[Glossary]

Arbitration

Subject:	Business Economics
Course:	B. A. (Hons.), 6th Semester, Undergraduate
Paper No. & Title:	Paper – 611 International Finance
Unit No. & Title:	Unit – 1 Introduction to the Foreign Exchange Market and Fundamental Issues
Lecture No. & Title:	Lecture – 3 Arbitration

Glossary

Arbitrageur: a person who engages in arbitrage.

Gaps: Gaps are areas on a chart where the price of a stock (or another financial instrument) moves sharply up or down with little or no trading in between. As a result, the asset's chart shows a "gap" in the normal price pattern. The enterprising trader can interpret and exploit these gaps for profit

Pip: A pip is the smallest price move that a given exchange rate makes based on market convention. Since most major currency pairs are priced to four decimal places, the smallest change is that of the last decimal point; for most pairs, this is the equivalent of 1/100 of 1%, or one basis point.

Synthetic futures: A synthetic short futures contract is created by combining short calls and long puts. The synthetic long future is an options strategy used to simulate the payoff of a long futures position.

Value trading: Value investing is an investment strategy where stocks are selected that trade for less than their intrinsic values.