



Foreign Exchange

How the FX Market Functions

FX101 July 01, 2014

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Foreign exchange is the world's largest financial market. It runs 24 hours a day and only closes for a few hours each week.

According to the Bank of International Settlements (<http://www.bis.org/publ/rpfx13.htm?m=6%7C35>), the average daily FX turnover was calculated to be \$5.3 trillion in April 2013. To put this in perspective, the New York Stock Exchange trades in the billions.

Other than the Chicago Mercantile Exchange (CME), where currency futures trade, there is no physical FX market. Instead, the "market" is a network of bank traders, brokers, dealers and fund managers. Indicative and executable pricing is shared through electronic dealing platforms such as Reuters, Bloomberg EDS and other proprietary platforms.

London is the main foreign exchange trading center, being situated to catch the end of the day in Asia and the beginning of the day in North America.

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Published five days a week, this newsletter provides day-to-day trends and activities affecting the market in easy-to-understand snapshots.

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