Currency Market - a Smarter Option than Equity Market by Monte Carlos

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As a direct impact technology, most traders trade on the currency market online, exchanging currencies in real time by means of a secure internet connection. This online currency exchange lays down a firm technical foundation for free trade and an open market operation and comes up with the rules and makes sure that the rules are observed by the trading participants and the currency exchange. These include the requirements for participation and rules for making the transactions in the Forex.

A currency exchange rate is the ratio of one currency valued against another. This relation is commonly depicted with the two currencies together as in the following currency pair: USD / GBP (base currency / quote currency). These exchange rates have to be monitored continuously in real time as all the transactions take place in the foreign exchange market in real time.

Here are 5 major reasons why the forex market has successfully emerged as alternative investment opportunity:

24*7 Five Day Trading:

The currency exchange market is 24-hours live market. It operates five days a week. Equity trading is limited by the operating hours of the various stock exchanges. This continuous operation adds to the liquidity of the market.

Extremely Liquid:

Liquidity tells you how active a market is and how interested people are in buying and selling. High liquidity is the single most distinctive feature of successful markets. The sheer magnitude of trading volumes in the currency market can be almost 40 times larger than that of the New York Stock Exchange, and daily transactions traded in foreign currency can exceed $4 trillion which dwarfs the $100 billion for the NYSE, keeping the market highly liquid.

High Volatility:

Volatility makes the trade interesting for traders who make use of it to maximise their profits. These fewer active instruments and the high liquidity give in to greater day to day volatility to forex than the stock markets.

Lower Transaction Costs:

A currency transaction will normally do not include a hidden commission or transaction fee outside the quoted spread, while in the equity markets; the fee for stock transactions can range to almost $70 per trade, in addition to the quoted spread.

Potentially Lucrative in spite of Recession:

If a trader knows that a currency is about to fall in value, then you can sell that currency short and go long (buy) with another currency. Potential exists in the currency market regardless of whether the market is moving up or down. Stats suggest that the Forex market continues to grow and flourish even when countries are facing economic meltdowns.

The global electronic trading networks empowered by high speed internet make it possible for traders to trade foreign exchange market in real time. The forex has turned out to be the shortest path to wealth for people who have understood and exploited the opportunities in this market. Itâ€™s your turn now.

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Monte Carlos is a seasoned broker in the currency market(Spanish:- a mercado divisas) and offers valuable tips on how to make successful investments in foreign exchange market in real time(Spanish:- a mercado de divisas en tiempo real). Visit his website to become familiar with FX strategies, tools, news and analyses.

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