

# Forex brokers again brace for impact

by Global Intel Hub (JoeGelet), 2015

<http://www.zerohedge.com/news/2015-06-26/forex-brokers-again-brace-impact>

Scared by the recent surprise CHF event that caused many Forex brokers to completely collapse, brokers are taking no chances as Greece sits on the brink. From one broker:

*Dear Trader,*

*Due to uncertainty in the markets brought about by the current situation with Greece, margin requirements for all EUR pairs will be increased from 1% to 2% as of 20:00 server time TODAY (June 26th) and will revert to 1% at 22:00 server time on Sunday (June 28th).*

*Please monitor your account prior to 20:00 today and adjust your positions (if required) to avoid potential margin call / stop-out.*

*As ever, if you have questions or need some assistance, our friendly live-chat team are standing by.*

*Regards,*

**Customer Services**

From another:

*Due to the current speculations and the ongoing Greece debt negotiations, there*

*is potential that  
an announcement over the weekend will have a significant  
impact on the market  
open on Sunday, June 28th.*

*With this in mind, we will require at least double the usual  
margin you  
currently have in your account for all EUR currency pairs and  
for the GER30,  
valid from tomorrow Friday, 26.06.2015 15:00 German time.  
I.e. You currently  
have a leverage of 1:200 (0.5% margin requirement) for EUR  
currency pairs, this  
will be changed to leverage 1:100 (1% margin requirement).  
You currently have a  
leverage of 1:100 (1% margin requirement) for the GER30, this  
will be changed  
to leverage 1:50 (2% margin requirement).*

*For the avoidance of doubt, please ensure that you are  
comfortable with any  
positions you hold and margins required.*

*If you have any questions, please do not hesitate to contact  
your Client  
Relationship Manager...*

Is this another part of the plan to consolidate the market into a single one world currency (ha.. ha), or just another example of broker stupidity? How many more dead bodies will rise to the surface in this next battle in the Currency Wars?

**Don't let it be you! Turn off your systems this weekend, monitor the news, and wait for opportunity!**

On the other hand, many of these 'last minute' situations turn out to be nothing more than a tool for politicians to gain favor with their constituents, as if they are 'doing something

about the problem' thus justifying their huge salaries and lavish accommodations. Is this situation really about testing Tsipras (will he 'buy in' to the global agenda or stand up for his principles and turn Greece into a rogue state) or again a test of the "Northern Europeans" who are financially responsible and the "Southern Europeans" who are lazy and always in debt? Or again is it about cultural differences, that Greeks have another financial view of how life should be lived, compared to the Germans and the Swiss? What does history tell us about the financial overtones of Greek culture?

*In 1929 the Harvard economist Charles Bullock published a magnificent essay on a monetary experiment conducted by Dionysius the Elder, ruler of the Greek city state of Syracuse from 407 BC until his death in 367. After running up vast debts to pay for his military campaigns, his lavish court and spectacles for the common people he found himself painfully short of ready cash. No one wanted to lend him any more money and taxes were drying up. So Dionysius came up with a great wheeze. On pain of death he forced his citizens to hand in all their cash. Once all the drachmas were collected he simply re-stamped each one drachma coin as two drachmas. Simple. Problem solved. Syracuse was rich again.*

*Except, of course, it wasn't. Bullock used it as an early example of why just minting more money out of thin air was seldom a reliable way of creating more wealth. There was, however, another lesson to be learned. When it comes to making a mess of the economy and fiddling the figures the Greeks have been at the top of their game for a very, very long time.*

But should the world be surprised? [Maybe they know Greeks history of non repayment of debts, and somehow want to teach Greece a lesson in German finance:](#)

*After the formation of the modern Greek state in 1829 the*

*country went on to default on its debts in 1843, 1860 and 1893. According to calculations by the economists Carmen M. Reinhart and Kenneth S. Rogoff Greece has spent more time in default to its creditors than any other European country. It has been skipping its repayments for 50 per cent of the years since 1800, compared with a mere 39 per cent of the time for the next worst offender, Russia. Indeed, even if you moved it across to Latin America – generally regarded among bond traders as default central – it would still be among the worst offenders. Only Ecuador and Honduras have a worse record of meeting their debts.*

### **For Forex Traders**

If you have existing positions which are unhedged, especially in Euro region currencies, it would be advisable to scale back your positions or protect them with options.

If you have no positions and want to capitalize on the event risk, try a Euro straddle deep out of the money.

Call your broker to discuss their plan and how they are mitigating the potential risks (if at all).

Good Luck!

The post [Forex brokers again brace for impact](#) appeared first on [Forex IQ](#).