

**Title:**

Getting Started With FOREX Trading

**Word Count:**

642

**Summary:**

Instructions on entering the world of FOREX trading.

**Keywords:**

forex, forex online, forex trading

**Article Body:**

Foreign Exchange market trading in a very fast growing field that offers some significant advantages over other investment methods. However many people are reluctant to become involved simply because they lack the necessary knowledge. This guide will help explain the basics of FOREX trading so that you can participate in this market trend.

At one time the Foreign Exchange market was restricted to very large players such as national banks and corporations. In the 1980's though the rules controlling the market were changed to allow smaller investors the chance to participate using margin accounts. Margin accounts are the primary reason that FOREX trading has become so popular, with margins of 1:100 you can control \$100,000 with only a \$1000 investment.

There are risks involved with FOREX trading, and even though getting started trading is not difficult FOREX trading is not simple. It is very important for someone interested in trading on the foreign exchange to learn as much as possible about the market before they start trading.

You will need to go through a broker to actually make trades on the exchange. You should be sure to find a reputable broker that is associated with an established financial institution such as a bank. To help protect yourself from fraud be sure that the broker you select is registered with the Commodity Futures Trading Commission (CFTC) as a Futures Commission Merchant (FCM).

Opening a FOREX account will involve filling out paperwork and providing an acceptable form of ID. You will need to sign a Margin Agreement, this form will state that the broker can interfere with any trade, if the broker feels it is too risky. This form is to protect the broker since most of the trades will

actually be done with the brokers money, in a margin account. Then you will need to fund your account so you can start trading. You can fund the account several different ways such as wire transfer or even credit card depending on the broker.

Most brokers will provide several different account types. Usually there will be a mini account that you can open with as little as \$250. The standard accounts will usually take an investment of \$1000 or more. The actual margin rate will also vary by account, this is the amount of money you can control per each dollar of your money. Higher level accounts will provide you with greater leverage and allow you to control more money.

It is highly recommended that you perform paper trades for at least a month before you attempt any real trades. Paper trades are where you record the trade you want to do with out actually investing any money and then see how much money you would have made or loss accordingly. This allows you to learn how the system works without losing money to do so. I would recommend that you continue to paper trade until you can consistently show a profit doing it.

Most brokers will have demo system that you can use for free for at least 30 days. This allows you to practice your paper trades online just like a real trade except there will be no money gained or lost. This not only teaches you about the market but also allows you to learn the software system used for trading.

Each broker will have their own system for making trades and gathering information. Most brokers though will provide the following tools: real time quotes, news feed, technical analyses and charts and profit and loss analyses.

Almost all brokers have an online system that will you to make your trades online. You will need a pc with internet access to take advantage of this. You can also make trades over the phone with most brokers. There are no commission charges on the trades, the brokers make their money on the spread between the bid and ask price.