Title:
Comments on Forex Trading Account Sizes, Lots and Margin Calls.

Word Count:
485

Summary:
Forex trading is so great that it even allows you to have great leverages, typically 100:1 and there are no risks of having a debit balance in a bad trading day. Two great advantages Futures won’t give you.

Keywords:
Forex,forex trading,forex broker,forex account, forex day trading,forex system

Article Body:
Forex trading is one of the best business opportunities you can think of joining these days. No other market in the world allows the “Leverage” that the profitable world of currency-trading does. Leverage is all about margin trading. In the Forex market, it is essentially the ratio of the amount used in a trade to the required security deposit needed, by the particular broker you chose to use, for that trade.

Normally, for most brokerages, a margin deposit of just $1,000 allows you to control a $100,000 position in the Forex market. That's 100:1 leverage, or 1%. Or, said in a different way, a “regular full-sized account”, sometimes referred to as a 100k account, allows you to trade with lot sizes equal to $100,000. Each lot is worth $100,000 in currency. So It would only require $1,000 to trade one lot.

This great feature in Forex trading is what makes this market the hottest market to trade in right now. The Forex broker has given you a loan of $99,000 dollars secured only by your $1,000! This is a huge loan and, as you may know by now, this is what allows traders to make extraordinary incomes in this market. And, as you also are probably used to hearing , "leverage is a two-edged sword" , it is what can cause you to lose a lot of money if you trade without rules or Stop-loss orders.

But just as an example, let's say you were a person that likes to trade with reckless abandon, i.e., with no strategy, no common sense, no money- management principles, etc. That’s never recommended for anyone, but being a Forex trader has such great advantages, that even someone with a trading mind like the one described before, will never lose more than what he has placed into a trade.

Unlike Futures (Commodity Trading), the market that most people associate with High leverage, you can never have a debit balance when trading Forex.

So, despite the greater leverage associated with FX trading, it is still arguably less risky than futures trading. Futures markets are often prone to sudden and dramatic moves, against which you can’t protect yourself, even by trading with protective stops. Your position may be liquidated at a loss, and you’ll be liable for any resulting deficit in the account. But because of the Forex markets great liquidity and 24-hour, continuous trading, dangerous trading gaps and limit moves are very unprobable. Orders are executed quickly, without slippage or partial fills, which is just great.

And as it was not enough, there are no margin calls, for your protection, the forex broker's trading platform will automatically close out some or all of your open positions if your account equity, meaning the total floating value of the account, falls below the level required to hold the positions. Think of this as a final, automatic stop, always working on your behalf to prevent a debit balance.