

Basics: how a trade and an account work

LearnFX · Nigeria · 15

1.1 What happens when you press Buy

Pressing Buy does not put money in your account. It sends an instruction to a broker. That instruction is filled at a price, turns into an open position, and only becomes a profit or a loss when you close it. Every cost you pay attaches to one of those four steps, so it helps to know which step costs what.

Step 1: Order sent	₦0
Step 2: Filled at 1.0850	Spread cost: 1 pip x 0.10 lots x 10 units per pip x ₦1,600 per unit
Step 2 cost in naira	₦1,600
Step 3: Position open	₦0 to hold overnight, or a swap fee if held past the daily cut-off

1.2 Pairs and quotes: what 1.0850 means

A currency pair is two currencies written together. EUR/USD means the price of one euro in US dollars. When a chart shows 1.0850, it means one euro costs 1.0850 dollars at that moment.

Bid (sell price)	1.0850
Ask (buy price)	1.0852
Spread	0.0002
Value of one pip on one standard lot	10 USD

1.3 What a pip is worth in money

This lesson shows what one pip is worth in naira, so the cost of a move is clear before any trade is placed.

Trade size	0.10 lots
One standard lot	100,000 units
One pip on one standard lot	10 units of the quote currency
One pip on 0.10 lots	1 unit of the quote currency

1.4 Lots: standard, mini and micro

This lesson shows what a lot is and what each size costs you per pip. A lot is simply the amount of EUR/USD one trade controls. Standard is 100,000 units, mini is 10,000, micro is 1,000. On a ~~N~~-funded account, that choice sets how fast your money moves.

Deposit	\$500
Naira value of the deposit	₦750,000
Standard lot	100,000 units
Pip cost, standard	₦15,000

1.5 The three costs: spread, commission, swap

This lesson shows what a trade costs before it starts. You pay the spread when you open, commission on some account types, and swap for every night you hold. All three are known in advance, so you can work out the cost in naira before you click buy or sell.

Spread cost on entry	₦19,530
Commission on entry and exit	₦10,500
Total cost to open and close	₦30,030
Swap per night held	Varies

1.6 Overnight swap and swap-free accounts

A swap is a small daily charge for holding a leveraged position overnight. On one standard lot of EUR/USD, the charge can be a few hundred naira per night, and it adds up over weeks. A swap-free account removes that charge, but it usually replaces it with a different fee, such as a wider spread or a fixed daily charge.

Position size	1 standard lot EUR/USD
Swap rate per night (example)	₦350
Swap cost for five nights	₦1,750
Swap-free account: extra spread cost	₦1,500

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

This lesson shows what leverage and margin cost you in naira, using EUR/USD at 1.0850 as the example. You will see how the same position needs very different amounts of your own money at different leverage settings. You will also learn why margin is not a fee, but money locked while the trade is open.

Position size	1 standard lot EUR/USD
Exchange rate used	1.0850
Position value in USD	\$108,500
Position value in naira	₦162,750,000

1.8 Order types: market, limit, stop

This lesson shows how the same idea costs three different prices depending on the order type you pick. A market order takes the price on the screen now. A limit order waits for a better price. A stop order triggers only once price reaches a worse price. On EUR/USD around 1.0850, one pip on one standard lot is 10 units of the quote currency, converted to naira at the current rate. If that rate is ₦1,600 to the dollar, one pip is about ₦16,000, so the choice of order type is a choice about money.

Current EUR/USD price	1.0850
Market order entry	1.0850
Limit order entry	1.0830
Stop order entry	1.0870

1.9 Stop loss and take profit

This lesson shows how two orders attached to a position — a stop loss and a take profit — decide the money you lose or gain before the trade even opens. On EUR/USD at about 1.0850, one pip on a 0.10 lot is worth roughly ₦1,085, so a 20-pip stop is about ₦21,700 and a 40-pip take profit about ₦43,400. You will see where those naira figures come from and what your broker may add on top.

Instrument and entry price	EUR/USD at 1.0850
Position size	0.10 lot
Value of one pip	about ₦1,085
Stop loss distance	20 pips

1.10 MT4, MT5 and cTrader: which to pick

This lesson compares MT4, MT5 and cTrader by what each one shows you about cost, because the platform is reversible but the account behind it often is not. Using EUR/USD around 1.0850, one pip on one standard lot is 10 units of the quote currency, which converts to about ₦15,400 at that rate. You will see the same trade entered in three terminals and which fields you fill in on each.

Position size	0.10 lots
Value of one pip	₦1,540
MT4 order ticket	Volume 0.10, Stop Loss, Take Profit
MT5 order ticket	Volume 0.10, Stop Loss, Take Profit, commission line

1.11 Trading from a phone

This lesson shows what you can and cannot see on a phone screen, and what that costs you in naira. A phone app can place the same trade as a desktop terminal, but it shows less of the chart at once, so the price you act on may be older or narrower than you think. Before you tap buy or sell, you need to know how many pips you are risking and what each pip is worth in naira.

Instrument	EUR/USD
Price shown	1.0850
One pip move	0.0001
One standard lot	100,000 units

1.12 Demo accounts: what they teach and where they lie

A demo account costs nothing to open and nothing to trade, so it is the cheapest place to learn how the platform works and how the arithmetic of a position adds up before any naira leaves your bank account. It teaches the mechanics honestly, but it cannot teach you what happens to your order when the market moves fast, and it cannot teach you how losing real money feels. This lesson shows where the demo tells the truth and where it quietly stops being useful.

Instrument	EUR/USD
One standard lot	100,000 units
One pip on one standard lot	10 units of the quote currency
Naira cost of one pip	₦15,400

1.13 Account types: standard, raw spread, cent

The account type changes what a trade costs in naira. This lesson compares a standard account with a raw spread account on the same EUR/USD trade, so the total cost can be worked out before you open anything.

Trade size	0.10 standard lots
One pip on one standard lot	10 units of the quote currency
One pip on 0.10 lots	1 unit of the quote currency
Standard account spread	1.5 pips

1.14 Opening an account and passing verification

This lesson shows what a regulated broker must ask for before an account is opened, and why the checks can take days. The cost of getting it wrong is time: a rejected application can delay a first trade by a week, and a first trade on EUR/USD at 1.0850 with one standard lot moves ₦10,850 for every pip at that rate. Knowing the documents in advance is the cheapest way to avoid that delay.

Pip value on one standard lot	₦10,850
Documents usually requested	2 to 3
Typical verification time	1 to 5 working days
Cost of a rejected application	₦0 in fees, days in time

1.15 Deposits and withdrawals with local methods

This lesson shows what it costs to move money in and out of a trading account using bank transfer, USSD or cards, and how long each step takes.

Deposit sent	₦50,000
Bank transfer fee	₦50
Amount credited after fees	₦49,950
Broker's conversion rate	₦1,600 per 1 unit of the account currency

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