Title:
Forex in a crash "nutshell" article

Word Count:
724

Summary:
It is possible to spend $5000+ on forex training to learn how to make profits by daytrading online for just a couple of hours per day. It's then possible to lose your capital anyway. In this article Sam Beatson of www.fasttrackforex.com/fx shares how online money making has never been so simple and easy as the trillion dollar daily forex industry - IF you know how and are willing to do a bit of learning and practice first.

Keywords:
forex, finance, investing, make money, online business, internet business, business, fx, trading, daytrading

Article Body:

The Forex or foreign exchange is also known as FX, and can be traded upon by anyone from home who has an internet connection and some knowledge.

The great thing about being a beginner to forex trading is you can trade using "monopoly" money if you want to.

Most people have the belief that trading currency is extremely risky and a gamble. However there are many ways to technically analyse the market and identify the pattern of the movement to the point we can instigate "good" trades on a consistent basis.

So, how would you like a change of direction. For example, imagine if in two weeks from now you were confident enough and skilled enough to place trades on a daily basis which give you a consistent yield of $200-500 per day.

It's very possible with the correct training. There is a high risk involved though, it's true. If you don't have as much covered as possible with regard to the basis of your decision to trade. If your psychology is not right, you won't stand a chance.

The forex never sleeps. 24 hours per day from sunrise in Australia through to sundown in New York, banks and retail investors trade. Banks in the multimillions.

It must be said, take your time to learn about the forex and what you should do before diving in with a LIVE account and blasting away capital like your on drugs. You can do it. But do it right.

Currency is traded in pairs. That means, as you buy one currency you automatically sell the other currency in the pair. Examples of pairs are the EUR/USD or the Euro against the US dollar, GBP/USD or 'cable' or 'pound dollar' because there used to be a cable relaying info under the ocean from Europe to US. Another example is the USD/CHF or the dollar against the swiss franc - 'dollar-swiss' or even 'swissy'.

The left hand currency is known as the base currency and the quoted price is always how much of the right hand currency can be exchanged for 1 unit of the base currency or vice versa.

So for example a quote of 1.6452 on the GBP/USD means for every 1 pound you sell you get 1.6452 US dollars. Similarly if you were to buy the pound, the rate is 1.6452USD to the pound.

Currency is traded in lots, multiples of lots or for the retail investor sometimes, in fractions of lots. One lot is equal to 100,000 units of the base currency in a pair.

In the above example, buying 1 lot on the GBP/USD means you are buying 100,000pounds and automatically selling 164,520USD.

Profits are made on the forex market much like in any business, but with a twist. You can aim to buy and then sell at a higher price. For example you buy your 100,000GBP automatically selling 164,520USD at the rate 1.6452 and the price quoted rises to 1.6587.

You then close your position on the market which means you are doing the reverse really. You have made a profit of 35 pips or points because the price has moved up 35 pips or points [the last 2 decimal places]. The 'big figure' is the 2 numbers after the decimal point generally.

Buying and selling at a higher price can be likened to traditional business in that you buy wholesale or cheaper and sell for a profit. Being in a position that you want or predict will rise is called long position.

The twist in forex is short-selling or being able to sell and then buy back at a cheaper price for profit. The reverse scenario applies. You sell when your training tells you the price is going to fall. You can then close after a price lowering of however-many pips.

The above looks like big-numbers, however with a leveraged account, you can trade with a 100:1 leverage, meaning you only need a margin deposit 1/100th the size of the amount of currency you want to control, ie $1-2000 will give you enough leverage to control 100,000 dollars of currency.

This makes profits high, also potential losses. For a 100:1 account trading GBP/USD or EUR/USD, each pip movement is worth $10. Therefore, in the above example fo a long position, you would have earned $350 for your one trade. It might have taken a few minutes, it might have taken a few hours.