

Forex Glossary - Module 1

Forex

Foreign Exchange Market - where currencies are traded.

Base Currency

The first currency in a pair, e.g., EUR in EUR/USD.

Quote Currency

The second currency in a pair, e.g., USD in EUR/USD.

Pip

The smallest unit of price movement in a currency pair, typically 0.0001.

Spread

The difference between the bid and ask prices.

Liquidity

The ease of buying or selling an asset without affecting its price.

Volatility

The degree of variation in price over time.

Major Pairs

Currency pairs with USD and high trading volume.

Exotic Pairs

Pairs involving one major and one emerging market currency.

Risk Appetite

Investor willingness to take on risk.