

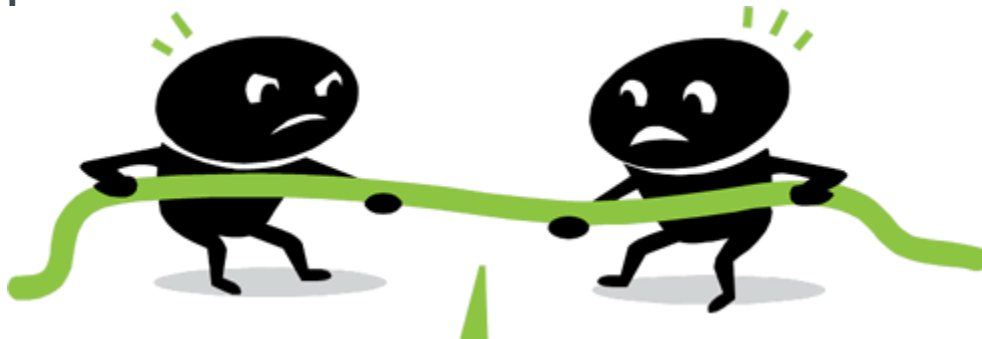
Buying And Selling Currency Pairs

Forex trading is the *simultaneous* buying of one currency and selling another.

Currencies are traded through a broker or dealer and are **traded in pairs**. Currencies are quoted in relation to *another* currency.

For example, the euro and the U.S. dollar (**EUR/USD**) or the British pound and the Japanese yen (**GBP/JPY**).

When you trade in the forex market, you buy or sell in currency pairs.



Imagine each currency pair constantly in a “tug of war” with each currency on its own side of the rope.

An exchange rate is the relative price of two currencies from two different countries.

Exchange rates fluctuate based on which currency is stronger at the moment.

There are three categories of currency pairs:

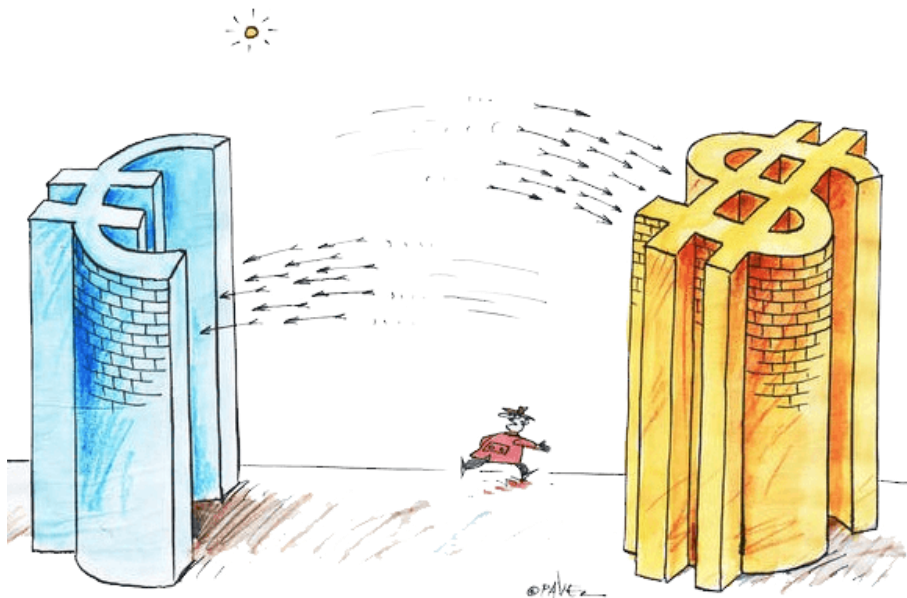
1. The “**majors**”
2. The “**crosses**”
3. The “**exotics**”

The major currency pairs *always* include the U.S. dollar.

Cross-currency pairs do NOT include the U.S. dollar. Crosses that involve any of the major currencies are also known as “minors”.

Exotic currency pairs consist of one major currency and one currency from an emerging market (EM).

Major Currency Pairs



The currency pairs listed below are considered the “**majors.**”

These pairs all contain the U.S. dollar (**USD**) on one side and are the most frequently traded.

Compared to the crosses and exotics, price moves more frequently with the majors, which provide more trading opportunities.

CURRENCY
PAIR

COUNTRIES

FX GEEK SPEAK

EUR/USD

Eurozone / United States

“euro dollar”

USD/JPY

United States / Japan

“dollar yen”

GBP/USD

United Kingdom / United States

“pound dollar”

USD/CHF

United States/ Switzerland

“dollar swissy”

USD/CAD

United States / Canada

“dollar loonie”

AUD/USD

Australia / United States

“aussie dollar”

NZD/USD

New Zealand / United States

“kiwi dollar”

The majors are the most **liquid** in the world.

Liquidity is used to describe the level of activity in the financial market.

In forex, it's based on the number of active traders buying and selling a specific currency pair and the volume being traded.

The more frequently traded something is, the higher its liquidity.

For example, more people trade the EUR/USD currency pair and at higher volumes, than the AUD/USD currency pair.

This means that EUR/USD is more liquid than AUD/USD.

Major Cross-Currency Pairs or Minor Currency Pairs

Currency pairs that don't contain the U.S. dollar (USD) are known as **cross-currency pairs** or simply as the "**crosses**."

Major crosses are also known as "**minors**."

While not as frequently traded as the majors, the crosses are still pretty liquid and still provide plenty of trading opportunities.

The most actively traded crosses are derived from the three major non-USD currencies: **EUR**, **JPY**, and **GBP**.

Euro Crosses

CURRENCY
PAIR

COUNTRIES

FX GEEK SPEAK

EUR/CHF

Eurozone / Switzerland

“euro swissy”

EUR/GBP

Eurozone / United Kingdom

“euro pound”

EUR/CAD

Eurozone / Canada

“euro loonie”

EUR/AUD

Eurozone / Australia

“euro aussie”

EUR/NZD

Eurozone / New Zealand

“euro kiwi”

EUR/SEK

Eurozone / Sweden

“euro stockie”

EUR/NOK

Eurozone / Norway

“euro nockie”

Yen Crosses

**CURRENCY
PAIR**

COUNTRIES

FX GEEK SPEAK

EUR/JPY

Eurozone / Japan

“euro yen” or “yuppy”

GBP/JPY

United Kingdom / Japan

“pound yen” or “guppy”

CHF/JPY

Switzerland / Japan

“swissy yen”

CAD/JPY

Canada / Japan

“loonie yen”

AUD/JPY

Australia / Japan

“aussie yen”

NZD/JPY

New Zealand / Japan

“kiwi yen”

Pound Crosses

PAIR	COUNTRIES	FX GEEK SPEAK
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GBP/CHF

United Kingdom / Switzerland

“pound swissy”

<u>GBP/AUD</u>	United Kingdom / Australia	“pound aussie”
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GBP/CAD

United Kingdom / Canada

“pound loonie”

GBP/NZD

United Kingdom / New Zealand

“pound kiwi”

Other Crosses

PAIR

COUNTRIES

FX GEEK SPEAK

AUD/CHF

Australia / Switzerland

“aussie swissy”

AUD/CAD

Australia / Canada

“aussie loonie”

AUD/NZD

Australia / New Zealand

“aussie kiwi”

CAD/CHF

Canada / Switzerland

“loonie swissy”

NZD/CHF

New Zealand / Switzerland

“kiwi swissy”

NZD/CAD

New Zealand / Canada

“kiwi loonie”

Exotic Currency Pairs



No, exotic pairs are not exotic belly dancers who happen to be twins.

Exotic currency pairs are made up of one major currency paired with the currency of an emerging economy, such as Brazil, Mexico, Chile, Turkey, or Hungary.

The chart below contains a few examples of exotic currency pairs. Wanna take a shot at guessing what those other currency symbols stand for?

Depending on your forex broker, you may see the following exotic currency pairs so it's good to know what they are.

Keep in mind that these pairs aren't as heavily traded as the "majors" or "crosses," so the transaction costs associated with trading these pairs are usually bigger.

CURRENCY PAIR	COUNTRIES	FX GEEK SPEAK
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USD/BRL

United States / Brazil

"dollar real"

USD/HKD

United States / Hong Kong

USD/SAR

United States / Saudi Arabia

“dollar riyal”

USD/SGD

United States / Singapore

“dollar sing”

USD/ZAR

United States / South Africa

“dollar rand”

USD/THB

United States / Thailand

“dollar baht”

USD/MXN

United States / Mexico

“dollar mex”

USD/RUB

United States / Russia

“dollar ruble” or “Barney”

USD/PLN

United States / Poland

“dollar zloty”

USD/CLP	United States/ Chile
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It's not unusual to see spreads that are two or three times bigger than that of EUR/USD or USD/JPY.

Due to the overall lower degree of liquidity, exotic currency pairs tend to be far more sensitive to economic and geopolitical events.

For example, a political scandal or unexpected election results can cause an exotic pair's exchange rate to swing violently.

So if you want to trade exotics currency pairs, remember to factor this in your decision.

For those of y'all who are really mesmerized by exotics, here's a more comprehensive list.

CURRENCY CODE	COUNTRY	CURRENCY CODE	COUNTRY
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AED

UAE Dirham

ARS

Argentinean Pes

AFN

Afghanistan Afghani

GEL

Georgian Lari

MYR

Malaysian Ringgit

AMD

Armenian Dram

GYD

Guyanese Dollar

MZN

Mozambique new M

AWG

Aruban Florin

IDR

Indonesian Rupiah

OMR

Omani Rial

AZN

Azerbaijan New Manat

IQD

Iraqi Dinar

QAR

Qatari Rial

BHD

Bahraini Dinar

IRR

Iranian Rial

SLL

Sierra Leone Leone

BWP

Botswana Pula

JOD

Jordanian Dinar

TJS

Tajikistani Somoni

BYR

Belarusian Ruble

KGS

Kyrgyzstanian Somoni

TMT

Turkmenistan new Manat

CDF

Congolese Franc

LBP

Lebanese Pound

TZS

Tanzanian Shilling

DZD

Algerian Dinar

LRD

Liberian Dollar

UZS

Uzbekistan Som

EGP

Egyptian Pound

MAD

Moroccan Dirham

WST

Samoa Tala

EEK

Estonian Kroon

MNT

Mongolian Tugrik

MWK

Malawi Kwacha

ETB

Ethiopian Birr

THB

Thai Baht

TRY

New Turkish Lira

ZAR

South African Rand

ZWD

Zimbabwe Dollar

BRL

Brazilian Real

CLP

Chilean Peso

CNY

Chinese Yuan Renminbi

CZK

Czech Koruna

HKD

Hong Kong Dollar

HUF

Hungarian Forint

ILS

Israeli Shekel

INR

Indian Rupee

ISK

Icelandic Krona

KRW

South Korean W

KWD

Kuwaiti Dinar

MXN

Mexican Peso

PHP

Philippine Peso

PKR

Pakistani Rupee

PLN

Polish Zloty

RUB

Russian Ruble

SAR

Saudi Arabian Riyal

SGD

Singaporean Dol

TWD

Taiwanese Dollar

***DID YOU KNOW?** There are **180 legal currencies** in the world, as recognized by the United Nations. That's a lot of potential currency pairs! Unfortunately, not all of them are readable. Forex brokers tend to offer traders up to 70 currency pairs.*

Aside from the three main categories of currency pairs, there are other “groups” of currencies that are thrown around in the FX world which you should be aware of.

G10 Currencies

The G10 currencies are ten of the most heavily traded currencies in the world, which are also ten of the world's most liquid currencies.

Traders regularly buy and sell them in an open market with minimal impact on their own international exchange rates.

COUNTRY	CURRENCY NAME	CURRENCY CODE
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United States

dollar

USD

European Union	euro	EUR
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United Kingdom

pound

GBP

Japan

yen

JPY

Australia

dollar

AUD

New
Zealand

dollar

NZD

Canada

dollar

CAD

Switzerland

franc

CHF

Norway

krone

NOK

Sweden

krona

SEK

Denmark

krone

DKK

The Scandies

Scandinavia is a subregion in Northern Europe, with strong historical, cultural, and linguistic ties.

The term “**Scandinavia**” in local usage covers the three kingdoms of **Denmark, Norway, and Sweden**.

Together, their currencies are known as the “**Scandies**”. Back in the day, Denmark and Sweden established the Scandinavian Monetary Union to merge their currencies to a gold standard. Norway joined later.

This meant that these countries now had one currency, with the same monetary value, with the exception that each of these countries minted their own coins.

But then World War I happened, and the gold standard was abandoned and the Scandinavian Monetary Union disbanded. These countries decided to keep the currency, even if the values were separate from one another. And this remains the state of things.

If you notice their currency names, they all look similar. That’s because the word “krone or krona” literally means “crown”, and the differences in spelling of the name represent the differences between the North Germanic languages.

Crown currencies. What a cool name huh?

I don’t know about you, but saying “Hook me up with some crowns yo.” sounds way cooler than “Hook me up with some dollahs yo.”

COUNTRY	CURRENCY NAME	CURRENCY CODE
---------	---------------	---------------

Denmark

krone

DKK

Sweden	krona	SEK
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Norway

krone

NOK

SEK and NOK also have cool nicknames, “**Stockie**” and “**Nokie**”.

So when paired with the U.S. dollar, USD/SEK is read “dollar stockie” and USD/NOK is read “dollar nockie”.

CEE Currencies

“**CEE**” stands for **Central and Eastern Europe**.

Central and Eastern Europe is a term encompassing the countries in **Central Europe**, the **Baltics**, **Eastern Europe**, and **Southeast Europe** (the Balkans), usually meaning former communist states from the **Eastern Bloc** (Warsaw Pact) in Europe.

Central and Eastern European Countries (CEECs) is an OECD term for the group of countries comprising Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia, and Lithuania.

Regarding the FX market, there are four main CEE currencies to be aware of.

COUNTRY	CURRENCY NAME	CURRENCY CODE
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Hungary

forint

HUF

Czech
Republic

koruna

CZK

Poland

złoty

PLN

Romania

leu

RON

BRIICS

BRIICS is the acronym coined for the association of five major emerging national economies: Brazil, Russia, India, Indonesia, China, and South Africa.

Originally the first four were grouped as “**BRIC**” (or “the BRICs”). BRICs was a term created by Goldman Sachs to name today’s new high-growth emerging economies.

BRIICS is the term created by the OECD, when it added Indonesia and South Africa.

COUNTRY	CURRENCY NAME	CURRENCY CODE
---------	---------------	---------------

Brazil

real

BRL

Russia

ruble

RUB

India

rupee

INR

Indonesia

rupiah

IDR

China

yuan

CNY

South
Africa

rand

ZAR

Summary

Whew! That was a lot of information on currencies but you just raised your FX IQ points! 🧠

Let's summarize what you've learned in a series of questions:

What is a currency pair in forex?

A currency pair is a pairing of currencies where the value of one is relative to the other. For example, GBP/USD is the value of the British pound relative to the U.S. dollar.

What are the major currency pairs?

Major currency pairs ("majors") are those that include the U.S. dollar and the most frequently traded. There are seven of them: EUR/USD, USD/JPY, GBP/USD, USD/CAD, USD/CHF, AUD/USD, and NZD/USD.

What are the currency crosses?

Currency crosses ("crosses") are the more frequently traded

currencies that do NOT include the U.S. dollar in their pairing. Crosses include EUR/GBP, EUR/CAD, GBP/JPY, EUR/CHF, EUR/JPY, etc.

How many currency pairs exist?

There are HUNDREDS of currency pairs in existence but not all can be traded in the FX market. The United Nations currently recognizes 180 currencies. If you were to pair each currency up with another, it's a lot.