

Advantages of Currency Trading

Foreign exchange trading involves buying and selling different currencies. It works on the theory that is similar with share market. As we know that to make the profit, you have to buy at lower price and sell at higher price, or we can also sell at higher price first and buy at lower price. But its not as easy as it sounds. By studying certain market conditions, you can actually make profits in forex. All you have to do is to analyze the forex in a correct way and do the good trade.

Why to go for Foreign exchange trading? There is an option to invest in stock market also but here are a few important advantages of currency trading over stock market.

24-hour Trading

Forex trading is done on 24-hours basis. This market is open throughout day and night as somewhere in the world, there must be this buy and sell trading is going on. Traders involved in forex trading strategy can always get that first hand information and can act accordingly. The currency rate is actually run through telecommunication all over the network of banks 24 hours a day from 00:00 GMT on Monday to 10:00 pm GMT on Friday. There are ECNs (Electronic Communication Networks) which bring together buyers and sellers.

Greater Liquidity

There is a superior liquidity in the market as there are always buyers and sellers to purchase and sell foreign currencies. Forex trading market size is 50 times bigger than the New York Stock Exchange and liquidity of such large market ensures price stability. Forex trading stop orders could be carried out more simply. This makes Forex trading signal more liquid and permits Forex traders to take benefit of trading opportunities as they happen rather than waiting for the market to open the next day.

100:1 High Leverage in forex trading

100 to 1 leverage is commonly available from online forex dealers, which substantially exceeds the common 2:1 margin offered by equity brokers. This gives them a huge leverage in their trading and presents the potential for extraordinary profits with relative small investments. Leverage can also go the opposite way and may lead to huge losses if you are not careful.

Forex trading transactions have no commissions. Forex Brokers can earn money by fixing their own speculation between what a currency could be bought at and what it could be sold at. In difference, Forex traders have to pay a commission fee or brokerage fee for every futures transaction they come in to the view. The forex market is so large that no one individual, bank, fund or government body can influence it for a long period of time. In forex trading strategy, you can trade between seven currencies but not everyone trade in all.

There are certain trading signals that give indications to the trade. These forex signals are delivered by email, instant messenger or direct to your desktop. Some services even offer auto-trading, allowing you to auto-execute their trading signals direct into your broker account. For more about these forex, forex trading strategy, forex signal, visit: [www. connection2forex.com](http://www.connection2forex.com)

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Source: <http://www.tntarticles.com>