

Basic Concepts

	 USD	 EUR	 JPY	 GBP	 CHF	 CAD	 AUD
SEK	8.3962	9.5032	.07057	12.808	9.0571	6.6945	6.5215
NOK	7.6196	8.6242	.06404	11.623	8.2194	6.0753	5.9183
HKD	7.7527	8.7750	.06516	11.826	8.3630	6.1814	6.0217
NZD	1.3628	1.5424	.01145	2.0788	1.4700	1.0865	1.0585
AUD	1.2875	1.4572	.01082	1.9640	1.3888	1.0265	-
CAD	1.2542	1.4196	.01054	1.9132	1.3529	-	.97416
CHF	.92703	1.0493	.00779	1.4141	-	-	-
GBP	.65555	.74108	-	-	-	-	-

What is Foreign Exchange?

THE FOREX MARKET IS THE LARGEST IN THE WORLD - MORE THAN 25 TIMES THE DAILY VOLUME OF EQUITY MARKETS

UNSURPRISINGLY, THERE'S NO SURE-FIRE INDICATOR OF HOW A CURRENCY WILL PERFORM

Foreign exchange/forex/FX is the idea of converting one country's currency into another. The FX market allows banks, hedge funds, corporations, and individuals to trade the currencies of many nations listed on the exchange, and, hopefully, profit off the fluctuations in value. With more than five trillion dollars traded 24-hours a day, the forex market is the largest in the world – more than 25 times the daily volume of equity markets.

Currencies are listed in pairs, a notation for the rate between two different currencies. Essentially, we are selling one while buying another simultaneously (hence “exchange”). For example, the currency pair of USD/CAD is trading at 1.32. This means that we can buy 1.32 CAD for every USD we have. If we think that the CAD will rise relative to the US dollar, we can buy CAD with USD (at 1.32). Once the CAD increases in value, and USD/CAD is trading at, say, 1.25, we can sell the USD back (at 1.25), which would give us more CAD than we originally had, resulting in a profit.

What makes currencies change in value? Many forces contribute to shifts in the supply and demand of money. Some of the most important include monetary policy, inflation, economic conditions, and political stability. Unsurprisingly, there's no sure-fire indicator of how a currency will perform. Having a solid understanding of the underlying factors that affect foreign exchange will yield more accurate predictions.



Sources

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XE

<https://www.xe.com/currencytrading/>

Nasdaq

<https://www.nasdaq.com/articles/forex-market-overview-2019-06-07>

Here are some useful links to help you further explore this topic:

More on Currency Pairs

<https://www.xe.com/currencytrading/>

Real Time Forex Rates

<https://www.investing.com/currencies/streaming-forex-rates-majors>