LESSON 1: A BRIEF INTRODUCTION TO THE CURRENCY MARKET

Forex Training Summary and Quiz

Introduction to Currency Trading

The earliest form of currency trading was mostly for the facilitation of international commerce.

Forex trading is managed through an established interbank market and only large financial institutions are able to deal directly in this market.

In recent years, a large secondary currency market has evolved, resulting in a network of online brokers offering direct currency trading services through online trading platforms.

Forex is an "over-the-counter" (OTC) market supported by forex dealers serving as market-makers.

The Bretton-Woods Accord of 1941 was a major international policy intended to minimize economic chaos with the conclusion of World War II. It involved pegging currencies to the U.S. dollar which was itself pegged to the price of gold.

Eurodollars are U.S. funds held in banks outside the regulatory control of the U.S. government.

In 1971, U.S. President Richard Nixon eliminated the gold standard for the U.S. dollar to combat rising gold prices contributing to high inflation levels. This action led directly to free-floating currency exchange rates and gave rise to the modern currency OTC market.

Putting It All Together

1. Earliest form of currency trading was mostly for the facilitation of _________.

coin collecting

international commerce

Central Bank policies

tourism

2. Forex is an "over-the-counter" (OTC) market supported by forex dealers serving as _________.

intermediaries

regulators

market-makers

correspondents

3. The Bretton-Woods Accord of 1944 was a major international agreement intended to minimize economic chaos with the conclusion of World War II. It involved _________ currencies to the U.S. dollar, which was itself tied to the price of gold.

converting

pegging

exchanging

transferring

4. _________ are U.S. funds held in banks outside the regulatory control of the U.S. government.

Eurodollars

Bollinger bands

Commodity currencies

Traveler's cheques

5. In 1971, U.S. President Richard Nixon eliminated the gold standard for the U.S. dollar to combat rising gold prices contributing to high _________ levels.

cost

exchange rate

compliance

inflation

6. This action led directly to _________ currency exchange rates and gave rise to the modern currency OTC market.

fixed

low er

free-floating

pegged

Score 6/6

Reset Quiz SUBMIT QUIZ

START LESSON 2