# Factors currency rate to fluctuate. then comes equity

FACTORS WHICH DECIDES VALUE OF CURRENCY The very Important thing to be noted in the foreign exchange is the factor which decides the value of currency basically it has got two factor i.

e. Domestic and International factor. The domestic factor which affects most is Local Economy.

As per the research done it was found that due to local economy currency rate to fluctuate. Then comes equity and commodity market, this market is directly related to forex market specially gold and silver in commodity market. Political situation also affects the currency rate along with it Demand & Supply, Export and Import and RBI guidelines. The demand and supply affects the market most as per some of the experts, the demand and supply balances the value of the currency. The Major International Factor which affects is Price of Crude.

As per the survey 42% of them had said price of crude is the major factor which is affecting the value of the currency. The other factor which affects are Terrorism & war as we have seen that as soon as war is declared the prices of the currency starts fluctuating. Other International factor which affects the value of currency is International Equity and Commodity Market, political situation and value of other currency this factors are the main factors which affects the value of currency. WHAT IS FUNDAMENTAL ANALYSIS? It is one of the two main approaches of analyzing and forecasting currencies and basically comprises of financial situations, economic theories and political developments. Thus the health of a currency of a particular country would be dependent upon growth rates of GDP, interest rates, inflation, unemployment, money supply and foreign exchange reserves. While stock markets, bonds and real estate prices would affect the state of a currency, the state of a government and natural calamities if any would also be major influences. Government Policies of a particular country also have impact on their currency.

Currencies may be pegged to a particular major currency or it may be partially or fully convertible which would dictate the extent to which a currency would be open to outside influence. Also, Central Banks of a country intervene either singly or in conjunction with another Central Bank to move or strengthen/weaken it's currency by either intervening directly or by moving interest rates which should be taken into consideration while evaluating the health of that particular currency. WHAT IS TECHNICAL ANALYSIS? Technical analysis is a method of forecasting price movements by looking at purely market-generated data. It is basically different methods of charting and mathematical tools to analyze movements of price. Price itself has been defined in many ways but to grasp technical analysis, we must be able to understand the meaning of price. Price would best be defined as a figure, which moves between panic, fear and pessimism of the crowd in one hand and confidence, excessive optimism and greed on the other.

Thus Technical Analysis is a method of predicting future price movements by examining the past pattern of movements in those prices. These movements are depicted in Charts and Diagrams, which are analyzed to point our major and minor trends so as to pinpoint points of entry into and exist from markets. WHAT IS FOREX RISK MANAGEMENT? Forex Risk Management refers to scientific study of currencies and devising various hedging techniques based of predictions of such currencies. The expected movements might be either in favor or against the underlying exposure of a particular organization, and as such the hedging mechanisms should be geared to extract the maximum profit of / reduce potential losses arising from such trends. Though the studies of currencies are based on fundamental and technical analysis, expected trends are also greatly influenced by the sentiments of the market which can best be assessed from an inter-bank dealing room where inter-bank trades takes place.

Eforexindia is equipped with professional dealers and state of the art technology and is backed by the dealing room of its parent concern M/s S. C. Dutta & Co. The various studies and risk management strategies, which are done to estimate risk arising from the forex exposures of an organization, are: Exposure Analysis Currency and Market Forecasts. Risk Appraisal and Evolving a Foreign Exchange Risk Management Policy. Setting up Risk Management Goals. Formulating Hedging Strategies Designed to meet such Goals.

Implementing such strategies with the assistance of our highly equipped Dealing Room. Structured Review / Analysis. Daily Currency Updation with Weekly and Special Forex Reports.

WHY DOES IT EXIST? Foreign Exchange (FX) is the buying and selling of foreign currencies. A FX Rate expresses the relationship between two national monies. It is the price of one currency in relation to another. The FX Market is similar to any other financial market except that the commodity being bought and sold is foreign currencies.  Traditionally, FX was used primarily for international trade.

This includes payment for imports and receipts for exports. With technological advancement and increase in cross-border investments, the service sector began to make increasing demand on the FX Market. Uses include payment for transportation, interest and dividend payments and foreign travel. Today, financial markets and increased foreign direct investments have substantially added to the need for FX.

These include money and capital movements for fixed assets, stocks / bonds and currency deposits   HOW ARE FX MARKETS ORGANIZED? The FX market is organizedinto two broad categories: the bank note market and the Interbanks market. Banknote transactions, the most common of which are for obtaining foreigncurrencies for travel purposes, occur at commercial banks and FX currencychangers. The Interbanks has no central geographical location for FX trading. Transactions are conducted entirely through telecommunications systems such aswire transfers.