

Title:

Forex Basics Part 1.

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426

Summary:

This is the first in a series of articles that are intending to introduce beginning traders to all the essential aspects of foreign exchange. I will start by identifying and defining the essential aspects of foreign exchange trading, and key components that you will be exposed to as a forex trader.

Keywords:**Article Body:**

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Forex is an acronym for Foreign Exchange. The foreign exchange is a currency market where currencies are traded. Traders are trading one currency against another. There are very large players in this game such as, large banks, corporations, and countries. There is also the speculative trader. Most individual traders would fit into the speculative category. Speculative trading focuses on the value of one currency with regard to another. As a speculative trader you focus on or bet on which currencies will go up in value and which ones will go down. Fundamental economic news and political situations play an important roll in the fluctuation in value of a currency for any given country.

Forex is the largest financial market in the world. Daily trading volume exceeds \$1.5 trillion. Comparing this to other financial markets such as equities at \$50 billion daily trading volume, and the futures market at \$30 billion in daily volume you can begin to realize the flexibility and infinite trading liquidity the FOREX has to offer. The FOREX is a 24 hour market. This means flexibility for you as a trader. This market never closes. You can always find good trading opportunities at your convenience. This is a 24 hour electronic online currency exchange.

Currencies are traded in pairs. Meaning when you buy one currency you are

selling the cross currency. The position that you take long or short is indicative to how you think that pair will perform. For example, if you were to buy long USD/GBP, you are betting that the USD (US Dollar) will increase in value against the GBP (Great Britain Pound). You are actually buying the USD and simultaneously selling the GBP. If you were to go short on this pair you would be betting that the USD is going to decrease in value against the GBP. It can get confusing but fortunately the services that provide the trading platforms from which you will be placing trades will keep track of this for you. Everything is electronic and online, trading is done in real time. You can watch immediate results of all your trades. These are highly sophisticated programs tracking every movement in the currency market in real time.

Part 2 will focus more on currency pairs, trading platforms and charting software.