

10 tips to consider when choosing a forex market broker Part 2

3. Execution Quite simply this is how they conduct their affairs. There are two most important business models that Forex brokers use, Electronic Communication Network, (ECN), and Market Maker. The ECN model is one where a Forex Broker provides a marketplace for Market Makers, traders and banks to enter their competing bids and offers into this trading platform and have them filled by liquidity providers. All trades made in this environment are made in the name of the ECN broker which means that your trades are all performed completely anonymously. The Market Maker model provides pricing and liquidity for a particular currency pair and then stands ready to buy or sell that currency at the quoted price. A market maker takes the opposite side of whatever your trade is and has the option of either holding that position fully or to partially offset it with other market traders in order to manage their aggregate exposure to their clients. Other aspects of the Forex brokers' execution of their business are: Do they aid automatic execution for trades? If they do not have this as part of their model then how fast is their ordinary order execution? How much are you permitted to trade without having to request a quote? Do they offset client trades?

4. Trading Platforms Forex trading is a briskly moving environment and it pays to have a home computer that can keep up with the processing involved since time lag could mean you are not trading on the latest facts. If your current computer is not as up to date as you would like it to be and you are not in a position to bring it up to a faster processing specification or replace it with a faster workstation, then it is worth considering only using Forex Brokers that conduct the ECN platform since this software requires less processing power to run at full speed as it is simpler software. Some Forex brokers have restrictions on the number of currency pairs you can trade so check how many of these you are permitted to trade. Get used to the trading platforms and the features they have, such as one click trading, mobile trading, orders types and other features. The best way to do this is to sign up for a Demo account as these use the same software you would use with a live trading account. These accounts are free and if you are considering several Forex brokers then why not try them out with a demo account to see which one you prefer?

5. Account Size If you are starting out you aren't going to go gungo-ho and open large live trading accounts that have high lowest trades, but having said that you might want to increase your amounts later and so need some flexibility. Ascertain what the minimum trade size is as well as whether or not you can adjust the standard lot traded. Unsurprisingly the minimum account opening balance a broker requires is valuable in deciding which broker to use. It is also very worth checking whether or not unused equity will earn you interest.

6. Spread The spread is the difference between the ask price (the price you buy currency at) and the bid price (the price you sell it at). These are quoted in pips. A model of this is: If you are trading the currency pair US dollars and Euros you might see a spread like this, 1.2700/05, the spread is the difference between 1.2700 and 1.2705, or 5 pips. In order to make the most from your trades you need to know the brokers spread so find out if they use a fixed or variable spread? How tight is the spread? Is the spread larger for small accounts?

To open your new Forex account go to:

<http://www.financialdistrict.info>

A commission will be generate it for every account open thrum financial district

About the Author

<http://www.financialdistrict.info>

Source: <http://www.forexarticlecollection.com>