

# Forex Broker in Malaysia

## THE FOREX MARKET

FOREX refers to foreign exchange market, or the international, decentralized market for the trading of currencies. Every day millions of traders from around the world buy and sell currencies on this market. The purpose of the FOREX market is to facilitate trade and investment. In addition to central banks, hedge funds, large corporate banks, and other financial institutions, individual speculators partake in the foreign exchange activities

## RECENT DEVELOPMENTS IN FOREX BROKERING

A foreign exchange broker is similar to a stock or commodities broker, with the exception that they deal in currencies. With the expansion of the internet in the past few decades brokers of all types, including foreign exchange brokers, have increasingly conducted the bulk of their business transactions online. This phenomenon has had several affects, including: significantly increasing the volume of daily transactions, lowering broker costs and other related fees, and creating higher liquidity in the FOREX market.

## FOREX BROKER IN MALAYSIA

The Malaysian ringgit is the currency of Malaysia. It is important to specify 'Malaysian' when referring to this currency because the Singapore and Brunei currencies are also called ringgit in Malay. The ringgit is issued by the Bank Negara in Kuala Lumpur.

As of December 31, 2009, one U.S. dollar equals 3.42400088 Malaysian Ringgits. As international trade continues to increase, so does the need for FOREX trade. Demand for FOREX brokers in Malaysia will also increase as Malaysia continues to import and export more goods with the international community. Companies in other countries will need to purchase Malaysian ringgits in order to purchase Malaysian goods, and Malaysian companies will need to use their ringgits to purchase U.S. dollars and other currencies to import goods from around the world. Therefore more FOREX brokers in Malaysia will be needed to accommodate the needs of these companies. Another factor that will increase the demand for FOREX brokers in Malaysia is foreign exchange speculators. As an economy grows, becomes more diversified, and increases the business it does with other economies, that country's currency becomes more liquid and more attractive to FOREX speculators. These speculators make money by forecasting the movements in the value of a particular currency and buying and selling to take advantage of these anticipated movements. Since the Malaysian economy is relative small and subject to big movements in the value of its currency, speculators stand to gain (and lose) a lot of money by trading the Malaysian ringgit.

A responsibility of a FOREX broker in Malaysia is essentially to help the seller of the Malaysian ringgit meet the buyer of this same ringgit in the FOREX market. Whether it is a European businessman who is interested in selling Euro's in exchange for ringgits or a Malaysian speculator who is looking to sell ringgits for American dollars, the FOREX broker in Malaysia will serve as the middleman and help this the transaction complete itself. The actual exchange rate at which this transaction takes place is not decided by either the buyer, the seller, or the broker, but by the international FOREX market. This rate is called the spot price. For example, since the current spot price is 3.42400088 Malaysian ringgits for one U.S. dollar, this is the price that businessmen on either side of the transaction would have to deal with.