



Currencies Overview

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Heiko Seibel



- Master in Economics
- Worked as a market maker in Europe and Asia
- Founder and portfoliomanager of a brokerage house
- Founder and partner of **Oktavest**, an asset management company
- Hedgefunds management in 2008 for international institutional investors (AUM > 200 Mio. USD)
- Initiator of two investment funds (AUM > 100 Mio. USD)
- Development of trading and investment strategies for more than a decade
- Coach for professional traders in prop trading houses or am companies.
- Blog: www.trading-stories.de

Agenda

- Basics
- Overview FX-Market
- Profiles of the Major Currencies
- Trading Tools with Actual Charts



Basics I

▪ Short Codes ISO-Norm

- EUR: Euro
- USD: US-Dollar
- AUD: Australian Dollar
- GBP: British Pound
- JPY (Yen); NZD (New Zealand Dollar); CAD (Canadian Dollar), CHF (Swiss Franc) ...

▪ Quotation

- EURUSD 1,2940
- EUR: base currency
- USD: counter currency
- 1 Euro buys 1,2940 US-Dollar
- Buy 1 Unit of the Base Currency implies short sale of 1 Unit*p of the counter currency (where p price of the base currency)
- e.g.: buy 1 Euro -> Short 1,2940 US-Dollar (+1 EUR / -1,2940 USD)



Basics II

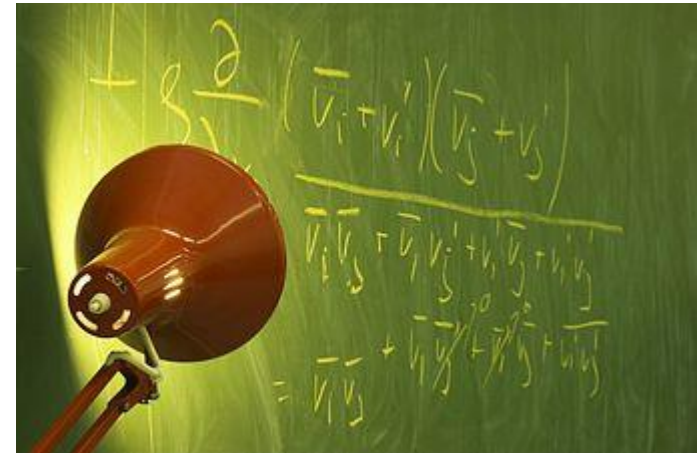
- Four-digit quotation of currencies, except: JPY (two-digit)
 - e.g.: EURUSD 1,**2942**; USDJPY 99,**24**
 - Increment Pip → 1,2942 / 1,2943
 - Fifth digit 1,0425 → fractional Pip

- Trading units are expressed in lots
 - 1 Lot: 100.000 Units
 - ✓ e.g.: Buy 1 Lot EURUSD @ 1,2941 → +100.000 EUR / -129.410 USD
 - 1 Mini-Lot: 10.000 Units
 - 1 Micro-Lot: 1.000 Units

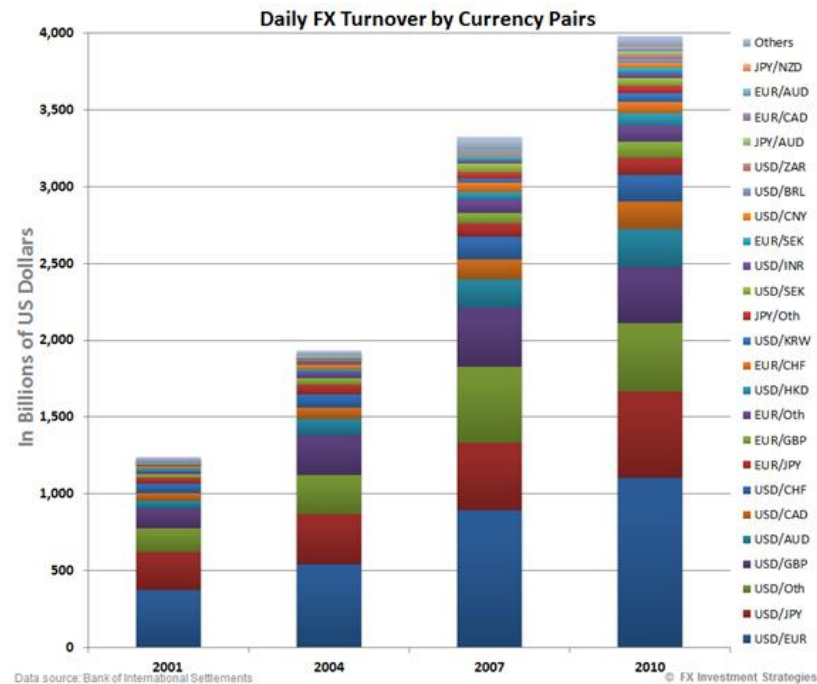
- Pip-Value per Lot represents 10 units of the counter currency
 - 1 Pip EURUSD → 10 USD
 - Exception: 1 Pip EURJPY → 1000 JPY

Overview FX-Market

- **24/5 trading**
- **Fair market:** no insiders, transparency
- Most liquid market in the world,
4.000 Trillion USD per day
- **Participants:**
 - Central-, merchant banks
 - Industrial companies, hedge funds, investment funds



Daily Turnover FX

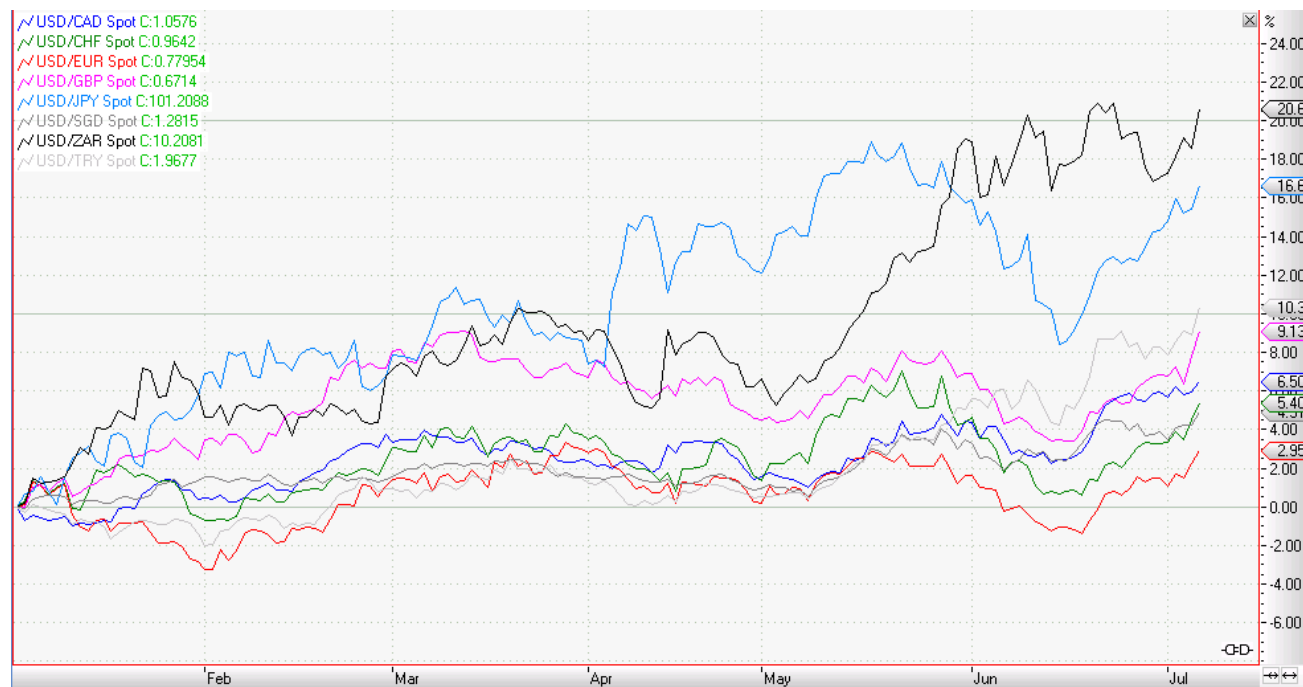


Majors, Crosses & Nicknames

Majors (>80% Turnover)	Nickname
EURUSD	<i>Fibre</i>
USDJPY	<i>Ninja</i>
GBPUSD	<i>Cable</i>
AUDUSD	<i>Aussie</i>
USDCHF	<i>Swissy</i>
USDCAD	<i>Loonie</i>

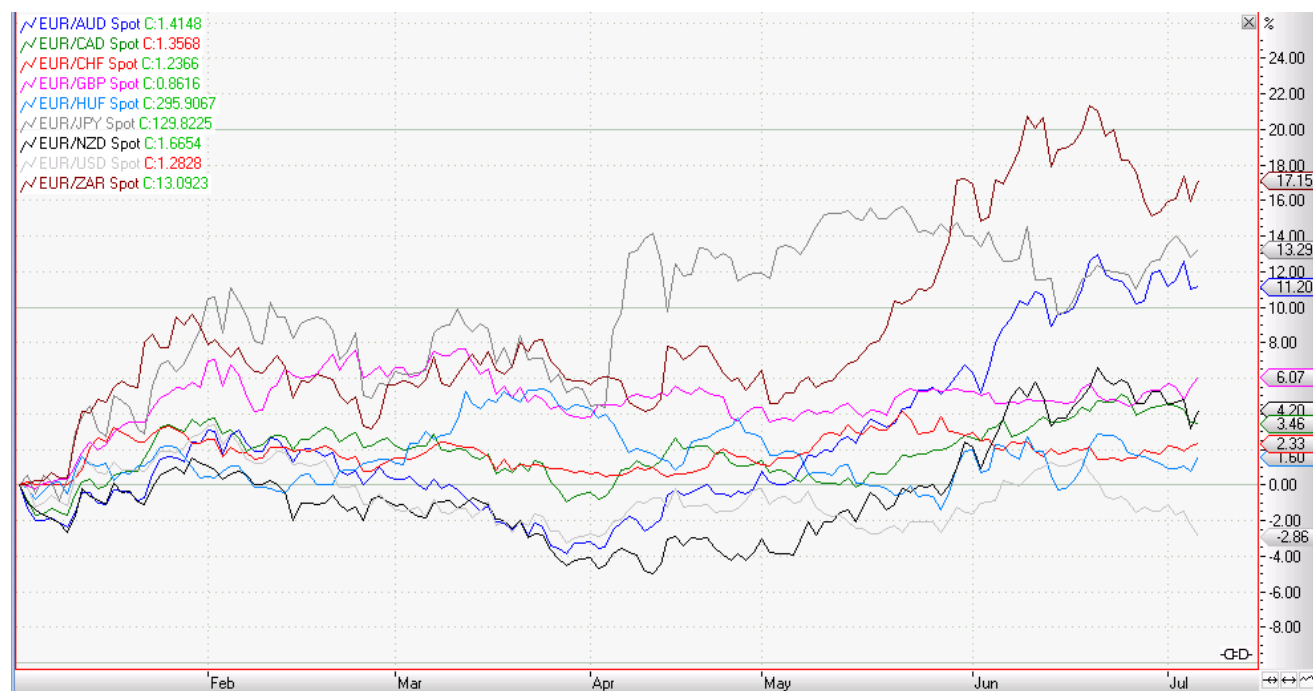
Crosses (<20% Turnover)	Nickname
EURJPY	<i>Juppy</i>
EURAUD	<i>./.</i>
EURGBP	<i>Chunnel</i>
GBJPY	<i>Guppy</i>
AUDCHF	<i>./.</i>
USDCAD	<i>Loonie</i>
...

Relative Performance USD



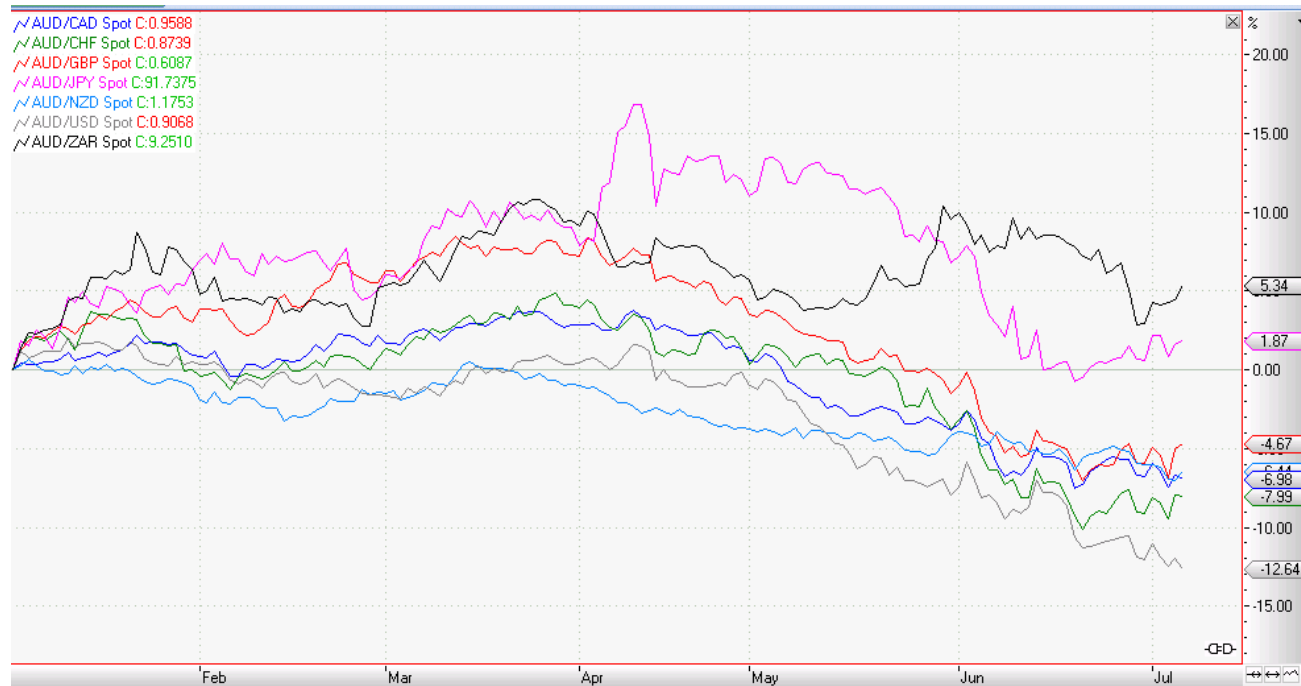
- reserve currency
- „safe haven“
- „anti gold“
- peg für EM-Währungen

Relative Performance EUR



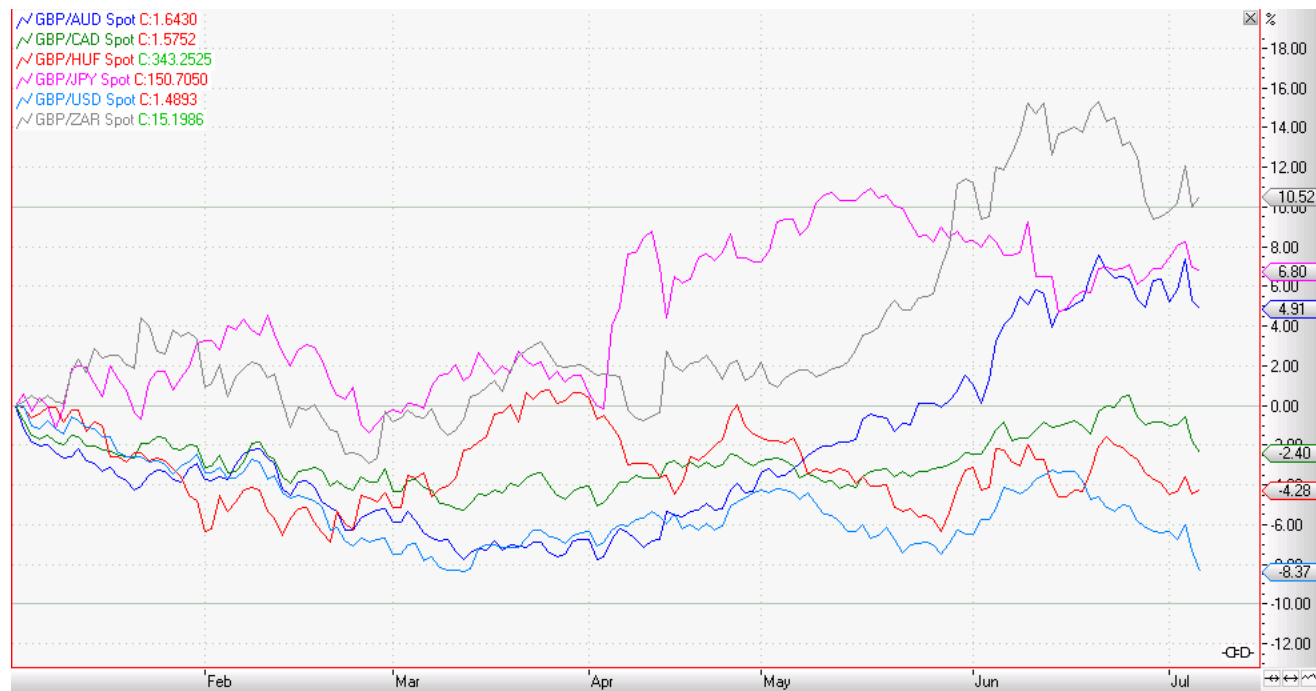
- 2nd largest reserve currency
- represents euro-crisis
- unique risks
- predicts money flow into euro area

Relative Performance AUD



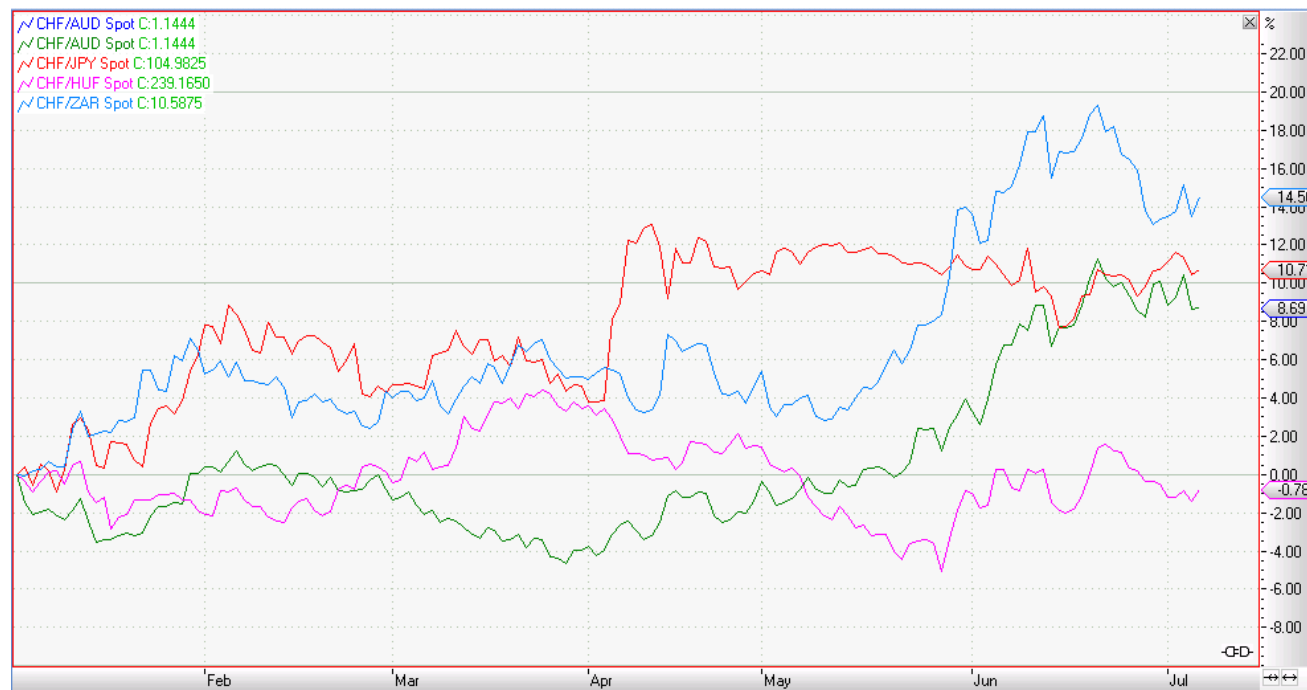
- commodity linked currency
- „safe haven“
- „anti gold“
- peg für EM-Währungen
- „China proxy“

Relative Performance GBP



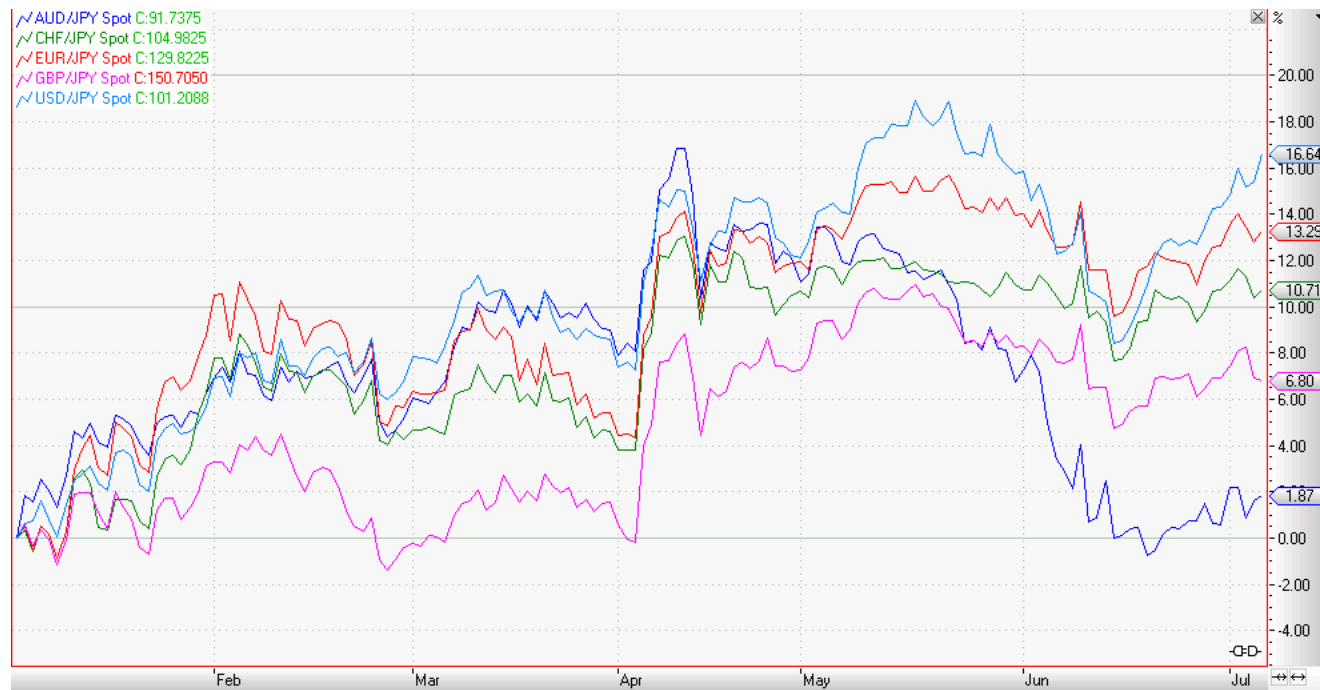
- speculators currency
- positive correlation with energy

Relative Performance CHF



- „safe haven“
- positively correlated with gold
- bank currency

Relative Performance JPY



- „Abenomics“
- funding currency

Tools of the Trade

- (1) Chartpatterns
- (2) Indicators
- (3) Market Structure
- (4) Sentiment
- (5) Mean Reversion
- (6) Trendfollowing
- (7) Seasonal
- (8) Cycles
- (9) Arcane



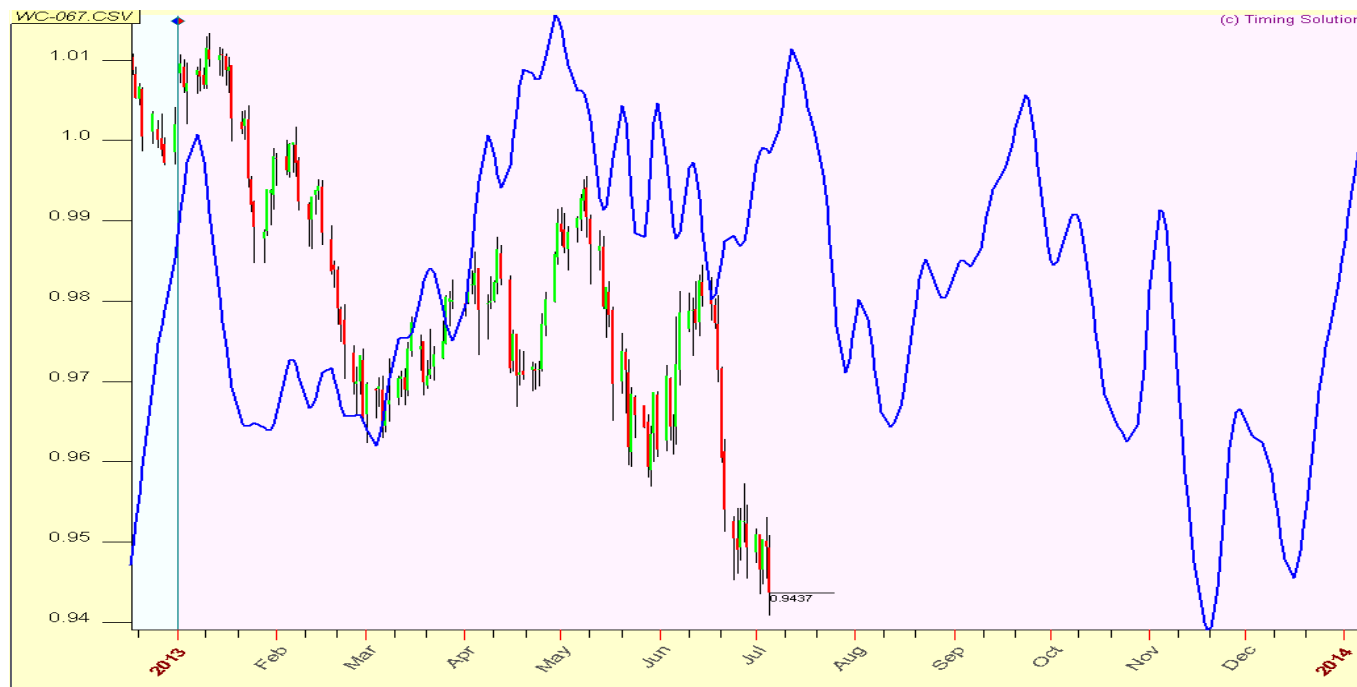
Head&Shoulder EURUSD



Overbought Condition USDHUF



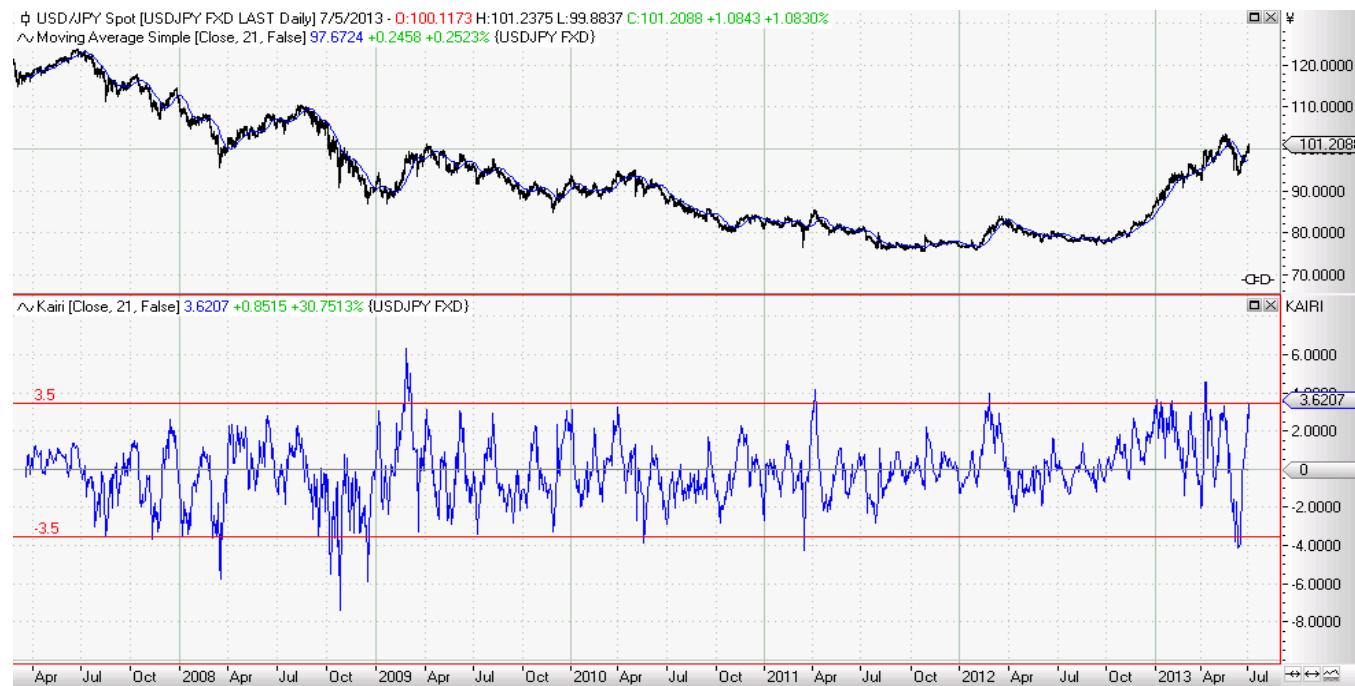
Seasonal Low AUDUSD in August



Sentiment (Commercials) in the USD



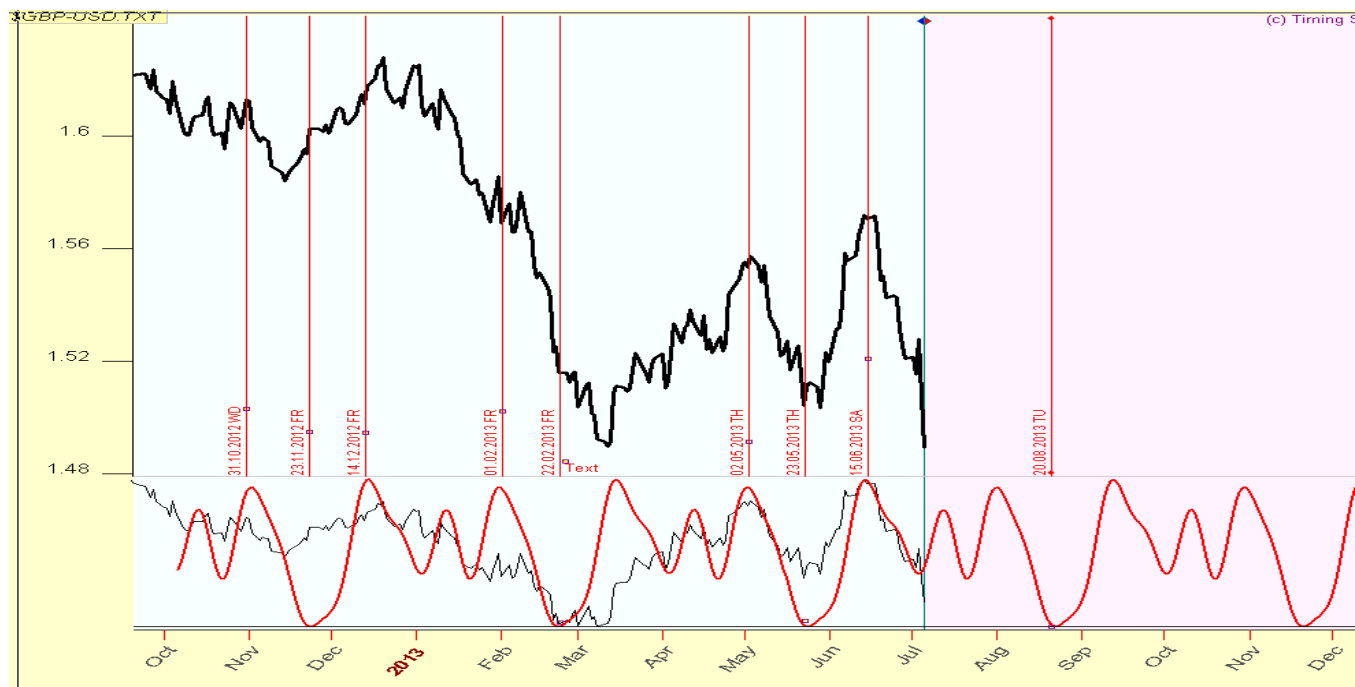
Mean Reversion USDJPY



Change in Trend USDCAD



Cycle in GBPUSD



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