

Title:

What Is A Mini Forex Account?

Word Count:

476

Summary:

Using a Mini Forex account it will be easier for you to develop a disciplined forex trading technique, without the anxiety and distractions that come with large profit and lose swings.

Keywords:

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Article Body:

Nowadays many people around the world is looking for entering the world of Forex trading due to its very high profitability potential and many other advantages the Forex market has over other capital markets.

But one of the main worries of the new trader is if he will need lots of money in order to be able to access this market and start placing trades.

The reality is that practically anyone can enter the forex markets and place trades. You don't need to be super-rich or the owner of a big corporation. You just need a few dollars and the right strategy to start profiting from Forex trading.

In the Forex world there is something called a Mini Account, and it uses a different leverage calculation than a regular (100k) account. This means that instead of trading full-size currency lots (100,000 units), you'll trade in lots that are just 1/10 the size (10,000 currency units), which in turn greatly reduces the amount of money you risk in each trade you enter. Pips in a Mini Account are worth, on average, \$1 instead of the \$8 to \$10 value they have in a regular account. The Mini Forex account offers up to a huge 200:1 leverage, this means that just a \$50 margin deposit will allow you to trade lots worth roughly \$10,000 , but the smaller lot sizes, with correspondingly smaller pip values, means that you'll be profiting less from a successful trade and also losing less if the trade goes bad . For example, while a 20-pip loss on a 100,000 USD/JPY position would be \$200, the same loss on a 10,000 USD/JPY position in a Mini account would amount to only \$20.

The following are the characteristics of a Forex Mini Account.

- Minimum required account deposit = \$300
- Recommended required account deposit = \$2,000
- Traded in 10,000-unit currency lots
- Default Margin: set at 0.5% (\$50 per mini-lot)
- Leverage up to = 200:1

Contrary to what you may be tempted to think, there is no downside to trading a Forex mini account, you will be enjoying all the benefits that full-size FX account holders enjoy; including, same state-of-the art trading software from your broker, charts, resources, and tools. This mini accounts are ideal for a new Forex trader to develop a disciplined, rational forex trading strategy and technique without excessively focusing on the fear naturally arising from thinking too much about profits and losses.

One more great new for the starting forex trader is that there is no maximum trade volume when you use a mini account. Although the standard trade size is 10,000 units, you are not limited to trading one lot. For instance, you can trade 10,000 units or even 200,000 units. Allowing that, as you become more seasoned and build up your confidence you can slowly increase the size of your positions to maximize profits. This ability to customize the size of the trade will allow you to have a better risk management of your money.