



WHAT ARE PAIRS

# BEGINNER FOREX

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## WHAT ARE PAIRS?

In FX (I told you we going to dribble around people that don't like reading), you *buy and sell currencies* (for example US dollar, South African rand, Euro), and you may even earn a profit, according to which currency pair you exchanged. This is why we call it FX. Depending on the currency rates and market movements, you can make profits. It all depends on you. Remember I told be F# PROACTIVE

Don't confuse forex trading with physical trading aka bartering. This is 2020 my friend, everything is online! You **buy** a currency online, **sell** another online, you make a **profit** online, go to the ATM withdraw the money from your bank account and take a picture of the money to **post** it online.

Because it's all about money, let's start with the basics. To make things simpler, in FX we use symbols. The most commonly traded currencies are listed in the table below.

CURRENCY	COUNTRY	SYMBOL	NICKNAME
US dollar	United States of America	USD	buck
Euro	In 17 eurozone countries	EUR	fibre
Pound sterling	Great Britain	GBP	cable
Japanese yen	Japan	JPY	yen
Swiss franc	Switzerland	CHF	swissy
Canadian dollar	Canada	CAD	loonie
Australian dollar	Australia	AUD	aussie
New Zealand dollar	New Zealand	NZD	kiwi

### How Currency Pairs Work

So this is how it goes: trading always consists of buying one currency and selling another. Together these currencies make up a CURRENCY PAIR.

Imagine choosing the USD/ZAR pair. You expect the US dollar to increase in value as compared to the Rand. So you buy USD and sell ZAR. Remember that in order to buy one currency you have to sell another. If the dollar rises against the rand, you close the position and make a profit.

Why is FX trading done in currency pairs? Imagine that the first currency in any currency pair (in our example the USD) is a potato. So in order to buy a potato, you need to pay a certain amount of the second currency (in our example, ZAR).

There are 3 categories of currency pairs: **major, minor, exotic**.

Majors

Major currency pairs (*majors*) are traded most frequently, and they all contain the US dollar (USD).

<b>PAIR</b>	<b>COUNTRY OF ORIGIN</b>	<b>MEANING</b>
EUR/USD	Eurozone/USA	Euro – US dollar
USD/JPY	USA/Japan	US dollar – Yen
GBP/USD	United Kingdom/USA	Pound sterling – US dollar
USD/CHF	USA/Switzerland	US dollar – Swiss franc
USD/CAD	USA/Canada	US dollar – Canadian dollar
AUD/USD	Australia/USA	Australian dollar – US dollar
NZD/USD	New Zealand/USA	New Zealand dollar – US dollar

## Minors

Minor currency pairs (*crosses*) don't contain the USD. The most active ones contain EUR, JPY, and GBP.

<b>EURO MINORS</b>	<b>YEN MINORS</b>	<b>POUND MINORS</b>	<b>OTHER MINORS</b>
EUR/CHF	EUR/JPY	GBP/CHF	AUD/CHF
EUR/GBP	GBP/JPY	GBP/AUD	AUD/CAD
EUR/CAD	CHF/JPY	GBP/CAD	AUD/NZD
EUR/AUD	CAD/JPY	GBP/NZD	CAD/CHF
EUR/NZD	AUD/JPY		NZD/CHF
	NZD/JPY		NZD/CAD

## Exotics

Exotic currency pairs contain one major currency as the base currency, paired with any non-major currency, such as South African rand, Mexican peso, or Danish krone. Exotic pairs are not so widely traded. The table below contains a few examples of exotic currency pairs.

<b>PAIR</b>	<b>COUNTRY OF ORIGIN</b>	<b>MEANING</b>
USD/HKD	USA/Hong Kong	US dollar – Hong Kong dollar
USD/SGD	USA/Singapore	US dollar – Singapore dollar
USD/ZAR	USA/South Africa	US dollar – South African rand
USD/THB	USA/Thailand	US dollar – Thai baht

<b>PAIR</b>	<b>COUNTRY OF ORIGIN</b>	<b>MEANING</b>
USD/HUF	USA/Hungary	US dollar – Hungarian forint
USD/MXN	USA/Mexico	US dollar – Mexican peso
USD/DKK	USA/Denmark	US dollar – Danish krone
USD/SEK	USA/Sweden	US dollar – Swedish krona