

Published based on [Why the forex has some safety measure](#)

Why the forex has some safety measure

Active traders would normally associate forex trading with aggressive speculation. Forex then is all about the ability of the forex retail trader to trade options on the currency pairs. With OTC options you can get better strategies and tactics. Obtain further advice on [transfer money](#) and the subject of foreign exchange.

Most traders will be buying calls or puts on the underlying spot currency pair as this is the most common move. There is limited pay here however. Income can be generated from the options on spot forex pairs. Take into account these steps to avoid risks in the forex. You can learn more about the ways in formulating an income strategy for a forex account using options. What you can do is to have your income goals in check first. You need to find an achievable dollar goal first as well. Keep in mind that an objective of \$1,000 per month on a \$5,000 account is a different level of risk than setting a goal of \$500 per month.

Second, establish risk controls and manage the trade. Risks can be avoided with procedures. Remember that with Stop and limit orders you can contain risk. There are plenty of other risk control strategies like buying and selling spot cash to offset price moves can be applied. It is best to take measures to control the downside with this strategy.

The next tip is to use technical analysis. A trader who is new to the market should have an understanding how the strike prices relate to overall key indicators, trends, and support and resistance levels. It is important that the trade be an outcome of technical analysis. Understand the Fibonacci levels, point and figure breakout zones, as well as the valuations on the delta, theta and other key terms related to options trading. For more information on foreign exchange check out [sending money](#).

After all the monetary planning you are now ready to scan option pricing tables for puts and calls that can help you achieve those goals. Cyberspace offers plenty of 24 hour OTC currency option pricing tables. There is a trader that was looking to generate income using EUR USD options, they chose a February 98.50 put and a February 110.05 call where the spot price at the time of the trade was at 104.69.

It is noticeable that in this case the margin ratio is 80% which is high. If you do this trader with a \$5,000 account you might have to buy stops.

What you want to achieve is that once the February options expire, the cash price of EURUSD will be between 98.50 and 110.05. Just like a 400 pip wide trading range this is one example of the income trading you can have.