

Title:

The Benefits of FX Trading

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644

Summary:

Learn the benefits of FX Trading.

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Article Body:

Many people are looking at getting into day trading, and start with studying the Stock Market, and the different stock exchanges. What many don't realize is that there are different markets and financial instruments that one can profit from. One market that has recently become available to the public to trade is the Foreign Currency Exchange, the FOREX.

The foreign exchange market is the largest financial market in the world. It trades upwards of 2.5 trillion dollars per day, which is approximately 1000 times the volume of the New York Stock Exchange. Quite easily, the foreign exchange market dwarfs the stock market of any country.

So, where is the foreign currency market? Well, unlike the stock exchanges of the world. The foreign currency market is a virtual market that is connected by the internet, phones, and fax.

The advantage of having a worldwide currency market is that it is open 24 hours a day, 5 days a week. Living in the USA, one could trade 24 hours per day Sunday 5pm to Friday 4pm EST. One can only trade stocks during normal market hours, so for those that have jobs during the day, the FOREX market is much more accessible as trading can be done at night or early in the morning before going to work.

Other benefits of the foreign currency exchange include:

1. High Leverage: Currency brokers usually give their traders 100:1 leverage, meaning that if there is \$1000.00 in ones account, they will let one control \$100,000.00, which allows currency traders to reap large gains from

relatively small price movements in the market.

2. High Liquidity: Because the currency market is the largest market in the world with huge daily volumes, one is always able to get in and out of trades as liquidity is never an issue.

3. Stops are always honored: Except in extremely volatile markets, which is rare, limits and stops are always honored. Because of the market's liquidity and 24 hour continuous trading periods, dangerous trading gaps are eliminated altogether. Orders are executed very quickly, without slippage. In the stock market, it is much more frequent that stops get skipped over as stock prices plummet, but in the FOREX, one can be much more confident that the stops are honored.

4. Entry orders are instant: There is no lag time in placing an order. Orders are processed instantly at the current market price, or the price at which you set the order to enter the market in the future.

5. No Commissions: There are no commissions in currency trading, the broker just takes a small difference between the bid price and the ask price as its fee for the transaction.

As currency markets are some of the most volatile markets, many fundamental variables such as weather, and war affect the price of the currency, however, since there is no one apparent reason much of the time for price movement, the fundamentals get discounted and one can use an almost purely technical approach to trading. This is why the FOREX is considered one of the most predictable trending markets that follows technical analysis methods more than any other market.

As one can see, there are many great benefits to using the FOREX as a highly profitable financial instrument. One can trade from home in their spare time, but first it is important to get a solid education in learning specific FX trading methods. Before trading in a live account, it is important to first get educated using books, or online courses. There are many courses online selling for upwards of \$3000.00, but it is not necessary to spend that kind of money to get a good education. Usually the expensive courses come with DVD's and other expensive items that raise the price. Much of the time one can find a course for under \$500 that teaches the exact same content for much less money.

Wishing You Success in Trading!

David Molina

