RYVOTRADE ACADEMY

FOREX TRADING FUNDAMENTALS | RTA-101

MODULE 03: Trading Terminology

Three structured lessons • examples • exercises • knowledge checks • instructor guidance

Learning objectives

By the end of this module, learners should be able to explain the core concepts, work through the examples, and demonstrate the relevant skill in a simulated trading environment.

Educational disclaimer

This material is for education only and is not financial advice. Leveraged forex and CFDs can cause substantial losses. Product terms, lot sizes and execution rules depend on the broker and jurisdiction.

LESSON 1: Pips, Pip Value and Profit/Loss

Concepts and explanation

Pip value depends on position size, quote currency, account currency and conversion rates. Profit/loss is affected by spread, commission, swap and slippage.

Worked example

For 100,000 EUR/USD units in a USD account, a 0.0001 move equals USD 10 before costs.

Practical exercise

Compute pip value for 10,000 and 1,000 EUR/USD units in a USD account.

Knowledge check

1. Define the main idea of pips, pip value and profit/loss in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

LESSON 2: Lot Size and Trade Volume

Concepts and explanation

One standard FX lot often represents 100,000 base-currency units; mini and micro lots are commonly 10,000 and 1,000 units. Always confirm broker contract specifications, especially for XAUUSD.

Worked example

0.10 standard lot EUR/USD is 10,000 EUR notional. Gold lot contracts vary by broker.

Practical exercise

Read an MT5 symbol specification and record contract size and volume step.

Knowledge check

1. Define the main idea of lot size and trade volume in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

LESSON 3: Leverage, Margin and Equity

Concepts and explanation

Leverage increases market exposure relative to margin. Equity equals balance plus floating profit/loss; free margin is equity less used margin. Stop-out rules vary by broker.

Worked example

At 1:100 leverage, a USD 10,000 notional exposure may require about USD 100 initial margin, excluding adjustments.

Practical exercise

Explain why leverage does not reduce the economic risk of a price move.

Knowledge check

1. Define the main idea of leverage, margin and equity in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

MODULE ASSESSMENT & INSTRUCTOR GUIDE

Student assignment

Submit the three lesson exercises, one annotated example or worksheet, and a 200-word reflection explaining how you would apply the material responsibly.

Assessment rubric (100 points)

Conceptual accuracy: 40 points. Correct calculations or worked examples: 25 points. Risk awareness: 20 points. Clarity and completeness: 15 points. Suggested passing mark: 70/100.

Instructor guidance

Start with a 10-minute recap, model each worked example, invite learners to explain assumptions, and review answers in pairs. Confirm that learners distinguish demo outcomes from live-trading expectations.

Review questions

1. Explain pips, pip value and profit/loss and describe one common misconception.

2. Explain lot size and trade volume and describe one common misconception.

3. Explain leverage, margin and equity and describe one common misconception.