

**Title:**

Forex trading an overlooked but very lucrative market.

**Word Count:**

749

**Summary:**

Forex trading provides lucrative opportunities that many traders over look.

**Keywords:**

trading, day trading, forex, stocks, options, futures, market

**Article Body:**

One of the most appealing ways to attain wealth is to play the stock market. With the advent of the Internet and on line brokers traders have seemingly unrestricted access to various trading products that just 10 years ago were reserved for big financial institutions. A trading product that has been overlooked by many traders is forex.

Forex is derived from the words FOReign EXchange and involves the trading of currencies. Until relatively recently trading forex has been the preserve of banks and other large financial institutions. In the last 5 years forex trading has literally exploded among ordinary traders. When the advantages of forex trading become apparent this is not surprising. The forex market is the largest financial market in the world with an estimated daily turnover of \$1.5 trillion dollars. This is 30 times larger than all the US stock markets combined. Furthermore the forex market is open 24 hours a day 5 days a week.

The size of the forex market is one of its first benefits. The forex market is very liquid and has high volume. Liquidity is a great asset many traders look for because it means a deal can always be done. Forex is a continuous 24-hour market. This is very desirable if you wish to trade part-time as you can choose what time you trade unlike stock markets that are open only 8 hours a day. This 24-hour market almost removes the problem of gapping. Because most stock markets are only open 8 hours a day often-overnight events can cause stocks to gap up or down. Large gaps can especially cause large losses for people who trade derivative products like futures or options. In the forex market the problem of gapping is very much reduced.

Currencies are always traded in pairs. Usually currencies are traded in pairs against the US dollar. The main pairs are US dollar Vs EURO ( EUR), British

Pound (GBP), Swiss Franc (CHF), Japanese yen (JPY), Australian Dollar (AUD), New Zealand Dollar (NZD) and the Canadian dollar (CAD). There are other currency pairs but most traders prefer to trade the pairs above. These currency pairs are known as the majors. Currency traders have plenty of trading opportunities from these 7 major currency pairs. Compare this against the stock market where more than 8,000 stocks trade on the three primary US stock exchanges and currency traders can focus just on these 7 pairs and still make plenty of money.

Unlike the stock market there is never bullish or bearish market conditions. Currencies go up or down against each other according to how the world financial markets perceive the value of the currencies. You can sell a currency (go short) just as easy as you can buy a currency (go long). Currencies go up and down and you can trade either direction just as easily ensuring there is always plenty of trading opportunities.

Forex brokers don't charge commission or brokerage. This can be quite a large overhead in other financial markets. Forex brokers make their money on the difference between the bid/ask spread of a currency pair. As the forex market is very liquid the spread between the bid/ask is very small. As many stock traders know brokerage can be a significant transaction cost.

You can start trading forex for as little as \$300 dollars. There are two types of accounts a mini forex account and regular forex account. Most forex brokers offer 100:1 leverage which means in a mini account you can control \$10,000 currency position with \$100. In a regular account \$1000 controls a \$100,000 currency position. This provides great leverage and an extremely efficient use of trading capital.

Trading a mini account is a great way on how to learn to how to trade forex. When you paper trade you are having a comfortable armchair ride. You are trading without the emotions of putting real money on the table. When you trade a 1 mini currency lot you can set your stop loss so the most you lose is \$100. This is a great way to learn how to trade effectively without risking much money. In most other trading products even when trading with the smallest trading lot possible you would have to risk much more. Forex provides trading opportunities for people without much trading capital.

Many traders have overlooked forex trading. It has many benefits that all traders can use to their advantage. It offers the benefit of trading 24 hours a day in any country in the world. The forex market is a very lucrative market no trader can overlook it.