

FOREX Trading Strategies

The world of trading and investment can be as frustrating as it can be rewarding! And Forex (Foreign Exchange) is no exception - often described as risky, profitable and complicated.

Forex is the largest trading market in the world.

Forex is the worldwide market for buying and selling currencies. These markets were developed to cater for the supply and demand of different currencies by governments, companies and individuals - for international trade and assisting importers and exporters.

Therefore those who trade in this market include consumers, businesses, investors, speculators and the banking industry.

Different countries use different currencies - which vary in their values against each other. Forex trading involves the buying and selling of two currencies - trading pairs - you are selling one and buying another eg you may use the US dollar to purchase British pounds - if the supply of the pound lessens - it will cost more dollars to buy pounds - the Forex trader hopes to sell their pounds at a higher price than the purchase price.

A speculator in Forex is someone who accepts the possibility of adverse exchange-rate movements in the hope of making a profit from favourable movements in currency.

As a speculator you should always start trading with a small amount and have a trading system - which tells you when to get in and out of the market. It is a favourite option for currency traders as you can trade the Forex market 24 hours per day and the transaction costs are minimal.

This market - because of its sheer size - is hard to be manipulated - which stocks can be - it is more likely to be influenced by global news or events. Hence, the opportunity for 'insider trading' is eliminated.

However - beware -Forex brokers estimate that 90% of traders lose their money; 5% break even and only 5% achieve profitable results!

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