Title:
Becoming a Millionaire

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445

Summary:
Many people don’t know about the largest traded market in the world. Currently over 1.2 trillion dollars is traded on a daily basis in the forex market. Forex, or the foreign currency exchange market was a market that only large investors could play in and until just recently has become available to smaller investors.

Keywords:
millionaire, forex, forex trading, investing, online investing, making money, home business, stocks, brokers, fx trading, wealth management, wealth, business, finance,

Article Body:


Many people don’t know about the largest traded market in the world. Currently over 1.2 trillion dollars is traded on a daily basis in the forex market. Forex, or the foreign currency exchange market was a market that only large investors could play in and until just recently has become available to smaller investors.

For those of you that don’t know, here is an example of how the forex market works. If one were to take a vacation to Europe from the United States, you would have to exchange your US dollars into the Euros. When you came back to the United States, you would then have to exchange your Euros back to US dollars. During the time you were on vacation market news may have caused the US dollar to strengthen against the Euro. Therefore, when exchanging your Euros back to US dollars, you may have made a bit of money.

What makes the forex arena so popular is the leverage one can use when trading in this market. Most brokers offer a 100:1 leverage. Traditionally a trader needs 100,000 US dollars or we say 1:1 leverage (trading cash). However, with 100:1 leverage, a currency trader is only required to deposit 1/100th of the amount needed, 1,000 US dollars. Some brokers offer as much as 400:1 leverage.

Learning how to trade forex and using the leverage available, it is very possible to make good money. However at the same time it’s very possible to lose a lot of money. Approximately 95% of forex traders lose when they decide to play in the forex market. There are many reasons for this, your psychology, discipline, greed and fear will have a major impact on your trading success.

When looking at the forex market, the price is constantly changing every second. Forex traders measure the price fluctuation in pips also known as the minimum fluctuation or smallest increment of price movement. One pip could be $1, $5, $50, or $100, whatever you decide to risk on each trade.

Using good money management with a well thought out plan can easily turn into profits in the forex arena. Learning to cut your losses and let your winners run is the key to success. A simple money management system to follow is to always look to win 3 times the amount you plan to lose. Yes, you will lose and it’s important to accept losses when trading. For example, if you set a stop-loss to 10 pips, you need to look to win 30 pips. If you set a stop-loss to 20 pips, then you need to look to win 60 pips. This way you only have to be right 33% of the time to be profitable in this market.