
MODULE 1: FORREX BASICS

# Forex Foundations

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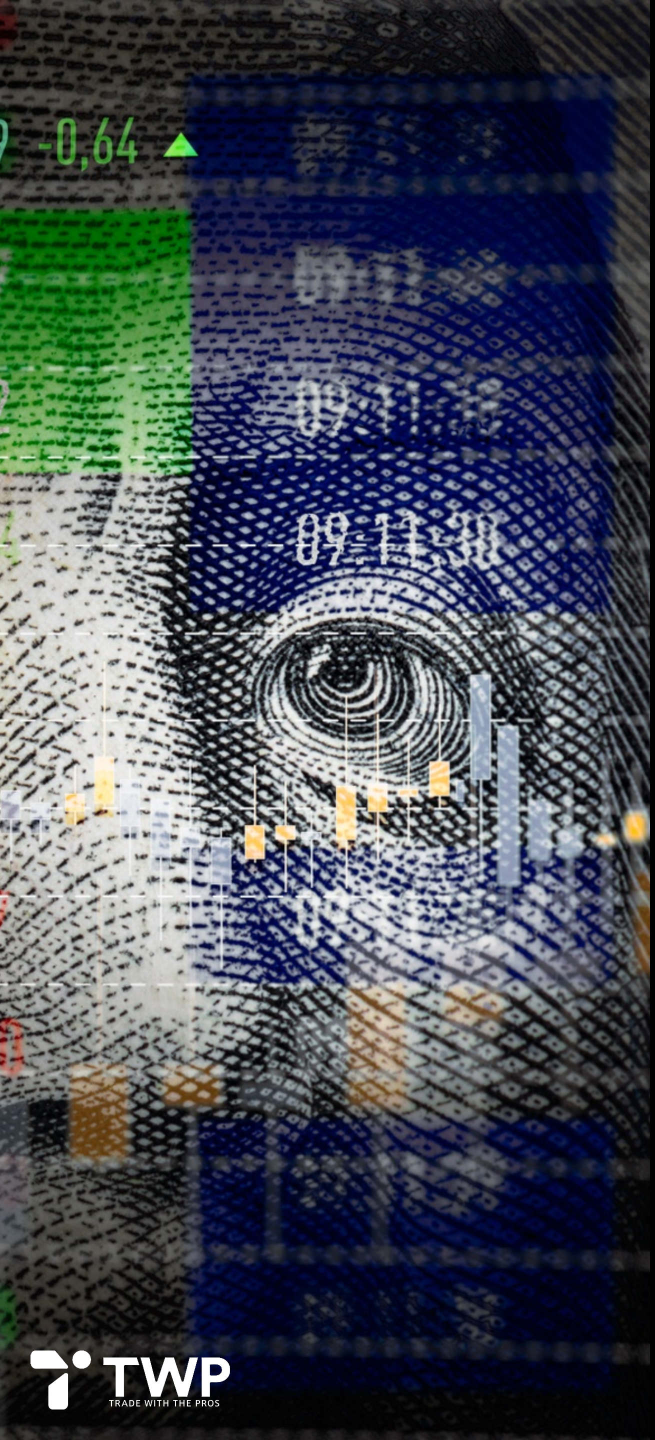


# Introduction to Forex

Forex, or foreign exchange trading, is the global marketplace for buying and selling currencies.

It is the largest and most liquid financial market in the world, where currencies are traded 24 hours a day, five days a week.

The primary purpose of forex trading is to facilitate international trade and investment by allowing businesses to convert one currency into another.

However, it has also become a popular avenue for speculative trading.

# Understanding the Forex Markets
# Definition and Purpose

The forex market is a decentralized global marketplace where currencies are bought and sold.

It operates over-the-counter (OTC), meaning that it doesn't have a centralized exchange.

The primary purpose of the forex market is to facilitate currency conversion for international trade and investment.

It provides a mechanism for businesses and individuals to hedge against currency fluctuations and for traders to speculate on price movements.


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# Major Currency Pairs and Their Characteristics

Currency pairs are divided into major, minor, and exotic categories.

Major pairs include the most traded currencies globally, such as the

- US Dollar (USD)
- Euro (EUR)
- Japanese Yen (JPY)
- British Pound (GBP)

Each currency pair has unique characteristics influenced by economic factors, geopolitical events, and market sentiment.

Understanding these dynamics is crucial for successful trading.

# Market Participants

The major market participants include:

- Central Banks
- Commercial Banks
- Institutional Investors
- Retail Traders:

Central banks play a pivotal role in the forex market by implementing monetary policies that influence currency values.

Commercial banks act as intermediaries, facilitating currency transactions.

Institutional investors, including hedge funds and pension funds, engage in large-volume trades, impacting market trends.

Retail traders, individuals like you and me, participate through online platforms provided by brokers.


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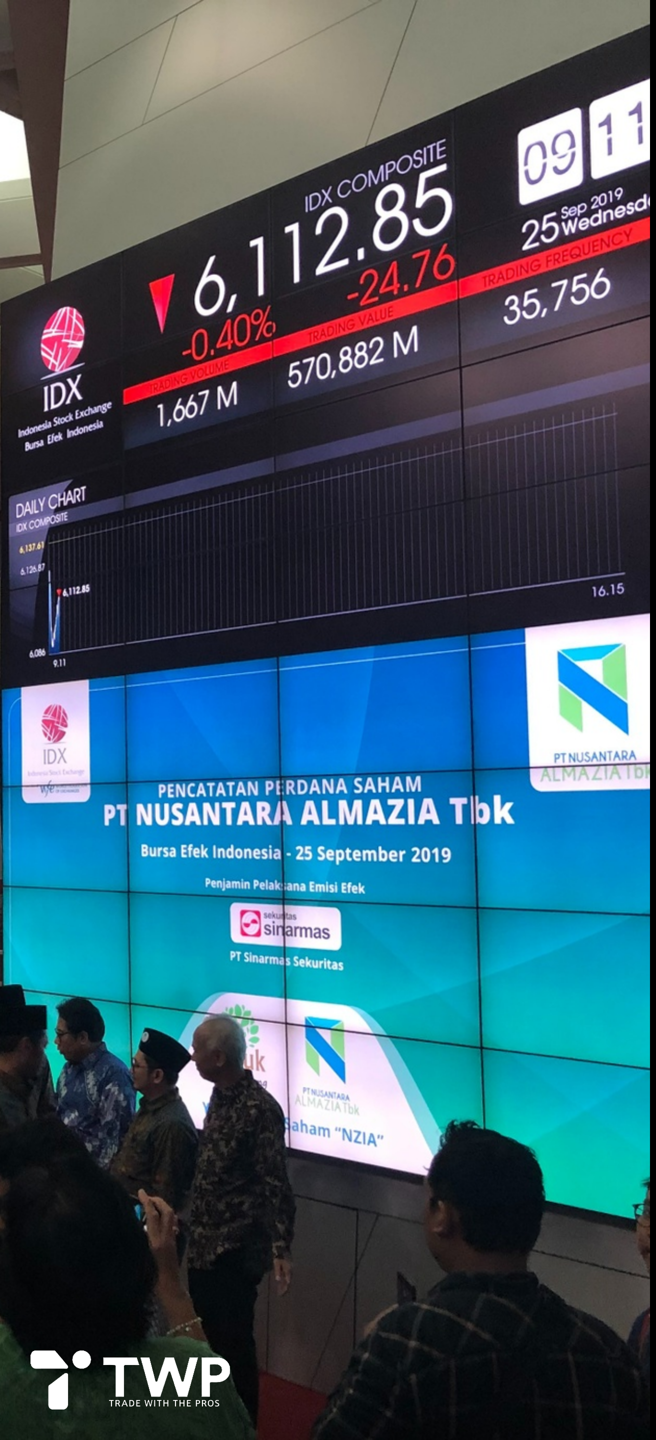


# The Role of Brokers and Liquidity Providers

Brokers act as intermediaries between retail traders and the interbank forex market.

They offer trading platforms, leverage, and access to liquidity.

Liquidity providers, often major banks, ensure there is enough liquidity for smooth market operations.

Understanding the relationship between brokers and liquidity providers is crucial for evaluating the reliability of a trading platform.

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