

Published based on [Easy Ways To Help With Forex Trading](#)

Easy Ways To Help With Forex Trading

Forex trading, the abbreviation for foreign exchange, is one of the best known currency trading network in the world. It is also the largest, with a rate of no less than \$3 trillion per day, as trades value. Only a small percentage of these trades belongs to companies and government authorities, though. Most of the conversions are made by speculators.

The main difference in between Forex trading and the stock market is that Forex functions on the basis of an interbank market (an Over The Counter type of market) and is therefore not subject to change depending on the central exchange rates. Forex trading does have main quarters around the world, in New York and London, Frankfurt, Sydney and Tokyo, for example, which assures a 24 hours availability of the market, but one will not go to any of them personally to close a transaction. The counterparts always discuss the trade, via phone or on the internet.

In order to make a Forex trade, you need to simultaneously buy a currency and sell another. The symbol used in this type of trades is the cross, which can be represented as "EURUSD", "GBPUSD" or "USDJPY", and the main market that traders aim at is the spot market (called "spot" because of the immediate settling of the trades). The main thing you must be careful with is of course the interest rate differential, combined with the type of currencies cross you are using in the trade - that is the key factor that leads to either gain or loss in your transactions.

Forex trading allows you, unlike other trading markets, to use more than your actual capital in the trades you make. This is called "trading on margin"; this will allow you to benefit out of the fluctuations of the exchange rates. For example, a margin of 1. 0% will allow you to trade a maximum sum of \$1 million, even if your capital is only of \$10,000.

Some of the positive aspects of using Forex trading are: 24/5 availability, enough buyers to trade with at any period, commission-free trades and the probability of gaining on one hand after dropping on another as a consequence of falling markets.

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