

BACKGROUND TO FOREX

Contributed by admin admin
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The foreign exchange market is probably one of most interesting markets, as due to its sheer size and volume, it would make it impossible for any one person, institution or government to control. You may recall that during the ERM crisis, even the British Government was unable to control the Pound. The foreign exchange market now dwarfs any other investment market, with over \$2 trillion traded every day, far more than the world's stock market and bond markets combined. The word FOREX is derived from FOREIGN EXCHANGE and is the largest financial market in the world, unlike many other markets, the Forex is open 24 hours a day. Structure- Decentralised, over the counter market, also known as the interbank market. Main participants: Central Banks, commercial and investment banks, hedge funds, pension funds, corporate and private speculators. Online trading began in the mid to late 1990s. Trading Hours- 24 hours market- Sunday 5pm EST through to Friday 4pm EST- Trading begins in New Zealand, followed by Australia, Asia, the Middle East, Europe and America. Major Markets- The US & UK account for more than 50% of turnover- UK alone accounts for over 30% daily turnover by country. - Major markets: London, New York, Tokyo- Trading activity is the heaviest when major markets overlap. Trading- An estimated 95% of transactions are speculative- More than 40% of trades last less than 2 days- Brokers research: 90% of traders lose money, 5% break even, 5% make money. The Players- Customers small business, individuals and Corporate. For cross border transactions- Banks Large banks can literally trade billions in a day, with trades executed on behalf of clients, but they themselves will also speculate. - Hedge Funds Speculative Trades- Brokers they facilitate the trades between the two parties

Easy Forex Trading Strategies

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