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# *The Great Crash 2017*



# **Konstantin Victorovich Nickitin**

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### **Аннотация**

Time to begin the report before crash of stock market in 2017 came. And it will be not so small correction, but a 50% collapse. Most of investors do not want it to recognize, expecting continuation of the “bull” market for which record maxima which are reached by share indexes, new startups and primary initial public offerings speak well.

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# Introduction

Mistakes in trade in the market Forex occur for the numerous reasons, but the most common causes of unsuccessful trade happen because of greed and desire to earn quickly. Traders who believed that it is possible to earn very quickly money at the financial exchange lost deposits very quickly. There is a lot of self-confident traders in the financial world, they a source of the income of clever traders. On the other hand, coverage by greed like epidemic increases, decreases together with rise and falling of market prices in the foreign exchange market. It is impossible to smooth fluctuations of the market by means of various the indicator, we have to look for the moments on the blank schedule. And it is much more difficult, but more effectively than to open transactions on signals of various indicators. Looking at the huge sums of money which start moving around financial believe that it is possible to be enriched in short terms in the financial markets, actually very few traders understand this mechanism of the change in price. The victims, whose trading accounts were nullified because of not knowledge of the mechanism of the market always in are in hope that in the following trade everything will turn out and they at last will earn a lot of money. Therefore any can come to a conclusion that ignorance of market mechanisms is inherent in participants of the market and without it the market will not exist. Only units

manage to earn Forex from the market. For this purpose we have to learn to understand mechanisms to earn from the financial exchange.

# What is Forex?

The modern international market of a currency exchange which is better known under the reduced English name Forex (for exchange – valyutoobnenny) represents very difficult, multidimensional and even multystoried phenomenon. It the powerful and difficult regularities unknown to most of simple users and absolutely little-known even for, it seems, wave of successful experts on this market operate.

The matter is that initially this interbank market was created to simplify work of international trade. At emergence of the international payments constant need to exchange considerable volumes of currencies led to the fact that banks had to carry out long and difficult procedure of mutual examination and clearing in attempts to learn who has enough the necessary currency and who can sell it at more convenient price. Electronic general platforms on which banks provided on the one hand, the money (liquidity), and with another – own offers on an exchange of certain sums (quotation) were as a result created. As a result Forex worked approximately the same as works stock or any resource exchange is ordinary: the parties offer the prices and when the offer price and the buying price meet among themselves system automatically carries out matching – reduces the necessary volumes and performs operation between them.

As a rule, it is made for fractions of a second – this process can be observed in a so-called “exchange glass” in which data on concrete the quotation of various participants of the market flow and it is visible how they are mutually closed.

However, there is a lot of such electronic platforms which are engaged in the organization of a meeting of big players of the financial market. At least 7 the largest of them define the person Forex today. Among them there are platforms of such giants as the Swiss bank Dukascopy, the most powerful electronic platform of an exchange (ECN – Electronic Communication Network) – Currenex and others. However, these platforms cannot serve small orders for trade. For them even several million dollars during an exchange are a small money which does not deserve attention. Therefore in order that smaller users got access to the market, brokers offer the services. Having received trade orders and money of a large number of users, they connect them in one “bunch” which volume of liquidity is already adequate to inquiries of ECN and send them for the real auction. Also undertake “razrulivaniye” of all questions of recalculation of data with ECN to the end user who has no millions, and there are only a few thousands of dollars.

# Formation of Forex

Today the number of participants, as a rule, of any quantity is not limited to the bargaining. However if to speak in general, then Forex is completed with rather solid players. In most cases they consist of investment funds and banks of absolutely various level. Concerning natural persons and insignificant firms, which have no rather impressive capital, implementation of the auction in such foreign exchange market as Forex, it is admissible only through intermediaries as whom the dealing centers and broker companies often act.

Today the foreign exchange market of Forex more is represented as the large-scale market united by the only communication network nobody sorts. Concerning directly activity, in general it is possible to tell that it is carried out each working day, since morning of Monday, and comes to an end Friday evening. At the same time the course of the trade is completely focused on all available participants of Forex, and as a rule, depends on time zones. In addition you should not forget also that several trading sessions are on average allocated. In particular it is such as European, Asian, American, Australian and New Zealand. At all this by right it is considered the most profitable European, and is among the most aggressive Asian and American, contrast to these two sessions is Australian and New

Zealand.

Involvement of little players who have an opportunity to carry out sale and trade acts as the most important feature of the Forex market while the trader does not have a full volume of the necessary sum. In this case broker companies provide for them services of a land surveying, that is implementation of trade on means of the loan capital.

To use such service it is necessary to introduce the mortgage deposit. After that the person is given an opportunity implementation of the auction for the sum which exceeds the available sum for 40, and at times 100%. At the same time here all losses completely lay down on the client's shoulders, and insurance of the deposit is carried out by means of the broker.

Concerning the main essence of work which moves the foreign exchange market of Forex, consists in capital flows between all available countries.

Generally, all above also is directly a basis of what influences direct formation of such market as Forex.

# Main participants of Forex

More precisely to understand such foreign exchange market as Forex first of all it is necessary to learn who is the main player in this sphere. In the presence of such knowledge, people has an opportunity to understand structure of it to the market much more precisely.

If to speak about direct participants, then as a rule today it is possible to allocate several those, namely these are different central banks of the states, commercial banks,

investment companies, broker companies and of course individuals. Let's consider each available participant of Forex in more detail.

So, first of all we will pay attention directly to the central banks. As a rule, management of currency reserves, carrying out intervention with currency, and of course regulation of rates on percent which acts as the main function here

are put in national currency. In general it is possible to tell what the central banks has essential money and potential to carry out the movements of the market in a certain party.

As for the second participant, namely commercial banks,

first of all there is a wish to allocate that they are engaged directly in accumulation of big currency reserves on own accounts, further they make with them operations which are so necessary for clients. To all other such banks have an opportunity to independently make currency transactions at the expense of own budget.

The third participant is investment companies and if to be more precisely that investment and pension funds, and also insurance digging and hedge funds. If to speak in general, then in principle they, as well as banks have rather great opportunities in respect of finance.

The following participant acts as broker company, at the same time this participant of Forex has full information on what currency is requested by the client. That is as a matter of fact broker company, it in some way the place where there is a formation of a real exchange rate according to bargains which were already concluded. As a rule, broker companies do not exert special impact on Forex, however at the same time all of them are a link between investors private traders and the exchange.

And at last, last participant, individual. Often a certain influence on direct change of exchange rates, however, it not really big depends on it. In general it is possible to tell that natural persons have no opportunity to possess serious financial

means to carry out the direct movement of the market. Large players who have serious funds in the management can act as an exception here.

Generally, in the presence of all aforesaid, one may say, that the person took the first step, on the way to earnings on means of Forex.

### **It is how real to earn Forex from the market?**

Whether the simple person can get profit on Forex? There are working strategy or headings about successful trading, but, perhaps, it is just a fake which is created to attract trustful users? Such questions interest many people from Post-Soviet open spaces. Very much colourful prospects are described by the dealing centers, their advertizing posters promise not one thousand dollars of the income every month.

- Real chances

Before making the decision, it is worth taking an interest in opinion of the pro. And it is correct. There is no sense to read only those comments which are left by the people who worked on Forex no more than two years. Each professional trader knows that such experience is only a prelude to the true professionalism.

Having resorted to the help of experts who earn from the

foreign exchange market thousands of dollars every month, it is possible to learn that Forex is a real way something to reach in life. But this way yields result not so quickly as there is a wish.

Each of those who want to be engaged in trading and to achieve visible success in this market, it has to be adjusted for long work and training, you should not expect visible results for the first one and a half years of activity.

Problem of most of the beginning traders – not the market, per se, and blind belief in fast result, that in several months they will be owners of an impressive state. True traders claim that the first year of work is training, and during this period it will hardly turn out to earn much.

For the first year it is important to focus attention on acquisition of skills and the necessary experience, and not on profit in any way.

Only after a number of deposits which successfully merge throughout study beginners realize as it is correct to work for Forex. Therefore it is not necessary to begin training with large deposits. The risk is actual only those sums of money which will not be a pity for losing. Right at the beginning it is possible to apply bezdepozitny bonuses of the market. Respectively, it is possible to try forces in trade in real appliances, without

investment of own capitals.

The users who did not lower a hand, and truly distributed priorities have real chances to appear among those who can get decent profit.

Conclusions very simple – provided that the beginner realizes all that waits for him in the future in the market of currencies, will follow advice of experts, will construct objective and competent algorithm of work, only then the beginner will be able to make trade on Forex the real and stable source of the income.

# **In how many market Forex opens and closed?**

One of the main advantages of the Forex market is that it is available 24 hours a day within 5 days a week.

The stock market has time of opening and closing of trade session. And since in the Forex market sale is made through an ECN network, but not through physical trade, there is no need for closing. In a difference of time zones, there is at any time an access to the Forex market which is available to trade. The market Forex opens in Sydney in the evening of 5 o'clock in the evening on the American time. Then it moves to Tokyo, then Frankfurt, London, New York and comes back to Sydney, and again around, yet will not be closed on Friday approximately at four o'clock in the evening on the American time.

## **Who such trader.**

The concept “trader” comes from the English word trade – “to trade”. Trading is a kind of activity on Forex which is that the trader is engaged in trade in financial instruments (currency and actions) for the purpose of receiving profit.

# Конец ознакомительного фрагмента.

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