

## The Forex & CFD market | Our Industry

### Press kit

Here is an overview for the press about the global Forex & CFD market and Admirals. If you need further information, please do not hesitate to email [our press contacts](#).

## The Forex Market: An Overview

The **foreign exchange market**, or **Forex** market for short, is the largest and most liquid financial market in the world. The name is derived from Foreign Exchange, the English term for foreign exchange trading. According to the 2010 Bank of International Settlements (BIS) report - the leading authority in the industry - the global daily sales of the forex market reached \$4 trillion in April 2010. This is a 20 percent increase compared to 2007 and the previous report according to which an average daily sales were \$3.3 trillion. Since the BIS only conducts its survey every three years, later relevant figures are not available. However, a BIS analyst estimates global daily sales of up to \$4.7 trillion as of October 2011. Continued growth in times of the global financial crisis shows how robust the forex market is.

There is no single market for foreign exchange trading, unlike the stock market which is managed through exchanges like the London and New York stock exchanges. Instead, Forex market participants trade directly with each other via a broker, which is why it's also referred to as an OTC, or over the counter, market.

The biggest players in the market, usually large banks, set the benchmark prices for currencies. Euromoney magazine lists Deutsche Bank, Citigroup, Barclays, UBS, HSBC and JPMorgan as the banks with the largest share of the global foreign exchange market in its 2012 survey.

The main Forex market is the United Kingdom, with one of the main trading centers in London, where 37 percent of all foreign exchange transactions took place in 2010. The second strongest market is the United States, which accounted for 18 percent of global currency market sales, followed by Japan (6 percent), Singapore (5 percent), Switzerland (5 percent), Hong Kong SAR (5 percent) and Australia (4 percent). The most traded currency pair is by far EUR / USD, which accounts for almost a third (28 percent) of all daily forex trading, followed by USD / JPY (14 percent) and GBP / USD (9 percent).

The growth in Forex market volume is derived from an increasing number of retail investors participating in foreign exchange trading; according to the BIS quarterly report of December 2010. Long trading hours (around the clock, except on weekends), high liquidity and the availability of leverage are the reasons that private traders trade the currency market. Individual and small institutional investors in 2010 were estimated to be responsible for daily sales of up to \$150 billion in spot forex trading. Forex Magnates, a forex news and research firm, puts retail customers' currency trading volume at \$217 billion a day at the end of 2011.

Private investors or traders usually trade via forex brokers - online currency traders like Admiral Markets Group - which enable business for private customers. According to a 2010 report by Greenwich Associates, it accounted for 12 percent of global forex trading in 2009. Its share declined in 2010 but increased again in 2011, as Greenwich Associates published in its report.

The increase in retail customers as important participants in the forex market is primarily due to the expansion of electronic settlement methods. Electronic trading and its brokerage reduces transaction costs and increases market liquidity - which in turn benefits customers in smaller trades. Usually there are no order fees for Forex trades for account offers for private customers. In an April 2012 report, Greenwich Associates estimates that more than 60 percent of global currency trading is done electronically these days.

## CFDs: Long or Short, Buy or Sell

[CFD](#) stands for '**Contract for Difference**', and it is an instrument that allows you to trade on how the price of an asset (like Bitcoin) might change without having to buy the asset itself. All leveraged trading instruments at Admirals are offered via CFDs, including forex currency pairs.

CFDs are subject to strict regulatory requirements in the European Union. The available retail client leverage for the major Forex currency pairs is limited to 1:30 and the main indices have a maximum leverage of 1:20. Only [professional clients](#) can receive a higher leverage on application and if they are suitable, but this comes without the regulatory safeguards that were introduced for retail investors in 2018.

## Forex & CFD trading: Pros & Cons

### The possible advantages:

- **Leverage** allows you to trade relatively large amounts with small account balances
- **Markets move in both directions**, though traditional investing is usually only profitable in rising markets. With Forex and CFDs, you can also trade on falling prices
- **Real-time quotes and real-time charts** are free for many OTC instruments
- **Free, professional trading software**, the [MetaTrader](#) (both MT4 & MT5)
- There are **no order fees and no commissions** for forex and indices in our Trade.MT4 and Trade.MT5 accounts. The main cost of trading is our narrow spread, the difference between the BUY and SELL price of an asset.
- Unlike other derivatives (e.g. options, futures, warrants) volatility has very little influence on price, due to the CFDs mirroring the price of the underlying asset.

### The possible disadvantages:

- Leverage multiplies both the **possible profits and the possible losses** of any trade
- There are financing costs (Swaps) for holding positions overnight, known as swap costs: these are relatively small, but should be taken into account for longer-term trades
- Active trading and ongoing monitoring of open positions. As a rule, CFDs are not suitable as passive investments
- Investors trade CFDs directly rather than through a financial advisor, meaning they receive no investment advice for their situation. With this in mind, every investor has to inform himself about the stock exchanges and markets and act independently. Knowledge of the stock exchange, stock exchange rules, stock exchange practices and market risks must be available!

Here is a clear example of the possible profit and loss for a trade, which covers different scenarios with different levels of leverage:

## About Admirals

Admirals investment firms, operating under the Admirals trademark, are leading online trading service providers offering investment services for trading with Forex and CFDs on indices, metals, energies, agricultures, stocks, ETFs and bonds.

Admirals' dedication to providing access to highly functional software and quality assurance means that their clients receive the best and most transparent trading experience. Admirals uses external auditors to enhance its operational and internal procedures to ensure regulatory compliance.

Since the foundation in 2001, the Admiral Markets Group has continually expanded its reach and today offers its services worldwide through its regulated trading companies, thus turning into a truly global organization. One world - One broker.

The core business of Admirals is Forex & CFD trading, i.e. trading with leverage in all market situations, for active traders. The business has been gradually expanded since 2018, and stocks and ETFs can now also be traded extremely inexpensively through Admirals.

We offer the free trading software MetaTrader (MT4 and MT5), with free real-time quotes and charts included. To expand MetaTrader, we also developed the exclusive MetaTrader Supreme Edition plugin, which expands on the basic version of the trading software with a range of new indicators, sentiment tools and Expert Advisors. In 2020, we further expanded MetaTrader Supreme Edition with the StereoTrader interface, especially designed for day traders and scalpers, which provides high-end order options.

Admirals offers online trading for experienced, responsible traders who want to actively trade in the markets, with or without leverage. No investment advice is offered, but there is daily support, customer support and online education. Trading ideas, chart analysis and discussion of the current stock market situation with the leading day traders via our very popular [webinars](#) live, as well as via recording on [YouTube](#).

## **A video introduction about Forex and how to trade it**