



# Article Side

Exchange Rates: the Secret of the Game by .

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Exchange rates are defined as those rates at which some particular currencies undergo trading with others. They are also referred as FOREX (Foreign Exchange) rates. The word "Foreign" is used because of the fact that the rates are calculated between currencies of different countries. A country will have only a single currency to deal with. There will never be multiple currencies. Hence, it can be well said that exchange rates conversion takes place between two different countries'™ currencies.

In most of the cases, the rates are quoted as SPOT RATES. The SPOT RATES are nothing but the present FOREX rates. Yes, the rates do fluctuate on a regular basis. It is absolutely impossible to say what will be the rate of a USD in terms of INR on the following day, while observing the present rate. It is to be noted that FOREX rates are quoted totally in base currency units. An example: 1 USD will be equivalent to 0.6724 euros/0.5992 pounds approximately.

The pricing of a currency depends mostly on two types: the buy rates and the selling rates. Nevertheless, the question is how do the traders profit while dealing with exchange rates?

It is the difference between the buy rates and sell prices that helps in the act. The greater the difference in amount, the more money a trader can make. The rates are displayed online through different FOREX websites. Information about these rates can also be obtained through financial pages of the daily newspaper.

The websites that deal with FOREX related issues do feature money converter tools for currency conversion and valuation process. Not all the conversion tools provide the best results. Most of the traders and stock market brokers rely heavily on the currency converter tool available from XE.

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