

What is Forex Pip?

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What Is Forex Pip?



Price Interest point (Pip) is the term used in Forex market to represent the smallest price increment in a currency. It is often referred to as ticks or points in the market. The easiest way to understand Forex Pip is to look at that last number from the right of a currency pair.

Lets say EUR/USD moves from 1.2225 to 1.2226 then it said to have moved up by 1 Pip. Note that there are 4 decimal places in EUR/USD, in case of crosses like USD/JPY there are only two decimal places ex. 93.10. In case of USD/JPY if it moves from 93.10 to 93.11 then it is considered as 1 pip move.

Most ECN brokers have an extra digit known as Fractional Pip. EURUSD price on their platform would look something like this "1.22251". A move to 1.22266 takes place when price moves by 1.5 pips.

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