What is currency trading?
Currency trading is the process of buying and selling currencies with an aim of earning profit.

Each currency has a specific value in relation to another currency. The act of buying and selling different currencies in order to earn profit is known as currency trading. This process is also referred to as Foreign Exchange or Forex trading.

Who trades currencies?
While banks and corporations usually trade currencies to carry out international business processes, individual investors also undertake such trading, mainly to make profit from fluctuations in currency value.

Major currencies
Each transaction involves two currencies, wherein one is sold or purchased against the other. The two currencies involved in a transaction are referred to as "a pair". While any currency can be traded for another, there are some major pairs that are most liquid in the world. These are:

- EUR/USD (Euro/US Dollar)
- USD/JPY (US Dollar/Japanese Yen)
- GBP/USD (British Pound/US Dollar)
- USD/CHF (US Dollar/Swiss Franc)
- AUD/USD (Australian Dollar/US Dollar)
- USD/CAD (US Dollar/Canadian Dollar)
- NZD/USD (New Zealand Dollar/US Dollar)

It is evident from the above-mentioned list of pairs that the US Dollar is the most actively traded currency in the world market. Besides, these currencies, along with different combinations like EUR/GBP, EUR/JPY, etc., comprise more than 95 percent of the total transactions in the world market.

Where is currency traded?
Unlike stocks, currencies are not traded on regulated exchanges. The market is not controlled by any governing body. The trade is essentially carried out on the basis of credit agreements between parties.

In order to start trading in currencies, you will have to select a broker that offers benefits that suit your requirements. Some of the important things to consider while selecting a broker are low spreads, low initial deposit, wide range of leverage options and good customer service.