

Title:

The Basics Of Forex Trading

Word Count:

307

Summary:

Forex Trading, also known as FX Trading or Foreign Exchange Trading, is what happens when you trade one nation's currency for another. For example, if I go to the bank and exchange ten United States dollars for 15 Australian dollars, I have completed a simple Forex trade.

The forex trading market is the largest trading market in the world. According to a study done in 2004, approximately two trillion dollars are traded each day in markets across the globe.

The forex tra...

Keywords:

Article Body:

Forex Trading, also known as FX Trading or Foreign Exchange Trading, is what happens when you trade one nation's currency for another. For example, if I go to the bank and exchange ten United States dollars for 15 Australian dollars, I have completed a simple Forex trade.

The forex trading market is the largest trading market in the world. According to a study done in 2004, approximately two trillion dollars are traded each day in markets across the globe.

The forex trading market is very unique in several aspects, one of which is its international presence. Unlike the stock exchange, which is largely located in New York and has set hours, the foreign exchange market is open twenty four hours a day. In between the united states, European, Asian, and other markets, there is always at least one market open.

Other factors that make the forex market unique are the high liquidity of the market, the wide variety of traders and institutions involved, and the wide variety of factors which affect prices.

In the forex market, there is the ask price (the price at which currency is

sold) and the bid price (the price at which the currency is bought. Usually, these prices are very close together, often about one-hundredth of a cent apart.

The United States dollar is by far the most traded currency. Approximately eighty nine percent of transactions involve the United States Dollar. Other highly traded currencies include the Euro, Yen (Japanese), Sterling (British), Franc (Swiss), and the Australian Dollar.

The forex market includes many types of traders. The largest traders are banks. Actually, about fifty-three percent of forex transactions are in between two banks. Other traders include non-bank financial institutions, other corporations, retail exchange brokers, investment firms, hedge funds, and speculators.

The forex marketing is the largest, and arguably most complex market in the world.