

GE12 : INTRODUCTION TO FOREIGN EXCHANGE MARKET

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical /Practice		
Introduction to Foreign Exchange Market GE- 12	4	3	1	0	Class 12	None

Learning objectives:

- To develop a comprehensive understanding of the foreign exchange market, including its structure, key players, and fundamental principles.
- To equip students with skills in analysing currency trends, risk management, and making informed trading decisions. This course serves as a foundation for navigating the dynamic world of foreign exchange.

Learning Outcomes:

After studying this course students will be able to :

- comprehend fundamental concepts such as currency pairs, exchange rates, market, participants and chart reading.
- Analyse the impact of economic indicators, geopolitical events, and risk management strategies.
- Gain practical insights into trading platforms and develop a foundational understanding of global currency markets.

Unit 1: Basics of Foreign Exchange Market

(9 hours)

Introduction to Foreign Exchange Market: Definition and purpose of the Forex market, Historical evolution and significance. **Market Participants:** Major players: banks, financial institutions, corporations, retail traders, Understanding the role of brokers and liquidity providers. **Currency Pairs:** Definition and classification, Major, minor, and exotic pairs, Reading currency pair quotes. Overview of Over-The-Counter (OTC) trading, Current monetary system.

Unit 2: Forex Market Structure

(12 hours)

Spot market, and forward market: Various kinds of transactions and their settlement dates, forward rates, Swaps, Quotes for various kinds of Merchant transactions; Exchange Rate determination and Forecasting: Purchasing power parity and Interest rate parity, relationship between PPP and IRP, reasons for deviation from PPP and IRP;

Unit 3: Fundamental Analysis in Forex

(12 hours)

Economic Indicators: Impact of economic indicators on currency values, Key indicators: GDP, inflation, employment, etc. **Central Banks and Monetary Policy:** Role of central banks in the Forex market, Interest rates and their influence on currency values, Central bank interventions. **Political and Economic Events:** Elections, geopolitical events, and their effects, Market reactions to news and economic releases

Unit 4: Technical Analysis in Forex

(12 hours)

Forex Trading Platforms: Introduction to popular trading platforms, Using charts, indicators, and order types. Price charts and timeframes, Support and resistance levels. **Technical Indicators:** Moving averages, RSI, MACD, and other popular indicators, Using technical indicators for trend analysis and trading signals. **Chart Patterns:** Head and shoulders, double tops/bottoms, triangles, etc., Recognizing and trading chart patterns. **Practical Exercises and Case Studies:** Analyzing real-world trading scenarios.

Essential/Recommended Readings:

1. Matthew Driver (2013)- An Introduction to Forex Trading: A Guide for Beginners.
2. Michael Rosenberg: Currency Forecasting: A Guide to Fundamental and Technical Models of Exchange Rate Determination.
3. John J. Murphy: Technical Analysis of the Financial Markets: A Comprehensive Guide to Trading Methods and Applications.
4. Joel Greenblatt and Andrew Tobias: The Little Book That Beats the Market.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.