

So, What's The Deal With Forex Trading?

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Another week, another blog. This week's subject has to do with Forex trading. Some of you may have heard of this money making method. However, I am here to tell you exactly what Forex trading is and if you should do it or not. Of course, I'm not the boss of you. However, I will present some facts and anecdotes. Hopefully, this will help you decide whether you want to dive into the world of Forex trading or watch from the sidelines. I would like to preface by saying Forex trading isn't this new phenomenon that had just been discovered. It's actually been around for quite some time. However, among my area, Forex trading has quickly grown traction and has become popular. Mainly around high school and college/post-college students.

1. What Is Forex?

I'm glad you asked! Forex (Foreign Exchange Market) is a market in which people are able to trade currencies. You may be thinking that this sounds similar to the stock exchange and you'd be right. Similar to the stock exchange, an individual has the ability to earn through

the subtle currency value increase. However, currencies do not hold any ownership like a stock. This can deter many investors because when you purchase a stock, you're gaining ownership of a company. This company and your investment have the ability to gain exponential growth. The way I see it, stocks are much better for long term growth whereas Forex can provide a short-term gain. Furthermore, I find it much easier to value a stock compared to currencies.



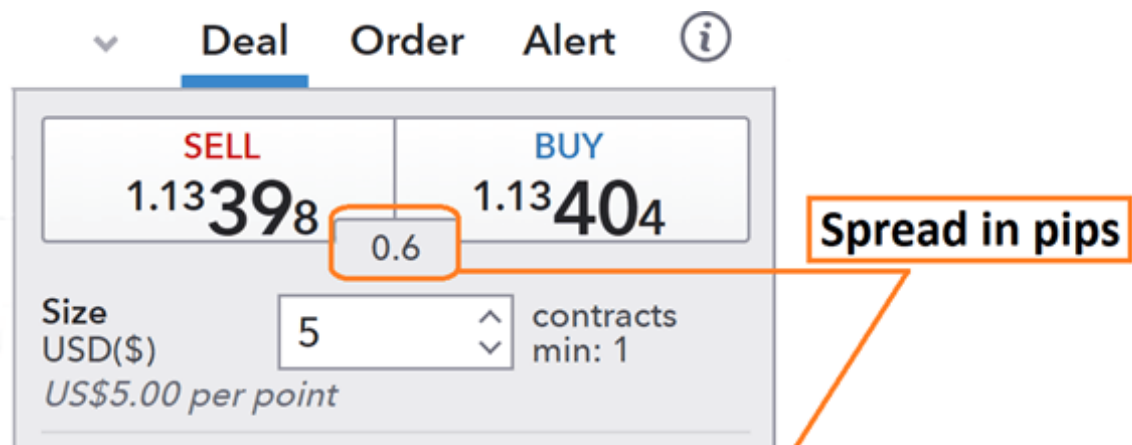
The Foreign Exchange Market is the largest market that is currently traded on. Currently, its trading volume reaches several trillion per day. You heard me, trillion. That's pretty crazy when you pair it with the fact that a lot of people don't know that such a market exists! However, with any investment/opportunity, there is usually a downside. You're able to make a ton of money but it won't always be rainbows and sunshine. Therefore, let's take a look at how Forex works.

2. How Does It Work?

Still a bit confused? I'll provide an example because I'll admit that I didn't really understand how it worked at the beginning. Let's use the current exchange rate between the Euro and the Canadian dollar, 1.50. This means each Euro is worth 1.50 Canadian dollars (€1.00 = \$1.50). Now, let's imagine that you hold onto this Euro for a full week and the exchange goes to 1.60 and trade back to dollars. That initial \$1.50 has now turned into \$1.60 because of the exchange increase. Exciting, right?

Winning and earning more money is always exciting. However, losing hurts like crazy. When comparing Forex to the stock exchange, it's safe to say that the difference between currencies can be far more volatile. In other words, you can lose money just as quickly as you gained it. However, there are some notable differences. Aside from the volatility and higher volumes, the Foreign Exchange Market is open 24h. This means that you'll be able to earn or lose money at 4:00 am EST. This is possible because Forex is an over-the-counter market. This means that they don't typically abide by the rules of traditional exchanges. Trading can take place in different countries, timezones and business hours. This makes Forex trading a 24-hour market.

There are a few more aspects that should be discussed before you start trading on this particular market. It should be noted that Forex trading is typically done through a broker and they do not charge commission fees. However, where they do make their money is in the spread (the difference between buying and selling). You'll see that many brokers charge a % on the spread, effectively earning their share. There are many brokers out there. A quick google search will show many different online brokers that are fighting for your business.



$$\begin{aligned} &1.13404 \text{ (Buy)} \\ &\underline{-1.13398 \text{ (Sell)}} \\ &=0.00006 \text{ (spread) or } 0.6 \text{ (pips)} \end{aligned}$$

3. What To Look Out For

What I'm about to tell you to look out for is not necessarily about the concept of Forex and is strictly opinion based. However, every opportunity there are those who try to capitalize in any way they can, Forex trading is no exception. There have been many times where I have been invited to a "seminar". However, I never went but I do know many people who have

gone and what they told me sounded very familiar. If you've read the article [5 reasons to avoid MLM companies](#) then you'll know that I am not a fan of these types of companies. This was a seminar for an MLM company that uses Forex as it's core.

A very close friend of mine shared his experience with me and it went as such. He was in a room full of like-minded individuals who were excited about a business opportunity. However, what they were met with was a guy explaining that you can make copious amounts of cash through Forex trading. Now, this isn't false, you can definitely make money through Forex. However, there was a catch. The catch was that these people had a program that gives them an advantage above other people. This program has the ability to let the user know when it would be most optimal to buy and sell their currencies. A lot of people think this is a great idea but this program comes at a cost of around \$180 a month. This may not seem like a lot of money but it definitely adds up.

You may be asking, Christopher, what makes this a Multi-Level Marketing company. Do you remember that \$150 a month fee I was telling you about? If you recruit a multitude of people, then your fee will become \$0. Eventually, if you make enough money, you are able to earn based off of your downlines earnings. In my personal opinion, learning to Forex trade is a great idea and can make you quite a bit of money. Heck, if there's a program that can even make recommended suggestions based off of analytical research, I'd say that doesn't sound too bad. However, I draw the line when companies use the concept of "earning a lot of money quickly" as a way to promote their products, especially when they talk down to those working a 9 - 5.

Quick Reads

It may seem like I hold a lot of animosity towards MLM companies but it's just that I don't think they are the most beneficial business models for those in the downline. If what you're interested in is the program. I'd HIGHLY suggest getting a job, learning all you can about Forex, purchasing the program and using your earnings to pay off the program. Unfortunately, MLM's aren't what they're cracked up to be. Regardless of what they told you, most people cannot make a healthy living while working for an MLM company part-time.

The effort you put into being successful within an MLM company can be of better use elsewhere. Take that effort and truly hone in on your Forex trading skills rather than spending that time trying to recruit people so that they can pay off your monthly subscription. However, I hope this provides useful insight and if you're ever approached by any MLM companies, click the link above to find out what these companies aren't telling you.