

Currency Ring

A Currency Ring is any set of currency pairs that share the same amount of currencies. 3 currency pairs that contain 3 currencies.

If you do not understand the concept of a currency ring, let's start at the beginning.

- 1) If you buy the EUR/USD, that means you are buying the Euro and selling the US Dollar.
- 2) If you buy the USD/CHF, that means you are buying the US Dollar and selling the Swiss Franc.
- 3) Therefore, if you buy both currency pairs, you are effectively buying the Euro and selling the Swiss Franc (the EUR/CHF, what we call the cross-pair.)

An example of a completed ring:

1 lot of the EUR/USD

1 lot of the USD/CHF

.8 lots of EUR/CHF completes the ring.

(approximate - see below calculator)

When you buy the EUR/USD and USD/CHF, you are effectively buying the cross-pair (EUR/CHF). By adding the cross-pair to your trading, you can create an equalized currency ring that helps to stabilize your PowerTrader strategies.

For the curious mathematicians:

The product is 1 and we can confirm by calculating the numbers below.

Prices as of May/21/2007, 04:00 EST

EUR/USD = 1.3506

USD/CHF = 1.2273

EUR/CHF = 1.6578

The total of the ring:

$1.3506 \text{ (EUR/USD)} * 1.2273 \text{ (USD/CHF)} * (1 / 1.6578 \text{ (EUR/CHF)})$

The result is "1"

AUD/JPY

AUD/USD

USD/JPY
CHF/JPY

CHF/USD

USD/JPY
EUR/JPY

EUR/AUD

AUD/JPY
EUR/USD

EUR/AUD

AUD/USD
GBP/JPY

GBP/USD

USD/JPY
EUR/CAD

EUR/USD

USD/CAD
EUR/CHF

EUR/GBP

GBP/CHF

EUR/CHF

EUR/USD

USD/CHF
NZD/JPY

NZD/USD

USD/JPY
EUR/JPY

EUR/GBP

GBP/JPY
EUR/USD

EUR/GBP

GBP/USD
EUR/JPY

EUR/USD

USD/JPY
GBP/CHF

GBP/USD

USD/CHF
GBP/JPY

GBP/CHF

CHF/JPY