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# **Why Should You Trade Online On Foreign Exchange?**

Forex or Foreign Exchange trading these days has not only become a huge industry for online trade investors, but in fact, it is the largest market in the world. It is a very profitable arena to do trading, and huge companies are not the only ones given the advantage, but many independent individuals can now take on the market through the Internet.

Here are some major reasons why Foreign Exchange is a good market to do trades:

#### Low Costs For Investments

One very good thing about trading Forex online is that there are very minimal costs that a party has to undertake. Because there are no middlemen involved and one can easily do direct trades with the market responsible for the pricing of currencies, this means that there are no more commissions that you have to pay.

In Forex trading, there are no clearing fees, government fees or brokerage fees that you have to take care of because brokers in this market are compensated for their services through a bid-ask spread.

There are also very low costs for each transaction. And each bid or ask spread is usually only less than 0.1 percent when there are normal market conditions. For larger dealers, the least you can pay is only as low as .07 percent.

#### The Market Is Open For 24 Hours

Another factor why so many people find the Forex trade very convenient is the fact that it never sleeps. It is open for 24 hours a day from Sunday in the evening to Friday afternoon EST, and therefore people do not have to wait for the opening bell.

This can be very practical especially for those who only trade part-time because they can at least do business whenever they are free –in the morning, noon or at night.

#### High Leverage

In Forex trading, even a small margin deposit can be able to control a larger value for total contract. Through this leverage, the trader can make a lot of profit, while keeping minimal risks.

A good example for this is when brokers in the Foreign Exchange offer a 200 to 1 leverage, because with a 50-dollar margin deposit, a trader could buy or sell 10,000 dollars worth of currencies.

But take note that without proper risk management, there is a huge chance for you to experience significant losses along with gains.

#### High Liquidity

Due to the fact that the Forex industry is the largest market today and because so many parties have gotten involved in it, liquidity has become quite prevalent in this market.

It is very unlikely that you can ever get stuck in a Forex trade. Under normal market conditions, one can easily do trades at will with just a simple click of the mouse. And in fact, in Forex trading, you can have more freedom to automatically close your position when you have reached your aimed profit level just by setting your online trading platform.

There are many advantages in doing Foreign Exchange trades online. In many ways, it proves to be a very practical arena, but the promises for huge profits are never compromised.

There is no wonder why this market has become so popular and huge. And so, if you are interested in investing, with a little hard work and exposure, then the Forex market can surely be a good place to start investing.

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