

## Simple Questions & Answers

1. **What is a pip in forex trading?**
    - A pip (Percentage in Point) is the smallest price movement in forex.
  2. **For most currency pairs (like EUR/USD), what decimal place does a pip represent?**
    - The 4th decimal place (0.0001).
  3. **For JPY pairs (like USD/JPY), what decimal place does a pip represent?**
    - The 2nd decimal place (0.01).
  4. **What is the standard lot size in forex trading?**
    - 100,000 units.
  5. **How many units are in a mini lot?**
    - 10,000 units.
  6. **How many units are in a micro lot?**
    - 1,000 units.
  7. **If you trade 1 standard lot of EUR/USD, how much is 1 pip worth in USD?**
    - \$10 per pip.
  8. **What is the formula to calculate pip value?**
    - $\text{Pip Value} = (1 \text{ Pip} \times \text{Lot Size}) \div \text{Exchange Rate}$ .
  9. **What is the pip value of a micro lot (1,000 units) for EUR/USD?**
    - \$0.10 per pip.
  10. **If the exchange rate for EUR/USD is 1.2000, and you trade 1 mini lot, how much is 1 pip worth?**
    - $(0.0001 \times 10,000) \div 1.2000 = 0.83 \text{ USD per pip}$ .
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## Hard Questions & Answers

1. **If you trade 2 standard lots of EUR/USD, how much is 1 pip worth in USD?**
  - 1 pip = \$10 per standard lot
  - For 2 lots:  $10 \times 2 = \$20$  per pip.
2. **You open a 0.5 lot trade on GBP/USD at 1.2500. If the price moves by 20 pips in your favor, how much profit do you make?**
  - Pip value =  $(0.0001 \times 50,000) \div 1.2500 = \$4$  per pip
  - Profit =  $20 \text{ pips} \times \$4 = \$80$ .
3. **A trader buys 3 mini lots of USD/JPY at 145.00. If the price moves up by 50 pips, how much profit is made in JPY?**
  - Pip value =  $(0.01 \times 30,000) \div 145.00 = 2.07 \text{ JPY per pip}$
  - Profit =  $50 \times 2.07 = 103.5 \text{ JPY}$ .
4. **For EUR/USD, if you trade 0.1 lots at an exchange rate of 1.1000, what is the pip value in USD?**
  - Pip value =  $(0.0001 \times 10,000) \div 1.1000 = \$0.91$  per pip.
5. **A trader places a 2.5 lot trade on EUR/USD. How much is 1 pip worth in USD?**
  - Pip value =  $(0.0001 \times 250,000) \div 1.0000 = \$25$  per pip.
6. **You trade 0.2 mini lots on EUR/USD. The trade moves 30 pips in your favor. How much profit do you make?**
  - Pip value =  $(0.0001 \times 2,000) \div 1.0000 = \$0.20$  per pip
  - Profit =  $30 \times \$0.20 = \$6$ .
7. **What would be the pip value of a 5 standard lot trade on EUR/USD?**
  - Pip value =  $(0.0001 \times 500,000) \div 1.0000 = \$50$  per pip.
8. **A trader opens a 0.3 lot trade on USD/JPY at an exchange rate of 110.50. How much is 1 pip worth in JPY?**
  - Pip value =  $(0.01 \times 30,000) \div 110.50 = 2.71 \text{ JPY per pip}$ .
9. **Explain why pip value changes when trading different currency pairs.**

- Pip value depends on **lot size, exchange rate, and currency pair**. For pairs involving USD (e.g., EUR/USD), pip value is directly in USD. But for pairs like **USD/JPY**, the pip value is calculated in JPY and converted to USD.

10. **If a trader wants to risk \$50 per trade, how many pips can they risk when trading a mini lot on EUR/USD?**

- Pip value for 1 mini lot = **\$1 per pip**
  - Allowed risk =  **$\$50 \div \$1 = 50$  pips**.
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