

Who is participating in forex market trades?

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From the studies over the years, most trades in the forex market are done between banks and this is called interbank. Banks make up about 50 percent of the trading in the forex market. So, if banks are widely using this method to make money for stockholders and for their own bettering of business, you know the money must be there for the smaller investor, the fund managers to use to increase the amount of interest paid to accounts. Banks trade money daily to increase the amount of money they hold. Overnight a bank will invest millions in forex markets, and then the next day make that money available to the public in their savings, checking accounts and etc.

Commercial companies are also trading more often in the forex markets. The commercial companies such as Deutsche bank, UBS, Citigroup, and others such as HSBC, Braclays, Merrill Lynch, JP Morgan Chase, and still others such as Goldman Sachs, ABN Amro, Morgan Stanley, and so on are actively trading in the forex markets to increase wealth of stock holders. Many smaller companies may not be involved in the forex markets as extensively as some large companies are but the options are stil there.

Central banks are the banks that hold international roles in the foreign markets. The supply of money, the availability of money, and the interest rates are controlled by central banks. Central banks play a large role in the forex trading, and are located in Tokyo, New York and in London. These are not the only central locations for forex trading but these are among the very largest involved in this market strategy. Sometimes banks, commercial investors and the central banks will have large losses, and this in turn is passed on to investors. Other times, the investors and banks will have huge gains.