

Title:

Why Forex Is A Better Investment Idea Than Stocks or Commodities

Word Count:

462

Summary:

The purpose of this article is not to go into the details of how Forex works, but to compare the benefits of trading in the Forex market versus trading the Equity (American stocks) or Futures markets (Commodities).

Keywords:

make,money,online,forex,trading,system

Article Body:

Forex, the Foreign Exchange Market, is a worldwide market for buying and selling foreign currencies. The major currencies that are traded include the U.S. Dollar (USD), Euro (EUR), British Pound (GBP), Canadian Dollar (CAD), Australian Dollar (AUD), Japanese Yen (JPY), and the Swiss Franc (CHF). The purpose of this article is not to go into the details of how Forex works, but to compare the benefits of trading in the Forex market versus trading the Equity (American stocks) or Futures markets (Commodities).

The Forex market is the largest market in the world with over 2 trillion dollars traded every day. This compares to the 200 billion dollars traded daily in the Equity and Futures market each. Because of this, the Forex market benefits from fairer prices, price stability, and better trade execution.

Forex has the advantage of being open 24 hours a day. The Forex market opens on Sunday afternoon and remains open until it closes on Friday afternoon. The Equity and Futures markets are only open Monday through Friday 8:30 a.m. to 5:00 p.m. Eastern Standard Time. This gives Forex traders the opportunity to trade around their personal schedule. Also, liquidity in the Equity and Futures markets are reduced after regular trading hours.

When trading Forex, you will not incur the commissions or transaction fees that exist in the Equity and Futures markets. You pay a spread on the currency pair you are trading and costs are very low, especially when compared to the other markets.

Investment leverage in the Forex market can be as high as a 200:1 margin. In the

Equity and Futures markets your average margin is 4:1. This means that you can control \$10,000 worth of currency with only a 50-dollar margin.

In the Equity and Futures markets, investors are expected to fund several thousand dollars to open a trading account. In the Forex market, you can open a mini account for only 300 dollars and begin trading.

In the Equity market, short selling is very risky and comes with limitations. In the Forex market, you are able to buy long or sell short any currency pair with no limitations or difference in risk.

As an investor in the Forex market, you are able to concentrate on only a few major currencies. There are seven major currencies yielding four major currency pairs that most Forex investors concentrate on. Whereas in the Equity market, investors have over 40,000 stocks to choose from when contemplating where to invest their money.

There are many factors to consider when deciding on which market you want to spend your time and money. The Forex market provides many benefits over the other major investment markets that will allow you, the investor, to make larger profits, take less risk, and spend more time with your personal life and less time investing.