There are some Forex market advantages: liquidity, efficiency, cost, quotations unambiguity, the **margin size**.

1) High liquidity
(i.e. an opportunity of reception under the transaction of money, instead of the goods). The market on which money are assets, have highest of all possible liquidities. This circumstance is powerful attractive force for any investor since it provides to him freedom to open and close a position of any volume. The FOREX market with an average trading volume of over $3.2 trillion per day is the most liquid market in the world. That means that a trader can enter or exit the market at will in almost any market condition minimal execution barriers or risk and no daily trading limit.

2) Efficiency (a 24-hour market)
The main advantage of the **Forex market** over the stock market and other exchange-traded instruments is that the Forex market is a true 24-hour market. Whether it's 6pm or 6am, somewhere in the world there are always buyers and sellers actively trading Forex so that investors can respond to breaking news immediately. In the currency markets, your portfolio won't be affected by after hours earning reports or analyst conference calls. Recently, after hours trading has become available for U.S. stocks - with several limitations. These ECNs (Electronic Communication Networks) exist to bring together buyers and sellers when possible. However, there is no guarantee that every trade will be executed, nor at a fair market price. Quite frequently, stock traders must wait until the market opens the following day in order to receive a tighter spread. A trader may take advantage of all profitable market conditions at any time; no waiting for the 'opening bell'.

3) Cost. Forex market

traditionally has no commission charges, except for a natural market difference (spread) between the prices of a supply and demand. The retail transaction cost (the bid/ask spread) is typically less than 0.1% (10 pips or points) under normal market conditions. At larger dealers, the spread could be less than 5 pips, and may widen considerably in fast moving markets.

4) Quotations unambiguity

Because of high liquidity of the market the sale of practically unlimited lot can be executed on a uniform market price. It allows to avoid a problem of the instability, existing in futures and other share investments where during one time and for a determined price can be sold only the limited quantity of contracts.

5) The margin size

The size of credit "shoulder" (**margin**) in Forex market is defined only by the agreement between the client and that bank or broker firm which provides to him an output on the market, and makes 1:33, 1:50 or 1:100, for example. On Forex market the traditional size of "shoulder" 1:100, i.e., having brought the mortgage in 1000 dollars, the client can make transactions for the sum, equivalent 100 thousand dollars.
Use of an opportunity of crediting, together with strong variability of **quotations** of currencies, also does this market highly remunerative and highly risky. A leverage ratio of up to 400 is typical compared to a leverage ratio of 2 (50% margin requirement) in equity markets. Of course, this makes trading in the cash/spot forex market a double-edged sword the high leverage makes the risk of the down side loss much greater in the same way that it makes the profit potential on the upside much more attractive.

6) Always a bull market

A trade in the FOREX market involves selling or buying one currency against another. Thus, a bull market or a bear market for a currency is defined in terms of the outlook for its relative value against other currencies. If the outlook is positive, we have a bull market in which a trader profits by buying the currency against other currencies. Conversely, if the outlook is pessimistic, we have a bull market for other currenciesÂ and a trader profits by selling the currency against other currencies. In either case, there is always a bull market trading opportunity for a trader.

7) Inter-bank market

The backbone of the FOREX market consists of a global network of dealers (mainly major commercial banks) that communicate and trade with one another and with their clients through electronic networks and telephones. There are no organized exchanges to serve as a central location to facilitate transactions the way the New York Stock Exchange serves the equity markets. The FOREX market operates in a manner similar to the way the NASDAQ market in the United States operates, and thus it is also referred to as an 'over the counter' or OTC market.

8) No one can corner the market

The FOREX market is so vast and has so many participants that no single entity, even a central bank, can control the market price for an extended period of time. Even interventions by mighty central banks are becoming increasingly ineffectual and short-lived, and thus central banks are becoming less and less inclined to intervene to manipulate market prices.

9) Unregulated

The FOREX market is generally regarded as an unregulated market although the operations of major dealers, such as commercial banks in money centers, are regulated under the banking laws. The conduct and operation of retail FOREX brokerages are not regulated under any laws or regulations specific to the FOREX market, and in fact many of such establishments in the United States do not even report to the Internal Revenue Service (IRS). The currency futures and options that are traded on

exchanges such as
Chicago Mercantile Exchange (CME) are regulated in the way other exchange-traded derivatives are
regulated.

10) Equal access to market information
Professional traders and analysts in the equity market have a definitive competitive advantage by virtue of that fact that they have first access to important corporate information, such as earning estimates and press releases, before it is released to the general public. In contrast, in the Forex market, pertinent information is equally accessible, ensuring that all market participants can take advantage of market-moving news as soon as it becomes available.

11) Profit potential in both rising and falling markets
In every open FX position, an investor is long in one currency and short the other. A short position is one in which the trader sells a currency in anticipation that it will depreciate. This means that potential exists in a rising as well as a falling FX market. The ability to sell currencies without any limitations is one distinct advantage over equity trading. It is much more difficult to establish a short position in the US equity markets, where the Uptick rule prevents investors from shorting stock unless the immediately preceding trade was equal to or lower than the price of the short sale.

12) Most brokers have very good trade execution software
There are only a handful of stock brokers that have execution platforms that offer order-cancels-order type controls and other contingent orders. we looked at several forex-based platforms, and forex brokers place a premium on putting high levels of functionality into traders hands. This makes business sense if you find it easier to execute your strategy, you're likely to trade more often. This is one area where the equities world could learn a thing or two from their forex counterparts.

13) Trending nature of currencies
Major currencies are still dominated by central banks, national financial policies and macro trends. This means that currency traders enjoy markets that have a greater tendency to trend than most markets. I have seen some compelling data on this trending characteristic of the currency markets. (Special note if anyone has seen recent data on the trending nature of currencies, please let me know at ***support@efxco.com*** . Most of the research I have is a few years old.)