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# Introduction To Forex Trading

If you are just starting out in the stock trading business or if you are already in it, you may have heard the term Forex trading quite a few times, but you probably might not have a clue on what it may actually mean.

Forex or foreign exchange trading is actually the largest and a fast-rising financial industry in stock trading these days. Here is a quick introduction to trading in foreign exchange.

What Is Forex Trading?

The Foreign Exchange market (Forex) is actually the largest financial market in the world. It actually makes a volume of over 2 trillion U.S. dollars a day, and as compared to its counterpart –the New York Stock Exchange (NYSE) which usually only trades a volume of 25 billion dollars each day, this industry is so huge that it becomes a profitable playground for many investors including central banks, large banks, multinational companies and even governments.

What is actually traded on the foreign exchange is money. It actually consists of the concurrent buying and selling of currencies, which are traded through brokers and are traded in pairs.

When you are buying currency, it is like you are investing on the economy of a particular country. For example, if you buy U.S. dollars then it is as if you are buying a share of the U.S. economy. Whatever the market thinks about the current health of a country's economy would directly be reflected on the price of its legal tender and this is how currencies go up or down.

Forex Trading For The Masses

Originally the whole concept of trading in the Foreign Exchange was only intended for huge companies and banks, but not for normal citizens. After all, you could only take part in the trade if you have around ten to fifty million dollars minimum.

However, with the rise of globalization through the Internet, trading is now offered to retail traders. And these days, almost anyone can now invest on the foreign trade. All you really need to join is some small amount of money, a computer and a high-speed Internet connection, and you can sign up for an account with online Forex trading firms.

There is no exact physical office for Foreign Exchange unlike its counterpart in New York. However, the three main centers for this trade are United States, United Kingdom and Japan. These countries handle majority of Forex transactions and trades goes on for 24 hours everyday.

Today, the Foreign Exchange, as the largest market in the world, is fast paced and enormous. And it has become a very lucrative arena for many traders who may have had participated in stock trading and in other markets. Many large institutions and even smaller-based individuals have gone out to play in this market.

Although this particular market gives huge promises, remember that there is still too much at stake. It is estimated that around 70 to 90 percent of the Foreign Exchange market is still speculative. And the parties that trade currencies may not always have a plan to actually take delivery of the said currency, and more are still speculating on movement of money.

If you are interested in investing in this particular arena, take time to be familiar with the game and make sure you get the right educational background. Taking the extra mile will all be worth it, and once you have tasted your success in this arena, you will be ready to take on anything in trading.

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