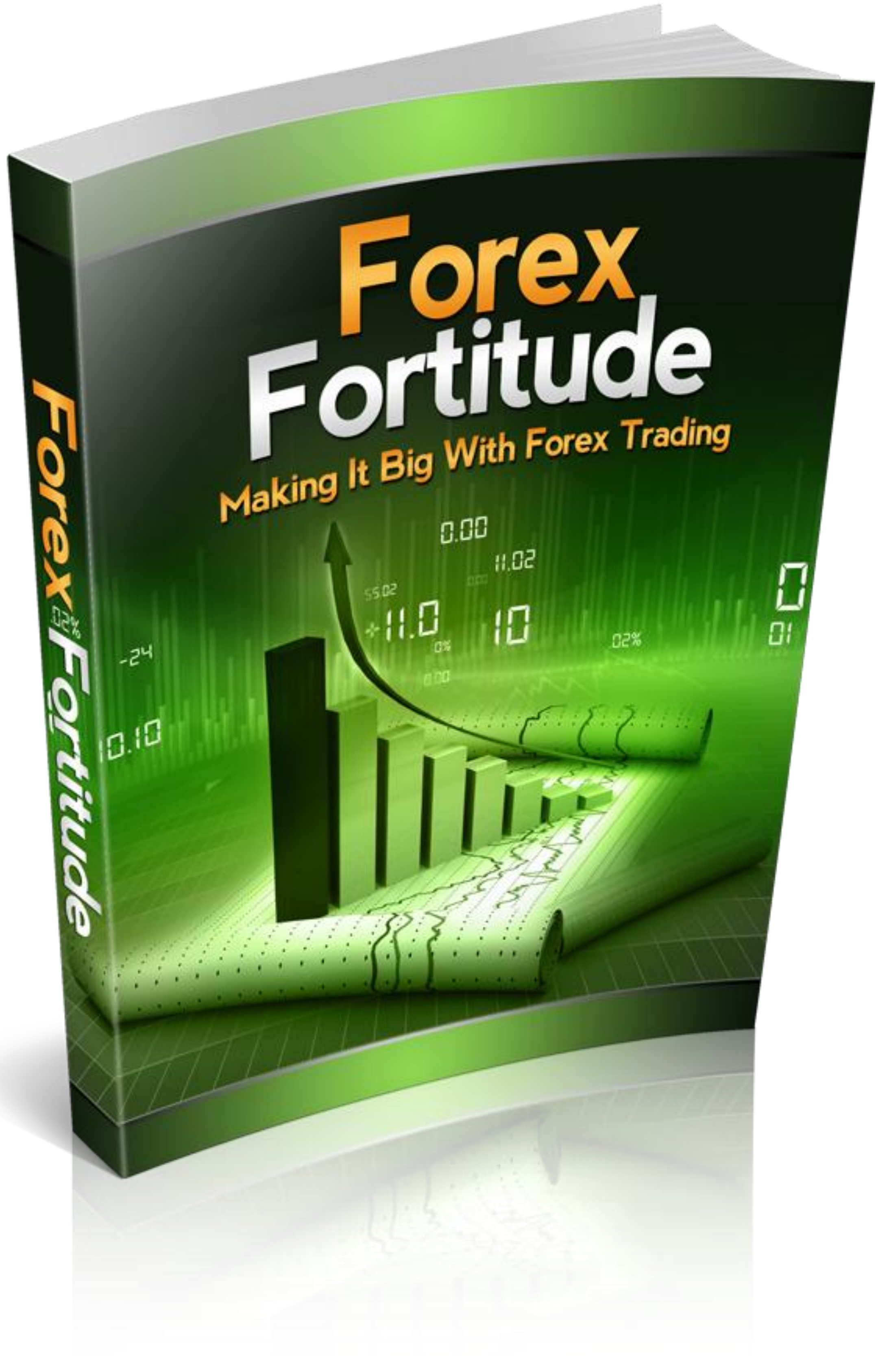
Forex
Fortitude
Making It Big With Forex Trading
Forex Fortitude

Terms and Conditions

LEGAL NOTICE

The Publisher has strived to be as accurate and complete as possible in the creation of this report, notwithstanding the fact that he does not warrant or represent at any time that the contents within are accurate due to the rapidly changing nature of the Internet.

While all attempts have been made to verify information provided in this publication, the Publisher assumes no responsibility for errors, omissions, or contrary interpretation of the subject matter herein. Any perceived slights of specific persons, peoples, or organizations are unintentional.

In practical advice books, like anything else in life, there are no guarantees of income made. Readers are cautioned to reply on their own judgment about their individual circumstances to act accordingly.

This book is not intended for use as a source of legal, business, accounting or financial advice. All readers are advised to seek services of competent professionals in legal, business, accounting and finance fields.

You are encouraged to print this book for easy reading.

Table Of Contents

Foreword

Basically the forex is a simultaneous transaction, where one currency is traded for another in real time. This is basically a very large market entity that is based on very liquid financials, and does not really function in the traditional terms. The transactions are all done electronically or over the telephone. Get all the info you need here.

Forex Fortitude

Making It Big With Forex Trading

Chapter 1:

Forex / Currency Basics

Synopsis

Basically banks, insurance companies, large corporations and financial institutions are the players in the forex market exchange. However of late, individual investors either working for themselves or for a small group also seem to make quite an impact on the forex trading platform. All these transactions are done through the buying and selling exercise which is done according to real time market rates available.

The Basics

The value of each currency involved in the transaction is expressed in terms of the other paired one. This enables the investor to actually view the value as it is depicted through the exchange.

There are usually only two currencies involved in each transaction where one is bought and the other is sold according to the agreed market dictated rate. The base currency is considered the first currency in the pairing and the investor's account is denominated as this currency. The second currency in the paring is depicted as the terms currency.

The transactions can be done by placing orders through dealer intervention or they can also be done without dealer intervention but through automation execution. This would mean that there are some softwares available where the investor can set it up to function on his or her behalf rather that opting to use the services of an individual who would also charge the corresponding commissions for such actions. However there have been documented cases of the software chosen not being able to function as it was designed to due to external disruptions thus creating eventual losses instead of profits.

Chapter 2:

Markets The Forex Taps Into

Synopsis

Being the type of market that has the highest trading volume at any given time encourages the further participation of the various different countries. The high volume and liquidity makes the currency market a very attractive and viable platform for investment. The forex trading is also open to all such as traders, banking institutions, trading companies, financial and non financial institutions, companies and governments.

The Markets

One of the markets the forex often taps into is the tourists industry where the exchange of money is needed in order for the visiting tourists to make purchases and also cover all expenses during the stay at the foreign destination.

Therefore the exchange of currency would be processed via a currency broker and the said transaction would become part of the currency market. As this form of currency trading is not really suitable or viable for professional traders there are other forms of currency trading that are used for these types of transactions. And these would include currency futures markets and forex markets.

The forex markets exist for most of the major market currencies where the exchange of rates is between the two countries all of which is done in a twenty four circle, globally.

All of this is done directly as opposed to trading in contracts. Futures markets are currency futures provided by an exchange. This would mean that there is a centralized controlling system that keeps tabs on the pricing which is the same no matter where the trader is trading form globally.

In the past the forex has been used for negative reason of causing problems in other countries financials. This has brought quite a few economies to their lowest thus there are new legislations in place to prevent such conditions from reoccurring. There are also controls and “pegs” on currencies to curb such detrimental speculations.

Chapter 3:

Exchange Rate Regime And Exchange Rate Flexibility

Synopsis

The flexible exchange rate system is where the exchange rate is decided and maintained on platforms that dictate the permanent fixed ration or the completely flexible ratio.

However this has different implication for the extent in which the relevant authorities are willing to participate in based on the foreign exchange market stability. The degree of flexibility dictates the category in which the transaction bodies determine which would include currency unions, dollarized regimens and currency boards.

The conventional currency pegs are also designed to be under fixed rates. The managed and independent “floats” are considered flexible regimens and are exposed to time inconsistency problems and exchange rates that are rather volatile even at best in different degrees.

The Rates

The exchange rate regime is basically how a country manages their currency issues in connection to that of other currencies and the foreign exchange market. The monetary policy designed and adopted is generally dependant on the factors that are also dictated to by the monetary policy in place. Actively playing a part in keeping the rates fairly stable by having a pegged float, the central bank is able to keep the rates from deviating too much, either high or low.

Over time some countries have opted to shift away from the fixed rate regime and move towards a more flexible rate which is mainly based on the supply and demand of the said currency. However too much volatility in the global markets can cause challenges for countries adopting this over time, as shown in the globalization platform that can amplify the costs of incorporating inappropriate policies which results in trading looses.

Most governing bodies are not trying to determine which policy works best and is to their advantage in relation to the global sentiments. Many are considering the decision to make the transition from fixed to floating currencies.

Chapter 4:

Fixed Exchange Rate Measured Against Floating Exchange Rate

Synopsis

Making the right choice between the two options will dramatically dictate the survival of the currency stability and the trading platforms tagged to the movements caused by the said currencies. Therefore most governing powers are constantly exploring the suitability of the adoption of either of these two fairly opposing styles of currency rates.

Fixed and Floating

The smaller and more open the particular country's economy, the more apparent choice would be that of the fixed exchange rate.

This is mainly dictated to by the fact that a lot of the stability issues for trading are connected in some way to the dependency on exports and imports.

Here the best regime choice would be based on the ideally stabilizers for the macroeconomic performance that will help to minimize the fluctuation on output, consumption and domestic pricing levels or other variables. However in most countries the usage of both styles is incorporated in varying degrees of flexibility.

The usage of the fixed exchange rate would be preferable if the country's economy is faced with challenges that are mostly monetarily connected.

The flexible rate is preferable if the fluctuations apparent condition is volatile and is usually caused by other issues such as changes in the demands for the domestic goods, exports and imports.

There are some quarters that are of the opinion that having a fixed regime where the adoption of the pegged exchange rate is in place would ensure the inflation rates are kept low or at the very least controllable.

However this is not a complete ideal situation to be in, particularly if there is a need to increase borrowing as the interest rates can pressure the exchange rate pegged due to the fixed regime.

A floating rate however provider room to maneuver around a lot of these problems. However it also contributes in some ways to the rise in inflation but for the governing body this constitutes the possibility of increasing the tax revenues.

Chapter 5:

Who Are The Participants In The Market

Synopsis

As in any platform, there are always a variety of players involved in the correlation of its makeup. The same concept applies to the workings within the participants of the forex markets.

The following is a breakdown of some of the more prominent participants usually featured within this platform:.

The Participants

Hedger or hedge fund managers – being one of the primary participants in the forex trading platform this participation in the currency exchange market consists of businesses and other organizations that actively participate in the international trading arena.

Charging performance fees these entities are designed to minimize the exposure to unwanted business risks while at the same time creating profits from its investments which consists of futures, derivative and swap contracts.

Banks are the other players on this platform and they function mainly as investment entities for the country. The style used contributes to the huge disparity between the bid and asking prices in this sector thus attributing to the majority turnover and speculative trading scenario.

Commercial companies are also important participants in the forex market, though as comparatively smaller players however none the less just as important in ensuring the long term trading flows, which is pivotal to the currency's exchange rates.

The central bank of a country – this entity is crucial to the smooth functioning of the entire financial engine as it controls the money supply, interest rates and inflation of the country. Ideally having considerable amounts of foreign exchange reserves it can ensure the market is kept relatively stable. With the control percentage it yields the central banks will more often than not intervene in the forex market should such an act be called for. However is has been evident over time that some central banks have not been able to achieve the target rates due to some reason or another.

Chapter 6:

How Economic, Political And Market Psychology Dictates Forex Temperament

Synopsis

As with all money making entities, there are several factors that dictate the success of failure of the exercise. The forex markets often experience such effects though some level of check and balance features help to keep this in control.

The following are some of the areas that typically contribute to the forex temperament and movements:

Great Info

Economy – a country's economy is dictates the currency value tagged. An ideally growing economy will bring forth a very stable currency showing and is highly value in comparison with other lesser performing countries.

There are positive and negative effects to this movement which is evident in terms of inflation. The inflation reduces the purchasing power of the currency thus less can be bought with the said currency.

Healthy GDP growth will constitute an active economy thus it is likely that the currency values will also rise. The purchasing power and the interest rates are also factors that affect the overall movement of the forex.

Governments create and sustain the elements connected to the economy by ensuring all the beneficial economic policies are in place and by correction those that are causing any imbalances to the either discontinued or redesigned. Through the monetary policies and the fiscal policies which have a nearing on the forex such elements are maneuvered or controlled to a certain extent. Monetary policies will influence the various component of the financial status which sustains the economy, whereas the fiscal policies will dictate the spending capabilities available for the governing platform.

International trade – trading between countries will be a good indicator to the value of each country's currency value especially if the transactions are done without using a currency from a country not connected to the trading needs of either party.

Wrapping Up

Understanding the fundamentals of forex trading will help to limit the chances of making poor decisions that will eventually result in losses. The processes and techniques can be effectively maneuvered, to the advantage of the player if there is a complete and sound knowledge about forex exchange dealings.

The following are some of the risks that one should be aware of, when it comes to forex trading:

- Amplification of losses – although leverage is considered the big money making factor that makes the forex such an attractive money making tool, this same leverage can work negatively too causing massive losses when the actual price fluctuation value of the currency takes a downward turn.
- Constant fluctuations – this is a very dangerous ever present element in this style of trading as there is very little possibility of being able to constantly monitor the currency movements and the trading globally. This is mainly due to the fact that forex markets run on a 24 hour cycle as opposed to human participation that is limited to a potion of this cycle. Therefore trading at different levels and pricings will not keep the players consistent in the earnings projected, if there is no constant hand on involvement and monitoring exercises that function on a global platform.

- Lack of accurate information – when decision are made on one country's economic situation without the relevant accurate knowledge of all the encompassing factors available, it can cause disastrous results in the forex. Elements such as the political situation, the geographical limitations or advantages and any other contributing factors that may constitute a particular scenario should play a role in deciding the forex movement and none should be considered only individually.
- Absence of global regulatory bodies – due to the various possibilities the maneuvering of transaction and currency manipulation presents, risks can be quite high as there are no effective bodies in place to be answerable to.

.