



FX: The new global asset class

Many investors think "FX" is a TV Channel or a nickname for movie effects. FX is short for FOREX or Foreign Exchange. Many do not understand that FX is the most powerful market in the world. With over \$3.2 Trillion exchanged daily, it is the largest and most liquid financial market in the world.ⁱ

But the question remains: Is anyone making money? Take James Simons; he is in the Guinness Book of World Records for the single highest salary ever, in 2007 earning over \$2.8 Billion.ⁱⁱ His salary has been increasing year after year, earning a mere \$1.5 Billion in 2005. He develops quantitative black box systems for the FX market, and other markets, and trades them through a hedge fund called Renaissance Technologies.ⁱⁱⁱ

FXCM, a startup in 1999, recently has breached the 100,000 account barrier. Trading over \$700 Million in customer funds, and earning well over \$1 Billion in revenue in 2007, FXCM was started with seed capital of only \$500,000.

FX Sol, an NJ based broker, recently received \$100M in venture funding from Francisco Partners in a recapitalization round.^{iv} Clearly, the FX market is exploding as investors look for investment alternatives (FX as an asset class) and are learning the hard lesson how a weak US Dollar can cause inflation. When one is not hedged, and the domestic currency is declining, it's a true investment loss although it won't reflect as losses in a bank account, it will simply decrease the buying power that dollars have.

But certainly it's not only the brokers who are reaping in this bonanza – they are offering clients access to the markets and taking a risk free profit. The clients are bearing most of the risks, and many are reaping the rewards. TriGlobal FX, a FX management company, has had 1 losing month in the past 4 years.^v Not bad, considering ballooning Wall Street losses in Subprimes and in stocks.

Not every FX account is a success, and there are FX horror stories. For example, due to the unregulated nature of FX it has attracted a large amount of unprofessional and downright frauds. Authorities are targeting these groups and it is becoming less common, however they have given FX a bad name without reason. This can be avoided by working with registered or otherwise credible entities.

Elite E Services is working now with Ztrade FX, an IB whose model is to rebate money back to clients for trading. This is for clients who want to trade their own accounts. If clients wish, their accounts can be handled by a professional money manager for them, and pay a percentage the profit for commission only. This fair profit based commission is called a 'performance fee' and is debited from client accounts monthly based on new high watermarks of monthly profits. That means if there is a loss the loss needs to be made back up before calculating any more fees.

For more information, please contact Frank Franze at www.ztradefx.com or call (203) 966 5118 or contact Joe Gelet at www.eliteeservices.net (646) 837-0059.

ⁱ According to the BIS,ⁱⁱⁱ average daily turnover in traditional foreign exchange markets is estimated at \$3.21 trillion.

http://en.wikipedia.org/wiki/Foreign_exchange_market#cite_note-BIS-0

ⁱⁱ http://en.wikipedia.org/wiki/James_Harris_Simons

ⁱⁱⁱ http://en.wikipedia.org/wiki/Renaissance_Technologies

^{iv} http://www.thealarmclock.com/mt/archives/2007/04/currency_exchan.html

^v <http://triglobalfx.com/services/managed-accounts.htm>