

BIG  OPTION



BEGINNER'S
GUIDE TO
BINARY OPTIONS





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Dear trader,

This e-book has been designed to enrich traders' experience on binary options and enlighten them about the basic features prior trading. One essential feature that our financial analysts have meticulously worked on is the simplification of technical words for newbies. This e-book is a collective effort to offer quality knowledge to traders before embarking further into the binary options journey.

Binary options trading has underwent many changes since its start and is still evolving towards perfection. innovation. With this constant growth, you need to make sure that you are up-to-date with the happenings of the industry.

At BigOption, our foremost priority is you. This Beginners Guide to Binary Options has been conceived after due thought about our traders who require constant assistance and guidance; this e-book will be the reference guide necessary for successful trading experience.

We provide you with the best platform and user-friendly interface. BigOption has been designed to provide traders with the best mechanisms on the same platform. You will find instant access to our exclusive **Daily Market Analysis** and the **Trader's Corner** that will back up your trading strategies. You will find a vast range of trading instruments, mainly:

- Classic Binary Options
- Long Term
- Speed Option
- One Touch
- Ladder
- Pairs

We sincerely hope that this e-book will meet up to your expectations and arm you with the necessary knowledge to start trading with binary options. We are eagerly waiting to assist you at BigOption.

Have a successful trading journey!

Table of Content

What is BigOption?	2
History of Binary Options	3
Trading Requirements	4
What are Binary Options?	5
Assets	9
How to Trade?	10
Risk Management	14
Trading Psychology	17
Technical and Fundamental Analysis	19
Conclusion	24

What is BigOption?

BigOption is a binary options broker, providing quality service to traders. Combining technological innovation with unique features and extreme security measures, BigOption relentlessly makes sure that it is providing a trustworthy platform for trading.

The BigOption team highly regards traders' investment, both in terms of money and time spent. Thus, everything is done to provide the latter with a support team ready to assist them 24/7. Dedicated Account Managers play a crucial role within the company as BigOption strives to achieve their ideal state as the next generation of binary options trading.

Driven by the passion to excel and with a broad perspective over the financial market, the BigOption teams consists of trading experts who always deliver the right learning materials as well as constant update on market events.

History of Binary Options

Binary Options trading have been existing since years, but remained unnoticed until 2008. It gained popularity during that year where the Chicago Board of Exchange (BOE) publicly introduced it as the first tradable asset besides the mainstream foreign exchange and the stock exchange.

However, the year 2008 was laden with bad news for the financial. Binary Options became at that time the 'saviour' of trading. In course of such a difficult phase for traders, this type of trading helped the average traders to amass revenue, at least on a smaller scale than nothing at all.

What also pushed binary options trading forward was the rise of technological advancement; in a world of rapidly changing trends, this type of trade instantly gained popularity due to the accessibility and the innovative features that it previewed. Binary Options can be traded anywhere, traders only need access to the internet and a device to connect to it.

With the fast moving pace of technology, binary options is today available on mobile applications. It provides more flexibility and internet connection.

Moreover, binary trading is a concept that keeps on evolving in terms of the trading tools that it offers. The '60secs' trading for instance, is a fairly new concept that enables traders to make profits in a time frame of 60 seconds. The trading tools partakes the needs of traders and it is one kind of a journey that requires no great experience about trading.



Beginner's Guide to Binary Options

Trading Requirements



First of all, the aspiring trader must be over 18 years old. If not so, then you should not be trading on any platform. For instance, each platform requires a proof of identity to certify that the potential trader has the legal age.

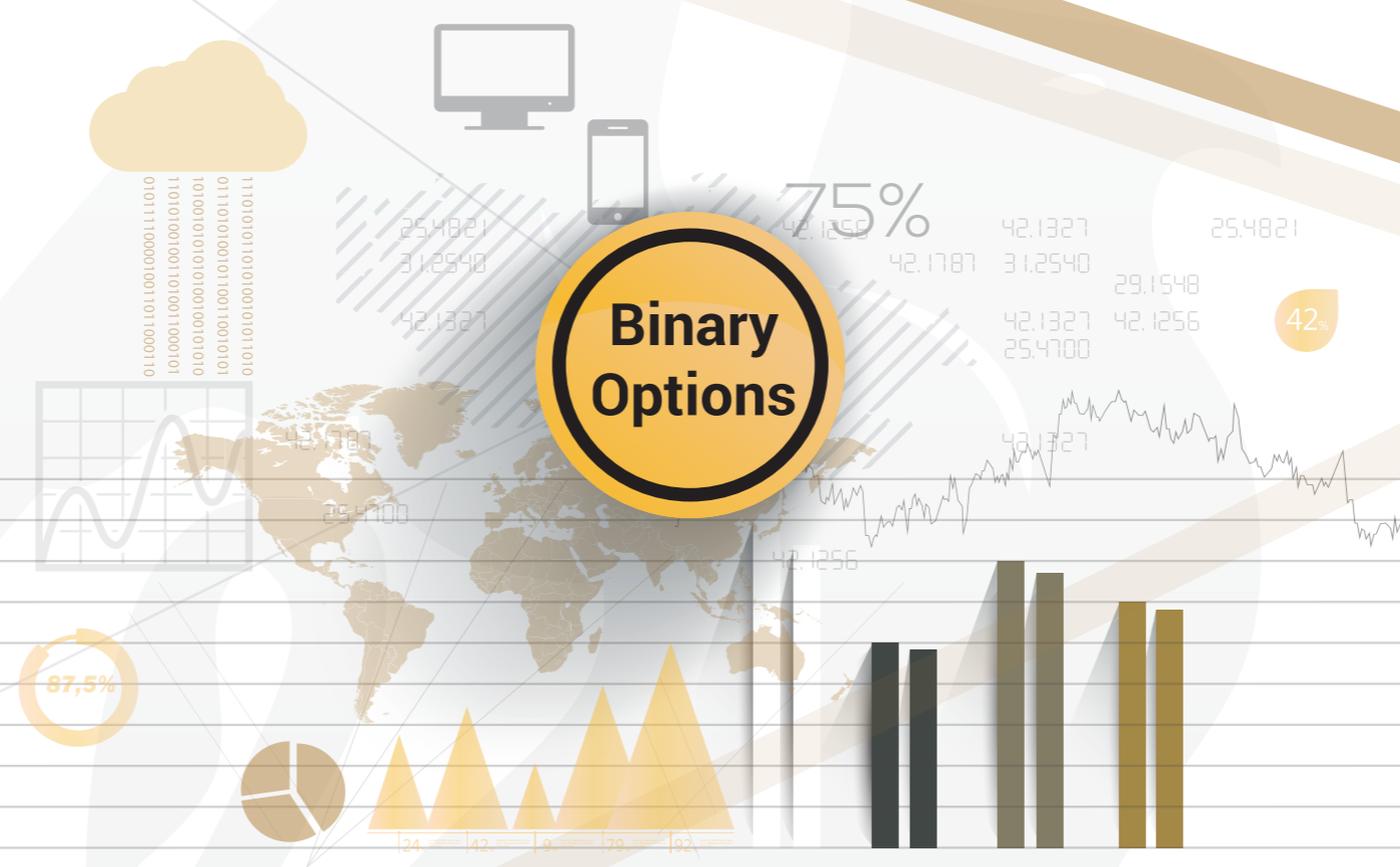
Secondly, the trader should have a brief knowledge of financial markets and happenings around the world. This is not a must, but this will help the trader to have better understanding of binary options trading, and will also help the latter to be more efficient while trading the various options available on the platform.

Another important requirement before trading is that, a trader must be aware that trading binary options might result into loss of part or whole amount invested. Traders are therefore advised not to invest money to be used for important expenditures like; Health, Food, House payments etc...

Instead, they are advised to save money especially to trade options. Remember, profit is the reward for risk taking and also bet what you can afford to lose.

Finally, traders should invest legal tenders from their own credit card and online wallets to fund their accounts. The latter would be requested their proof of identity, credit card picture, proof of address and other personal data which will help the platform to secure invested capital.

What are Binary Options?



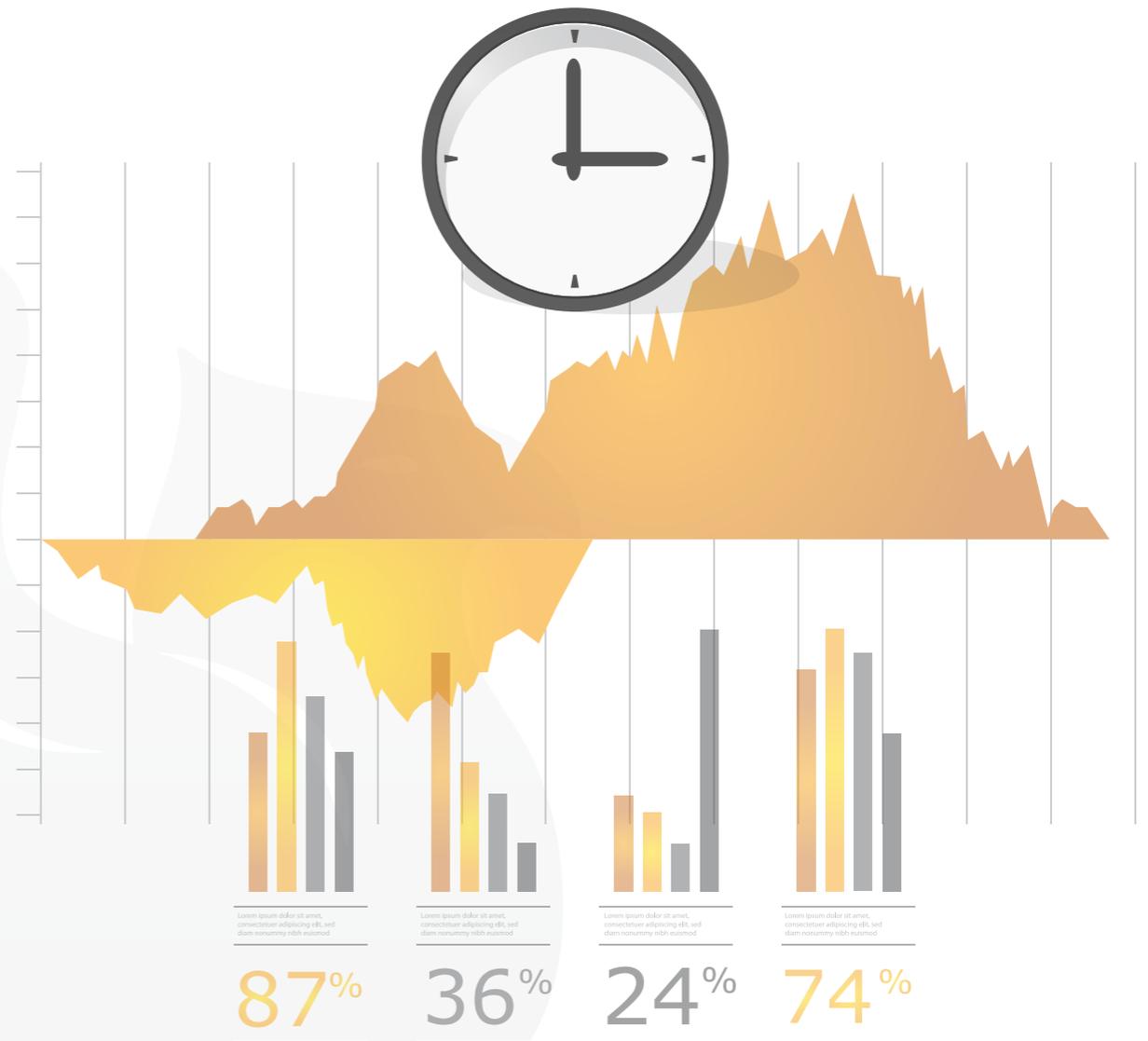
Beginner's Guide to Binary Options

Before diving into binary options, a look at Forex trading and the stock exchange is a must. What differentiates these types of trading and binary options trading is the process through which traders have to undergo to start trading.

In forex and stock trading, you buy currencies or stocks if you think their value will rise. Currencies are traded in comparison to other currencies. Traders ultimately need to contact a broker who usually charges high commissions to get the work done. Discount brokers have recently been introduced who generally charge less but does not give any investment advice.

In other words, in this type of trading, traders have to manage on their own accounts or have a huge amount of money to be able to trade; it becomes very demanding and time consuming.

Binary options on the other hand, is a much more easy way of trading. Binary Options is about speculating whether the value of an asset will rise or fall at the expiry time; You cannot buy the trading assets on a binary options trading platform. You can trade all assets with binary options; be it currencies, commodities, indices or stocks whichever is available on the trading tools options.



Advantages of Binary Options Trading

1 Experience Requirement

Traders do not require any trading experience or background to trade with binary options. As explained earlier, binary options is not as complex as trading with foreign or stock exchange can be. It is one of the major strengths of the binary options trading platform; enabling more people to become traders and earn an additional income has never been so easy.



2 High return on investment

Unlike foreign and stock exchange, traders know beforehand, the pay-out that they will receive with the amount they invest. The minimum amount that can be traded on the classic binary options tool for instance is of \$25. Traders can get acquainted to all the trading tools and trade on the one they prefer.

Profits ultimately guide traders towards trading. The good news is that, as simple binary options trading is, the simpler the gain of profits are. The 'Speed Option' tool for example, can yield a percentage of 70% within an expiry time of 30 seconds. The rapidity with which traders can make money with binary options is not available with any other trading compass.

Moreover, binary options trading requires no astronomical amounts for trading. For example, [BigOption](#) trading platform requires a minimum deposit of 250 depending on the trading currency and to trade with a minimum of \$25. Once traders grasp the concept of binary options and understand the few technical terms, they are ready to trade.



Beginner's Guide to Binary Options

3 Fast and Easy Approach

Most binary options broker platform does not require any downloads or third-party involvement and require only access to the Internet with a device. Another innovative feature of this type of trade is the mobile application that can be found on many platforms.

[BigOption mobile trading](#) enables traders to easily access their account anywhere and anytime they want, they can trade and receive all the ease of the web platform on their smartphone. These are small details that make a huge difference on the daily activity of a trader; providing more flexibility to earn a side income.



4 Assets and Returns

Binary options trading is the sole financial tool that enables traders to trade from a wide variety of assets. With forex and the stock exchange, traders are in a limited space because trading on both markets at the same time can prove to be difficult.

With Binary options on the other hand, traders have a comprehensive list of assets from which they can choose from. On the [classic binary options](#) for instance, traders can choose from currencies, commodities, stocks and indices on the same platform; it is important to note that there is a considerable amount of assets that can be accounted to almost 90 on one single platform.

Another benefit with binary options is the return back on the invested amount, a percentage that can vary between 0-15 %. Unprofitable trades in Forex for example will result in the total loss of the invested amount.

There are undoubtedly strategies that enable traders to minimise losses, however return backs can always be uplifting especially for beginners.

Beginner's Guide to Binary Options

Assets

Having discussed the advantages, understanding assets is another step to better trade with binary options. Assets as mentioned earlier are distributed into four categories mainly, currencies, stocks, commodities and indices. Assets are the financial instruments of the market that carries significant value with them.

With binary options, traders do not physically purchase the assets; they only have to determine whether the value of the asset will rise or fall. However, knowing an asset's feature is still important because traders are investing their money and their should know where their money is going.



Currency Pairs

Currency pairs on any platform will be available in these patterns: EUR/USD, GBP/USD, USD/JPY etc... There are over 25 currency pairs that traders will find on different platforms. The first currency is known as the base currency and the second currency as the quote currency.

Index

An index has been described as securities that represent a market or it can be a portion of it and each index has its own calculation value. One example can be the NASDAQ index which represents the American stock exchange. Therefore, it regroups all major companies under one single representation. If a company or multiple companies does badly during a period, it ultimately affects the performance of the index representation. It results in the asset's value decreasing and vice versa.

Commodities

Commodities, as you will see on binary options trading platforms, are inclusive of items such as Gold, Silver, Rice, Sugar, among others. They come with the same objective; speculating whether the value of the asset will rise or fall within the set expiry time.

Trading on commodities can be highly volatile and therefore, requires a degree of experience. Beginners should allow themselves to find their mark before trading on commodities.

Stocks

In binary options, you will be acquainted with a variety of international stocks. Stocks are basically the shares that companies own and traders buy. However, in binary options, the concept remains the same as all assets, that is, you do not physically buy the stocks. You only have to predict whether the stock of a company will rise or fall.

Beginner's Guide to Binary Options

How to trade?



Trading with binary options is of course easy, yet you need to understand how the platform works in order to better grasp the techniques.

Understanding binary options ultimately means knowing the technical terms. No matter on what platform you will go, you will find technical words such as "Call/Put", "Expiry time" among others. These are two of the terminologies that you need to know when you are trading.

Call and Put

Call gives an indication that an asset's price will rise above the set price. When you are placing a call action on the EUR/USD for example, you are actually assuming the value of the currency pair will move higher than the current price.

The Put function works the other way round; you place a put action when you think the value of the asset will go below the strike price.

With binary options, you can win the trade even when the value of the asset is moving down, provided that you hit the put option.



Beginner's Guide to Binary Options

Expiry Time

The expiry time refers to the end of the trading session; all binary options platform that you will encounter will consist of the "expiry" tab which will give an indication about when the transaction will close.

The expiry time differs with the different trading tools, for instance, trading with the 'Long Term' option will give you different expiry sessions; the transaction can expire within one day, one month and even one year. You have the ability to choose at what time you want to end the transaction.

The most rapid return on investment can be obtained with the 'Speed Option', which gives you the ability to choose an expiry time varying from 30 seconds to 300 seconds.



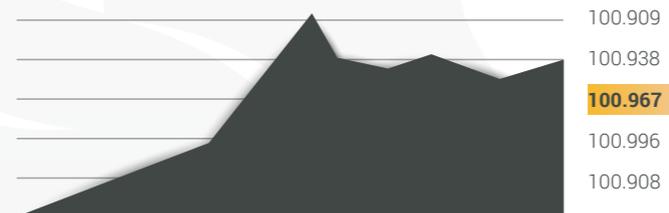
Strike Price

It refers to the price at which an asset might be purchased or sold at a specific time period. In binary options, strike prices can vary from Put to Call. For a Call option, the strike price signifies the buying price of an asset at a specific time. Whereas for a Put option, the strike price is the price at which a specific asset might be sold.



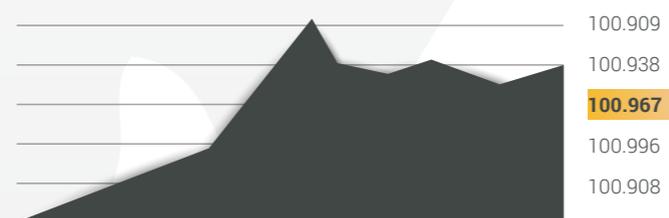
In-the-money

This term refers to a winning position, an 'in-the-money' transaction means the transaction you have placed has been successful and you have owned a profit.



Out-the-money

An 'out-the-money' situation is the contrary of being 'in-the-money', which means that you are losing money.



Beginner's Guide to Binary Options

Trading Tools

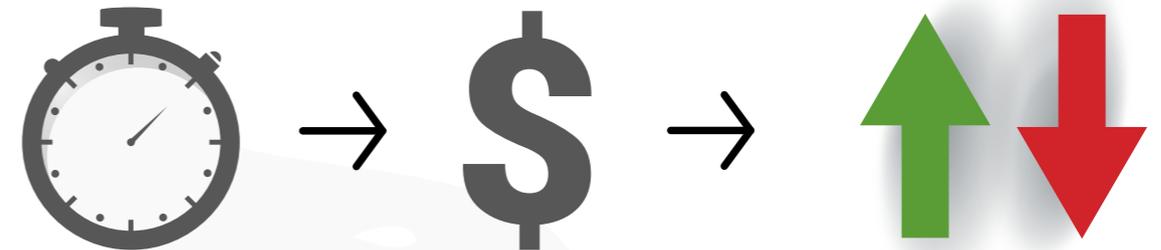


Trading tools are the different options from which you will be able to trade. Each trading tool has different expiry times, consists of different assets, different trading amounts and eventually different pay-outs percentage.

Knowing the different trading tools will guide you into the trading strategies that you will want to invest into. There are usually five trading tools but many brokers innovate their tools to allow traders a large variety of choices. This hints to the 'ladder option' that some brokers have introduced on their platform.

Classic Binary Options

This is the basic binary trading whereby traders make selection of a specific time-frame and their chosen amount.



Long Term

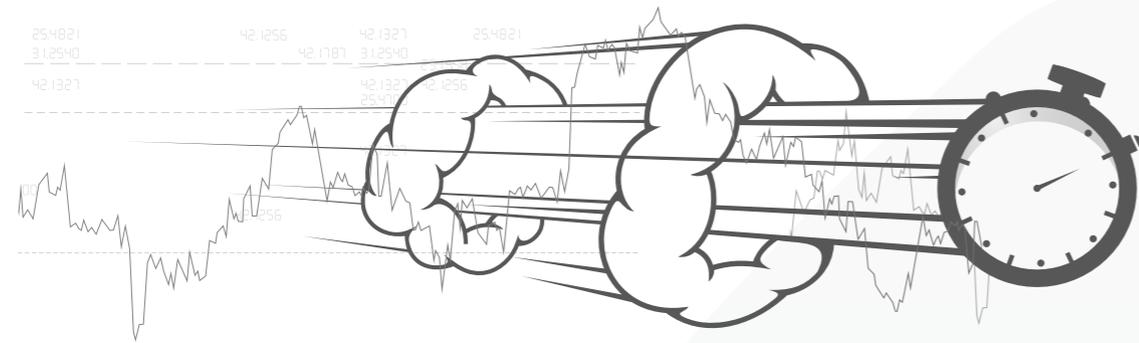
The long term as the name suggest refer to longer expiry time which can range from one day up to weeks.



Beginner's Guide to Binary Options

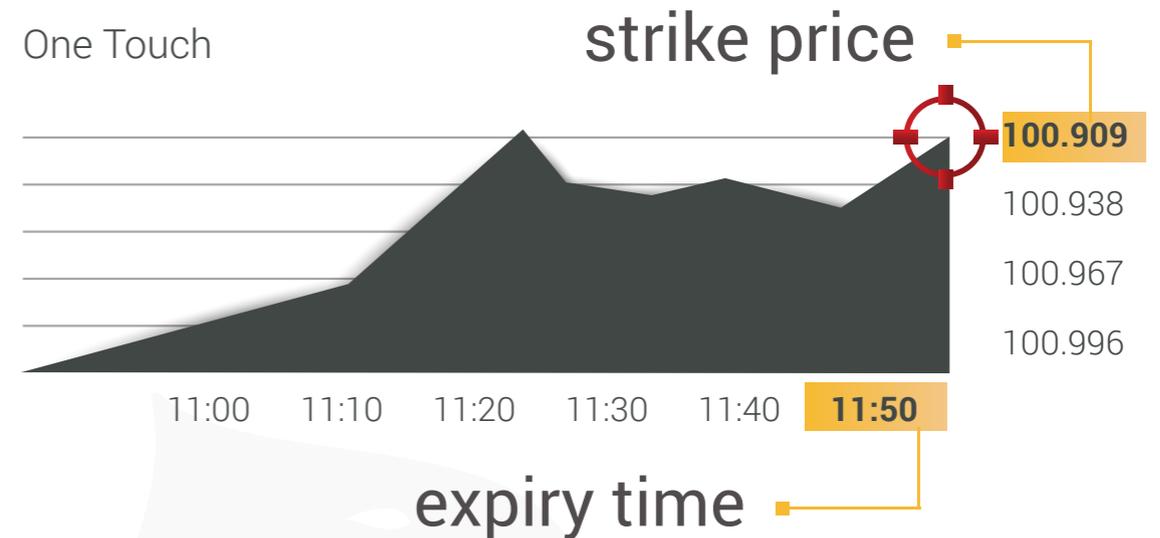
Speed Option

In the quest of seeing their investment cumulate more rapidly, the speed option is ideal as the time frame is arrayed by 30, 60, 120, 180 and 300 seconds.



One Touch

In this trading tool, traders need to forecast whether the traded asset price will touch the set strike at the expiry time. Once it touches the target, the payout generally yields much profit. For example, BigOption offers up to 450% profit for a winning trade using the One Touch option.



Pairs

Pairs option, unlike the other binary options, consists of investing in assets such as gold and silver using the usual "call" or "put" option within a time frame of 7 to 20 minutes. Note: pairs trading is more likely to speculate whether X will outperform Y in a given timeframe.



Beginner's Guide to Binary Options

Risk Management

Risk Management might refer to the process of identification and analysis of uncertainty in decision making, regarding an investment. Risk Management consists of analyzing and attempting to measure the potential ratio of profit or loss while investing, to better take rational decisions.

This is the main reason why knowledge about the market is fundamental for traders who wish to invest and trade wisely. Proper Capital Management will save time, help the trader to invest more efficiently and reduce losses. Capital Management depends on the type of investment a trader is making. For instance, there are two types of investment in Binary Options Trading, "Passive Investment" and "Aggressive Investment".

Passive Investment

Passive Investment might be defined whereby the Trader decides to invest a low percentage of its capital in order to trade a particular option. The trader therefore does not want to adopt much risk in fear of losing investment.

De facto, the less the trader invests, the less the return on investment he will achieve. i.e. if a trader owns a capital of \$1000 and decides to invest \$25 at a particular strike price for an asset, he has 2 options, either he wins or loses.

If he is in the money at expiry time, he receives a less consequent return of \$21.25, which is rather low money flow, given its available capital. If ever the trader is out the money at the expiry time, he however loses only little of its capital percentage.



Aggressive Investment

Aggressive Investment on the other hand, might be defined whereby the trader invests High percentage of its capital in order to trade an asset. The trader therefore adopts a risk, motivated by high rate of return that it would bring.

De facto, the more the trader invests, the more return on investment he will gain. I.e. if a trader invests \$500 at strike price and owns a capital of \$1000, it would be assumed that if ever he is in the money at the expiry time, he would benefit from a \$425 gain which is a quite consequent amount.



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If however he loses the trade, the trader would therefore have lost a large sum of money.

Trading strategies

Investing your money to trade requires strategies. Traders wish to adopt a strategy in order to make the most out of their trades without having to lose consequent amount of money.

To be able to trade efficiently, traders might make use of two rules which are, "5/15 Rule" and "10/30 Rule". Both rules happen to suit different category of traders. Below is the explanation of the two fundamental trading rules.

The 5/15 Rule

A trader must have a maximum loss margin that he can allow himself to lose in a single trade, without harming his profit potential. To make a good investment with low risk, trader might wish to use the 5/15 rule as risk management tool. 5/15 rule refers to the percentage investment executed in a single trade in parallel to investment percentage of the entire capital invested. E.g. If a trader has a total balance of \$1000 on his account, he might allow himself to risk up to 5% (\$50) in a single transaction, and up to \$150 of the entire capital portfolio.



The 10/30 Rule

This is a strategy adopted by aggressive traders in order to acquire more return on investments.

This is whereby you invest up to 10% of your existing total capital on single trades, and up to 30% during trading sessions. E.g. If an investor has a total capital of \$1000 on his account, he might allow himself to risk up to \$100 in a single transaction. Furthermore, he might also invest \$300 from his entire capital portfolio.



Record all your trades and trends

In order to be a good trader and an efficient capital management individual, you should record your preferred assets movement. By doing such thing, you will be able to better understand your assets trend, which will eventually help you in your future trade strategies.

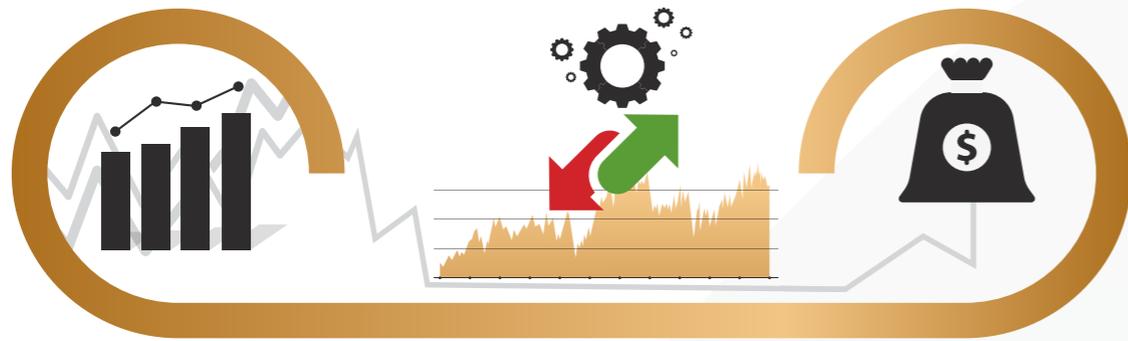
Moreover, this technique will also be helpful to you in case of loss. You will therefore be able to see where your forecasts went wrong and how you can fix the problem.



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BigOption offers trading robot

BigOption has newly launched its trading robot and traders are fully satisfied with this service.



What does the trading robot do? It just simply trades for you; it analyzes the market and trade on your behalf. If you are a beginner in trading or if you do not have adequate time for trading, but wish to make money, you might wish to use this feature. It is very user friendly and easy to understand software.

Find an Exit plan in case of consecutive losses

If your trades are consecutively unsuccessful, stop trading and sit back to analyze the situation. Most of the traders tend to ignore the fact that they are losing, and hope that the market will be in their favor while continuously trading.

This however is the wrong technique to trade successfully. You should freeze your trading session, and analyze where you went wrong, why are you losing, was there any miscalculations, did you correctly trade? Greediness is sure path to failure and loss, so be careful while in a losing streak, you may find yourself losing all your invested capital.

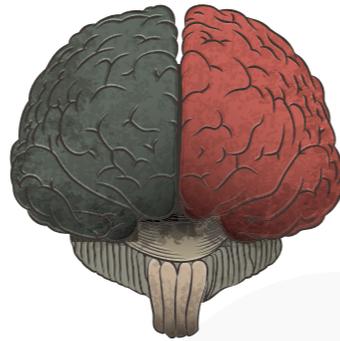


Contact your account manager

If you have trouble managing your capital, request help from your expert trader to assist you in your trades. Our team of experts will guide you all the way with their risk management knowledge and their trading experience. However, our expert traders do not give tips or market forecasts.



Trading Psychology



The rules for trading are as follows:

With a constantly moving and improbable market, keeping emotions in check is a huge task. What might seem appropriate during stressful situations can simply lead you into nowhere because emotions simply has no place in trading. Trading is merely not reacting; of course we are not robots with the astute rooted program of thinking wisely.



In order to become better traders, the key component is to develop a trading strategy and to stick to the rules even when circumstances will incite you to do the contrary. Indiscipline will lead you to nowhere; instead when you adopt multiple trading strategies without following the rules, you are likely going to lose all your invested capital unwisely without any backup plans.

Profit and loss are inseparable components and discipline is utmost important. Similarly, motivation, optimism and patience will be the most required traits for you to be successful.

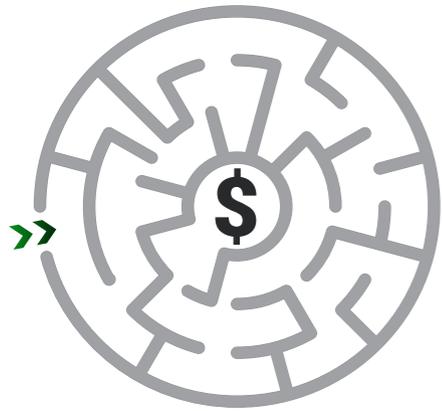
These traits will be more required in times of ultimate unsuccessful transactions or when there is an unfavourable event that hits the market. You need to remember that every day will not be the same replica and you should also keep your calm and trade wisely to maximise your chances of losing less.



The rule is straightforward; either stress controls you or you control the stress. What inhabit your mind during stressful situations are muddled thinking, an impaired judgement and hasty decisions that is soon translated into loss of confidence, irritability, apprehension and might lead to depression in extreme cases.

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Rationality



Rationality is the priority in trading; emotions have no place in this industry and trusting your instincts and moving on wildly will eventually prove to be a faux-pas. It is better to trust statistics and credible market analysis to make up your mind and decide on your next steps. Being rational will also help to come up with backup plans, for instance to use the Rollover Strategy to maximise your chances of winning.

Killing Greed



If you aim to make money in this industry, the rule is clear, do not focus on the money. The real thing is to concentrate in your strategies but most of all, to enjoy your trades. Being greedy will hover around your mind, encouraging you to take the wrong steps and will instantly cloud your trading mind-set. Polishing your trading strategies is more important; once you master the

techniques, making money will become very easy. It is about trading better for better money and better money with reckless transactions.

Continuous Learning

The life of a trader is a never ending learning process. Capital management for example, is on-going and as explained in the previous section, it is unavoidable for your survival as a trader. Similarly, strategy development can be an extensive process and needs constant innovation to better handle the binary options industry.



Beginner's Guide to Binary Options

Technical & Fundamental Analysis



How does fundamental analysis affect charts?

News, Speeches or financial statements do affect heavily stock charts.

These fundamentals have a great impact on charts as they dictate the economy's situation disregarding any country. For example: If U.S announces a high unemployment rate figure in the country, it would be certain that the USD will be affected by such news.

For instance, it might fall against the EUR in the EUR/USD pair, making the flow of the chart more bullish. On the other hand, a low unemployment rate from the country may boost the currency to trade much more bearishly. Those figures apply also to indices and other specific assets.

Moreover, speeches from important organizations such as; World Bank, Federal Reserve, ECB etc... might also be indicators of bullish or bearish trends for an asset's chart.

If speeches are dovish, stocks and assets might fall on trade, whereas if speeches are hawkish, trade might see a bullish trend.

BigOption offer traders a Daily Market Review from Monday to Friday, which includes all market and financial happenings during the previous and upcoming days. It also has an economic calendar, which helps you to stay in touch with economic events happening in the financial world.

What is a technical analysis?

Technical analysis is the method by which a trader analyses the past movement of an asset, in order to predict or forecast its future movements across the chart, with the help of other indicators available on informative websites. This is a good method of forecasting the market if the trader understand the deep concept of technical analysis.

What is fundamental analysis?

Fundamental analysis is the lifeblood of investment. It refers to analysis of economic releases that have impact on assets. This will help you to better invest in your trades, you will be more alert about the trends of your specific asset. Moreover, it will help you to know more about the future updates of your preferred stocks. It also consists of chart readings, which are explained below.

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Charts & Graphs

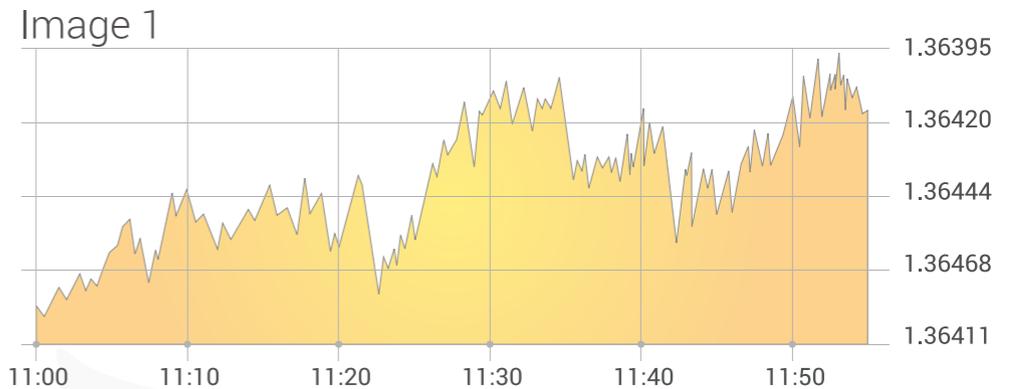
Charts are the main features of binary options trading. These are the main tools for traders to track market flow of their assets. The trader can determine the volatility of the asset by looking at the movements on the chart. An asset which exhibits very jagged up-and-down movements is clearly more volatile than an asset whose stock moves relatively smoothly across time.

But this is only the tip of the iceberg in terms of how charts are used by market participants. There are various types of charts which are explained below.

LineChart

It is a type of chart that is created by connecting a series of data points together with a line. This is the most basic type of chart used in finance and it is generally created by connecting a series of past prices together with a line.

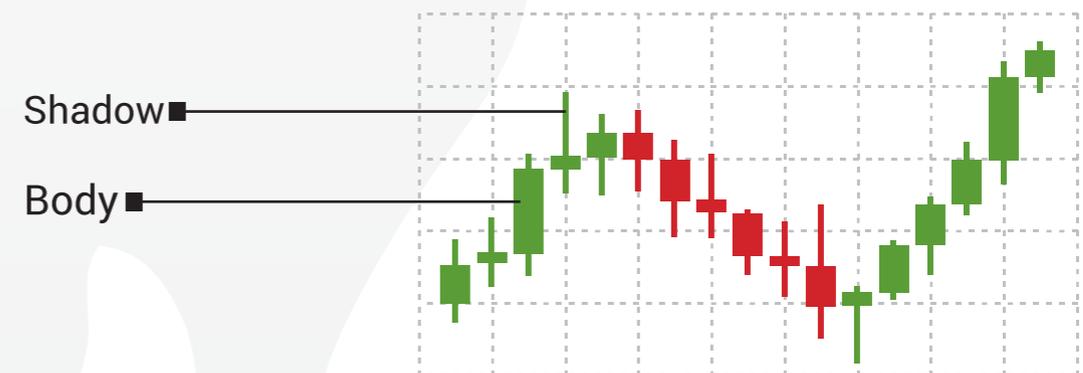
The line chart in image 1, gives the reader a fairly good idea of where the price of an asset has traveled over a given time frame.



Since the closing prices are often seen as the most important ones to keep track of, it is not difficult to see why line charts are one of the most popular charts used by analysts and investors.

CandlestickChart

When looking at the candlestick chart for the first time, traders tend to confuse it to Bar Chart. However, just like a bar chart, the daily candlestick contains the market's open, high, low and close of a specific day.



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The candlestick has a wide part, which is called the "real body". The real body represents the range between the opening and the closing of that day's trading. When the real body is filled in or black, it means the closing was lower than the opening. If the real body is empty, it means that the closure was higher than the opening.

In image 2, the lines above and below the real body are the shadows. The shadows show the high and low prices of that day's trading.

If the upper shadow on the filled-in body is short, it indicates that the opening session that day was closer to the high of the day before. A short upper shadow on a white or unfilled body indicates that the close was near the high. The relationship between the open, high, low and close determines the look of the daily candlestick. Real bodies can be either long or short and either black or white. Shadows can also be either long or short.

Bull & Bear Markets



Bull

The use of "bull" to describe markets, comes from the way the animal attacks its opponents. A bull thrusts its horns up into the air.



Above is an example of a bull market situation. As you can see, the green candles are predominating in the chart as highlighted above. The green candles show successive pattern for a certain period of time, this therefore shows a bullish market trend.

Bear

Bear markets, also known as bearish markets, are characterized by pessimism and expectations that the market's declining result will keep the current trend.

Traders should not confuse a bear market with a correction, which is has a momentum of less than two months. Bear markets rarely provide good entry points for investors as it is quite hard for an investor to make gains during a bear market, unless he is a short seller, or using speed options.

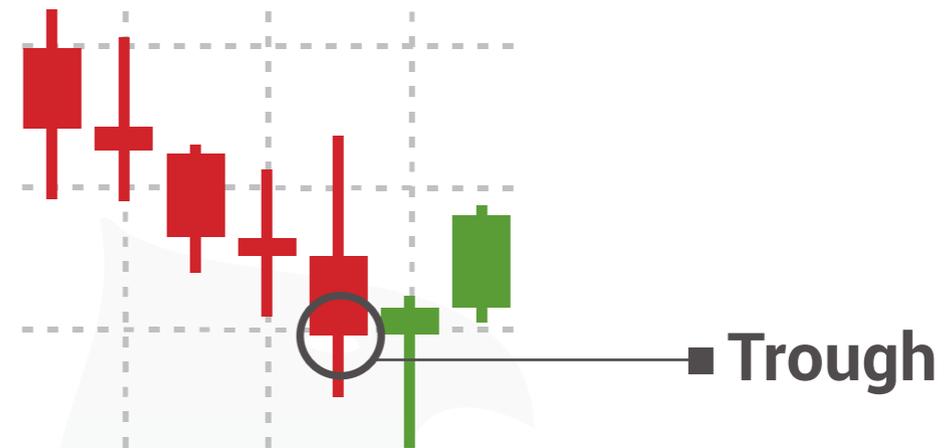
You can take a look at the chart below which demonstrates a bear market situation. As you can see, red candles are taking advantage on the chart as highlighted above.

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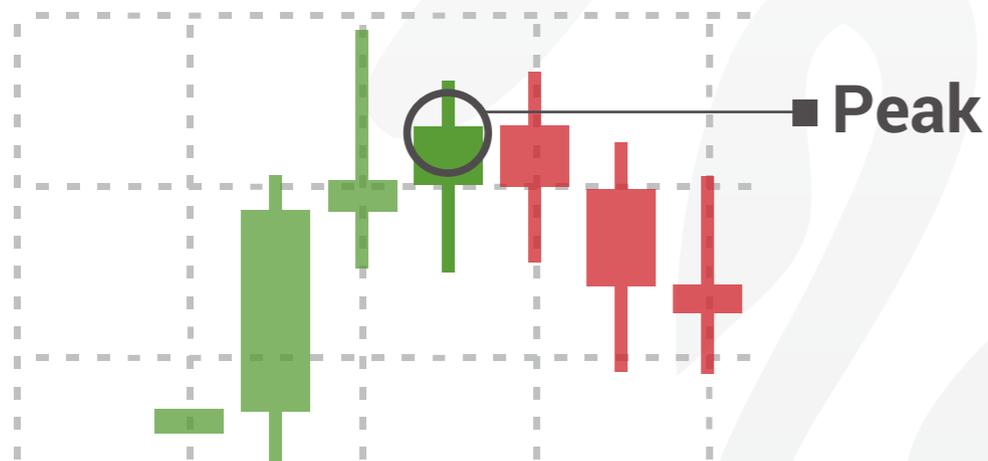
The red candles shows successive decline pattern, which indicates a bearish trend.

A trough on the other hand is a candlestick that is surrounded by two candlesticks are higher than its lowest market price. Below is a diagram showing a trough on a market chart:



Peaks&Troughs

A peak is a candlestick that is surrounded on both sides by two candlesticks that are lower than the highest market price. Below is a diagram showing a peak:



Support&Resistance

Support

A support line is an indicator which an asset tries not to break, as it is the lowest point of a market trend.

This indicates the limit of a market chart for any asset, for instance if the specific asset breaks below the support line, a sharp bearish trend might be experienced in the chart.

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The image below shows a concrete example of a support line:



The image below shows an example of a resistance line:



Resistance

A resistance level acts as an indicator for an underlying asset, enabling traders to gauge its trend. Following the events surrounding the asset, it might eventually break the resistance line or may head lower in the near term.

Each time the asset tries to break the resistance line but is unsuccessful, that area gains in significance.

However, if the resistance line has been broken, it might be the debut of a bearish trend for the asset.

Conclusion

There goes a famous saying, "If you are not willing to learn, No one can help you." Well this applies to the Beginner's Guide to Binary Options as well. We have opened the door for you, you only have to take advantage of this learning resource.

We hope that this e-book will transform your binary options experience and we look forward to trade with you soon. It is obvious that if you are not properly equipped, your success in the industry is limited and most probably will be unfruitful.

The Beginner's Guide to Binary options has been weaved by trading professionals aiming at the successful integration of new traders in the industry.

No matter your trading abilities, we are hoping that this e-book accompanies you throughout your journey.



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