

Title:

Currency Trading

Word Count:

687

Summary:

The FOREX currency trading is a great way to work from home in your free time. You can trade any time you want, from Monday to Friday. But you must know that you can lose money in FOREX. So, getting the proper education and trading before doing any real trades is a must. Fortunately you can first practice on a demo account, until you get to the point that you win 70% of your trades. Nobody wins 100%. But you can be in profit even with 50% wins.

Keywords:

currency trading, forex, finance

Article Body:

Have you heard about FOREX? How currencies are traded?

When you think about Forex, what do you think of first? Which aspects of Forex are important, which are essential, and which ones can you take or leave? You be the judge.

Let's talk about FOREX and advantages of FOREX trading.

The good thing about FOREX is that the amount of money you need to place a trade (known as "margin") is all that can be lost!

Of course, with the proper self-taught education you will win more than you will lose, but you should know that despite the high leverage of FOREX trading (200:1 is possible, which means that when you put up \$1 the trading vendor will allow you to trade it as if you have \$200), it's still less risky than futures (commodities) trading. And when you trade stocks you can't get this type of leverage.

Because of the FOREX market's liquidity and twenty four hours continuous trading, dangerous trading gaps and limit moves are eliminated. Orders are executed very quickly, without slippage. If you do your research and find good brokers, they will automatically close some or all of your open positions if your account's equity falls below the level required to hold the positions.

You'll never lose more than you have in your FOREX account.

Currencies are traded in dollar amounts called *lots* -- One lot is equal to \$1,000, which controls \$100,000 in currency.

This is the "margin" I talked about above. You can control \$100,000 worth of currency for only 1,000 dollars.

Currencies are always traded in pairs. The most popular currencies and their symbols are:

USD - The US Dollar

EUR - The currency of the European Union "EURO"

GBP - The British Pound

JPN - The Japanese Yen

CHF - The Swiss Franc

AUD - The Australian Dollar

CAD - The Canadian Dollar

A currency can never be traded by itself, so you can't trade a USD by itself. You always need to compare one currency with another currency to make a trade possible.

The most commonly traded currency pairs are:

EUR/USD Euro / US Dollar
"Euro"

USD/JPY US Dollar / Japanese Yen
"Dollar Yen"

GBP/USD British Pound / US Dollar
"Cable"

USD/CAD US Dollar / Canadian Dollar
"Dollar Canada"

AUD/USD Australian Dollar/US Dollar
"Aussie Dollar"

USD/CHF US Dollar / Swiss Franc
"Swissy"

EUR/JPY Euro / Japanese Yen

"Euro Yen"

The currency on the left is called the base currency. The currency on the right is the counter currency. For example, when you place an order to buy EUR/USD pair, you are actually buying the EUR and you are selling the USD. When you place an order to sell EUR/USD you are selling the EUR and you are buying the USD. Buying or selling a currency PAIR means buying or selling the base currency, and doing the opposite with the counter currency.

It might seem a little confusing, but actually it is easier to treat the currency PAIR as one item. It means when you place trades you simply sell or buy the pair. The base/counter concept is only important for fundamental analysis.

To decide when to sell or buy you will need to learn technical analysis and/or fundamental analysis.

In currency trading you can make money both, when the currencies go up or down.

The FOREX currency trading is a great way to work from home in your free time. You can trade any time you want, from Monday to Friday. But you must know that you can lose money in FOREX. So, getting the proper education and trading before doing any real trades is a must. Fortunately you can first practice on a demo account, until you get to the point that you win 70% of your trades. Nobody wins 100%. But you can be in profit even with 50% wins.

There are plenty of books and courses to learn currency trading, but be careful with all those \$1000+ courses. Usually you can find courses with the same content for much less.

If you want to learn more about FOREX go to:
<http://www.currencytradingmethod.com>. You will get a free e-book "Forex Freedom".