

# GLOSSARY

**Arbitrageur:** a person who engages in arbitrage.

**UIP:** Uncovered interest rate parity

**Caveat:** a warning or proviso of specific stipulations.

**The interest rate differential (IRD):** It is a differential measuring the gap in interest rates between two similar interest-bearing assets. Traders in the foreign exchange market use interest rate differentials (IRD) when pricing forward exchange rates.