

## LESSON 2: THE BENEFITS OF TRADING FOREX AND MARKET PARTICIPANTS

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# Forex Training Summary and Quiz

## Benefits of Forex Trading & Market Participant

The forex market is highly liquid, often exceeding \$4 trillion USD a day in total trading.

A spot forex trade is a contract to trade a given amount of a currency pair with a market-maker, at the current buy / sell price (i.e. the spot rate).

Most forex dealers allow the use of margin-based leverage. A leverage ratio of 30:1 means that for every thirty dollars you commit to a trade, you must have one dollar in your account.

If your trade loses money and you do not have sufficient money in your account to meet the ratio, you could receive a *margin call*.

You should trade with risk capital only.

Deal only with forex brokers that are members of, and remain in good standing with, a recognized financial regulator.

### Putting It All Together

**1. The forex market is highly liquid, often exceeding \_\_\_\_\_ USD a day in total trading.**

- \$500 billion
- \$4 trillion
- \$100 million
- \$300 million

**2. A \_\_\_\_\_ forex trade is a contract to trade a given amount of a currency pair with a market-maker, at the current buy / sell price.**

- short
- futures
- spot
- margin

**3. \_\_\_\_\_ is the ratio of funds available in your account, to the overall value of the trade.**

- Leverage
- Volatility
- Net asset value
- Liquidity

**4. A ratio of 30:1 means that for every \_\_\_\_\_ dollars you commit to a trade, you must have one dollar in your account.**

- thirty
- seven
- three
- three hundred

**5. If your trade loses money and you do not have sufficient money in your account to meet the ratio,**

you could receive a \_\_\_\_\_.

- fine
- new account
- nasty letter
- margin call

6. When trading in the speculative forex market, you should trade using \_\_\_\_\_ capital only.

- market
- new
- risk
- someone else's

7. To ensure that you are dealing with a reputable forex broker, you should verify that your broker is a member in good standing with a recognized financial \_\_\_\_\_.

- representative
- market-maker
- specialist
- regulator

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