

## Choosing Right Leverage



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### **What is leverage in forex market?**

Leverage is like loan in fact with leverage you will be able to trade high amount with small deposit.

For example, if you invest 1000\$ in Forex market with 1:100 leverage you will be able to trade with  $1000 \times 100 = 100,000$  \$.

One standard lot is 100,000 Unit for example 1 lot on EURGBP means 100,000 Euros and 1 lot USD/CHF means 100,000 Dollars so 1 lot CHF/JPY means 100,000 Switzerland frank.

When you deposit 1000\$ you can't trade 1 lot but leverage will give you this opportunity to trade with higher amount. Well it seems that this is very good opportunity for traders but there is very dangerous cheat behind this good opportunity!

Have you ever thought about this question:

### **Why Forex brokers give us high leverage?!**

The only right answer is the forex broker like increase your greedy sense and when you become greedy you will trade emotionally so when you are trading emotionally you will lose your

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money! This is clear that leverage is completely virtual money not real money when broker give you 1:100 leverage.

Spouse that a forex broker total clients are 1000 and each client deposit only 1000\$ if they use 1:100 leverage the broker total asset should be 100,000,000\$. Well a clever trader should use this leverage to earn profit.

### **What is the best leverage for me?**

Some teacher tries to explain a lot of none useful information about choosing right leverage and it will confuse you some time when I read some text about leverage I become completely shock! I think why they write a lot of funny information for a simple question!

Many professional forex traders believe that high leverage is not good and they try to show you that you should analyze a lot of things to choose right leverage! The only reasonable reason for their opinion is that high leverage will encourage you to increase trading lots and it will increase your trading risk.

### **But**

High leverage is very good if you use it correctly without emotional trading why you don't want use highest leverage? because you will scare to become emotionally? If you are emotional person leave forex trading now! With high leverage or low leverage, you will lose your money always.

With high leverage you will lose soon and with low leverage you will lose later! Well use high leverage and lose sooner so keep out from forex market and start another job my friend. If you are not emotional person choose the highest leverage that your broker offers to you.

**Have a nice trade.**