Title:
Are you prepared to currency trade?

Word Count:
534

Summary:
Currency trading is surely a “go for”, but one must always keep in mind that any transaction involves risk. It is better to know what it implies before loosing the investing capital, not after.

Keywords:
Currency trading,forex trading,money,investment,trader,currencies,trades,trading, Currency,forex

Article Body:
Currency trading is the most popular way to earn to money and it is without doubt a very profitable market. However few are familiar with its unpleasant intricacies and most ignore a very important aspect: risk. It is not enough only to be given the chance to invest your money successfully, you have to be careful because Currency trading can be an efficient trading system or it can ruin you.
Why is Currency trading risky?

- Currency trading is very unstable. It is the subject of rapid and overwhelming changes. The market is volatile and it is influenced by political events.
- One can loose at any time especially when he has just ventured into Currency trading. Experience, information and attention are necessary.
- Some unexpectedly loose the Risk Capital which sometimes consists of College money, the retirement funds or some other substantial sum that shouldn’t have been considered as Currency trading capital in the first place.
- Fluctuations in currency prices, discrepancies between interest rates in two different countries, insolvency of financial institutions that take part in transactions and limited flow of exotic currencies will most likely lead to loss.
- Large profits and minimal losses are impossible to predict with 100% certainty.
- The Currency trading market has great winning potential, but it also has loss potential.
- Misinformation and the emotional baggage are most of the time cause of loss. Use facts, not hope or fear, when Currency trading.
- Sometimes trends can lead to money loss.

- Huge leverage is available to traders. This leads to dangerous positions that risk too much in comparison with the size of the account.
- Lacks of money management and of back testing plans are the mistakes that currency traders make sometimes.
- Using brokers is sometimes inefficient because this counterpart can refuse to trade during volatile market conditions affecting the retail trader. They can even widen spreads. However it is recommended to collaborate with a broker, because he can deal in the interbank market and he surely knows more about Currency trading making it safer from other points of view.
- Scams were very common years ago when dealing with a broker. However, one can be confident with the person he is working with by checking their background and the Institutions he is associated with (large banks, important insurance companies).

Don’t be frightened! It isn’t all about risks. And don’t start trading in fear! You will loose this way. You just have to keep in mind all possibilities and avoid unwanted situations only you can get yourself into. All Currency traders have to be very well informed about their activity. They have to know technical analysis and how to read and interpret charts, they have to develop effective strategies and minimize risk. The financial exposure has to be limited and this can be done in many ways available to currency traders who inform themselves.

So, educate yourself, be prudent, take risks only when you can handle loss and always be prepared for anything. And have this in mind: If Currency trading isn’t profitable then why are so many financial investors, banks, international institutions and important players that obtain huge amounts of cash by simply turning their own money into other currencies?