



FX Partner You Can Trust

CLASSROOM REPORT

18 September 2019



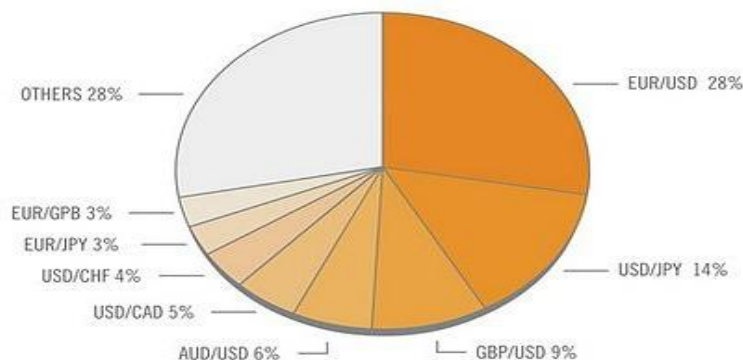
All you need to know about Forex Trading

What is Forex?

Forex (Foreign Exchange) is the process of converting one currency to another for various reasons like import/export, trading or tourism. The forex market is a global electronic network of banks, financial institutions, brokers, individual forex traders and speculators all involved in the buying and selling of currencies. Notably, it is estimated that over 90% of the forex daily trading volume is generated as a result of speculative trades. There are hundreds of national currencies traded on the currency market. There are always two currencies pairs where one currency is exchanged against the other. Forex market is the largest in the world which works round the clock. Since there are a lot of national currencies, hundreds of permutations and combinations are available to be traded. According to the Bank of International Settlements, foreign exchange trading increased to an average of \$5.3 trillion a day.

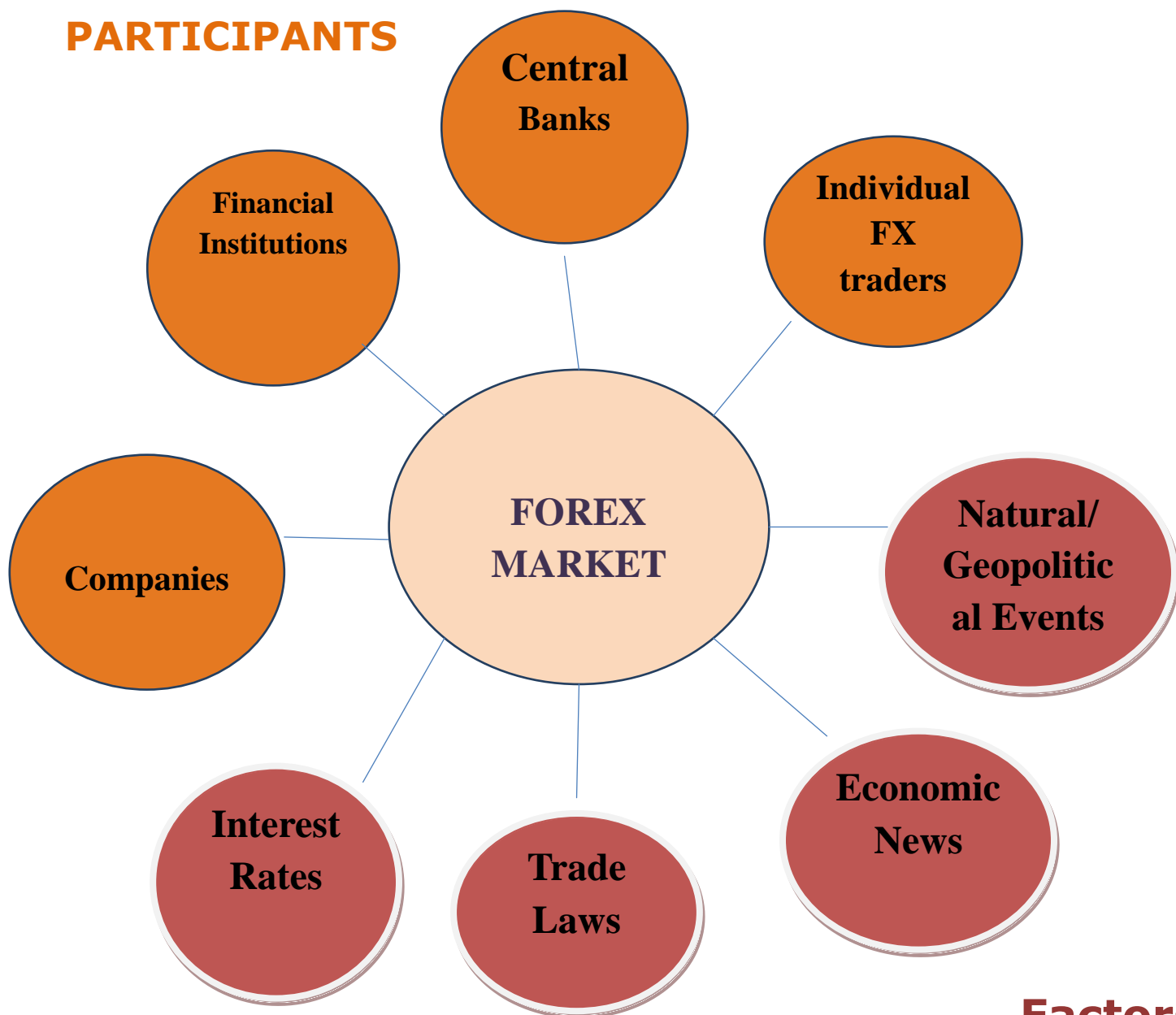
Most traded currency pairs

THE TOP **8 PAIRS** = **72%** of FOREX VOLUME ¹



What affects the Forex market?

PARTICIPANTS



Factors

How does Forex trading work?

The forex market works 24 hours a day, five days a week—starting each day in Australia and ending in New York. The major centers are Sydney, Hong Kong, Singapore, Tokyo, Frankfurt, Paris, London and New York. Since currencies are always traded in pairs, there is always one

currency which is stronger or weaker. If you sell one currency, you buy another currency. In the currency market, you make a profit on the difference between your transaction prices.

Since there are 2 currencies involved, one currency is the base currency and other is the quote currency.



The difference between the bid and the ask price is called the spread which is the cost of trading. The above mentioned picture is to understand Bid price, Ask price and spread. Currencies don't move much on a daily basis. Hence it can be traded using leverage.

Benefits of trading in Forex

24 hour market

The forex market works 24 hours and 5-1/2 days a week. Because governments, corporates and private individuals requiring currency exchange services are spread around the world, so trading on the forex market never stops.

Long/Short

Market participants can trade forex both ways. It means a forex trader can play the market and make profits irrespective of whether market is going up, down or is in a tight range.



Low transaction cost

Most forex accounts trade with little or no commission and there is no exchange or data license fee.

Leverage

Leverage is the mechanism by which a trader can take a position much larger than the initial investment. For example, if you are trading in equity market, the maximum leverage a stock broker is offered is 1:2 but in case of forex market, you will get leverage up to 1:50 and even more

Huge liquidity

The size of forex market is enormous and liquid by nature. High liquidity means a trader can trade with any type of currency. Timing is not a constraint as well; trading can be done as per your convenience

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