged in cash.

Instrument and price	EUR/USD near 1.0850
Trade size	1 standard lot
Value of one pip	10 units of the quote currency
Standard account spread	1.6 pips

1.14 Opening an account and passing verification

This lesson shows what a regulated broker in the Philippines must ask for when an account is opened, why each document is needed, and which checks can hold an application up. The cost of waiting is real: a delayed verification can keep money sitting in a bank transfer or GCash balance instead of being available to trade, and every day of delay is a day that ₱10,000 cannot be used.

Identity document	Passport, driver's licence, or national ID
Proof of address	A recent utility bill or bank statement
Payment method	GCash or bank transfer
Review time	Same day to a few business days

1.15 Deposits and withdrawals with local methods

This lesson shows how money moves between a Philippine bank or GCash account and a broker account, and why the way in usually decides the way out.

Deposit sent from GCash	₱10,000
Possible GCash sending fee	varies
Amount credited to the trading account	₱10,000 minus any fee
Time for the deposit to arrive	usually minutes to one working day

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