

# How to get started with Forex Trading in South Africa

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## Forex Trading Overview

The trading of currencies has a history that can be traced back to the middle ages when currency had been traded through international banks and thus aided Europeans in spreading the trading of currency throughout both Europe and the Middle East.

The Gold Standard Monetary System was created in 1875 and this considered the most essential event in the history of currency trading followed by the introduction of changes in exchange rates in 1947 when the IMF started operating.



Through the years, and as technology improved, [Forex Trading](#) started becoming more widespread in addition to easier, especially when computers were invented preceded with an increase in availability and distribution thereof.

Forex trading increased significantly through the years and by 2004, it developed into a \$1.9tn a day market and it is, to this day, the largest financial market worldwide.

Today, the Forex market sees currencies traded to the value of approximately \$5tn a day. Forex is traded over-the-counter, meaning that all trading is done electronically and telephonically by banks and other market participants.

Currencies are what make up the Forex market, and the majority of volume is concentrated in a small number of currencies such as the [ZAR,USD](#), EUR, JPY, GBP, CAD, CHF, and AUD.

These currency pairs are considered the Forex Major currencies and more often than not they are paired with one another such as EUR/USD, USD/JPY, GBP/USD, USD/CHF, USD/CAD, and AUD/USD.

The US Dollar remains the top currency against which all other currencies are weighed and traded as it is the global reserve currency as the United States has the world's largest economy paired with a stable political system.

## Forex Brokers in South Africa

[To start trading Forex in South Africa](#), the trader in question will have to select a broker through which trading can be done. There are various brokers who cater for South African traders.

The most important thing to look at when choosing a broker is ensuring that the broker is regulated by a reputable authorizing entity.

Even though offshore accounts are attractive due to higher levels of leverage offered, amidst other features, selecting a

reputable broker is crucial in ensuring that client funds are safe and that traders will not lose more than they are willing to invest when trading.

There are numerous [Forex brokers](#) to choose from and when evaluating brokers, it comes down to the needs of the trader that will determine which broker is better suited to their needs.

Numerous brokers offer numerous products and services, some of the best brokers recommended for South African traders include, but is not limited to:

- [AvATrade](#)
- [easyMarkets](#)
- [CM Trading](#)
- [Pepperstone](#)
- [Plus500](#)
- [Alpari](#)
- [Exness](#)
- [Tickmill](#)

These brokers have comprehensive and competitive offerings, amidst various other features that cater for a variety of brokers, whether beginners or more advanced traders who are seeking a broker that will provide them with a more competitive edge to trading.

It is essential that traders rate the level of service they can expect to receive from various brokers by evaluating hands-on reviews on these brokers which will allow them to make an informative decision backed with reviews from other traders.

Merely choosing a broker according to the reviews and ratings the broker receives is not advisable, the trader will have to visit the broker's website and open a demo account to further explore the offering of the broker and determine whether it suits the trader.

## Forex Trading in South Africa mid-Covid-19

During 2019, Forex market volatility was fairly low, and brokers were seeing significantly low client activity, but since the beginning of 2020 and the emergence and spread of Covid-19 on a global scale, the volatility of markets have been the highest that they have ever been.

The pandemic has caused off-the-charts market volatility with brokers being some of the biggest benefactors from this while the rest of the world has been feeling the significant pressure brought on in the wake of Covid-19's impact on business sectors and economies.

Since the end of February, brokers have seen this significant increase in trading volumes as the pandemic spread from one country to the next.

With volatile markets as result of Covid-19, short term traders have been provided with ample opportunities to make use of the market volatility, especially day traders, and intraday traders who attempt to call the bottom resulting in great profits.



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South Africa's economy has been hovering above crises and crashes long before Covid-19 emerged and, in its wake, with the depreciation of the rand, ZAR is more or less on the same level as AUD.

The USD/ZAR currency pair is breaking high above historical resistance at R18.31/\$ where it had been at around R16.45/\$ only in March with suggested gains forecasted for as long as the pandemic continues.

## How to trade safely during the Covid-19 pandemic

While there are numerous traders, especially short term day traders, who are using the pandemic and the volatile markets to their advantage to increase chances of great profits, traders should always proceed with caution.

This may provide ample opportunity to traders in [learning new trading strategies](#) that revolve around high market volatility, but for those who are not quite willing to risk it, it is advised that they trade as usual, with the necessary precautions in place.

While traders might be battling to wrap their heads around how currencies are reacting to Covid-19 as the pandemic continues and the influx of news from all over the world, traders are advised to take a break from trading.

Investing in safe haven currencies such as JPY and CHF with the volatility of the Forex Market continuing, is also recommended given that the pandemic does not adversely affect the country, its economy and therefore the currency.

Traders who greatly depend on fundamental analysis in determining their trading strategy always stay up to date with the news but staying up to date with any Forex related news regarding Covid-19 is recommended.

## Final thoughts

Forex trading in itself is complex and while there is ample opportunity to gain great profits, the risks involved need to be evaluated and traders need to have a clear understanding of what they stand to lose in addition to their available capital to compensate for losses.

South Africans who would like to [start trading Forex](#) need to ensure that they select a broker that is regulated, reputable and that can cater for their trading needs.

In addition, South African traders need to be aware of the risks in trading Forex in Covid-19 circumstances along with ensuring that they manage their risks efficiently while keeping up to date with news sources to ensure they manage their trading activities accordingly.

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