# Meaning of currency

- It is a generally accepted for of money , including coins and paper notes ,which is issued by government and circulated within the economy , it is used as a medium of exchange for goods and services, currencies is the basis for trade.

# Meaning of currency risks

- It is commonly referred as exchange rate risks, arises from the change in price of one currency in relation to other

1 US dollar = RS 65

- Any investor or companies that have assets or business operation across national borders are exposed to currency risks , they may either have profits or loss

# Steps to manage currency risks

- Step 1: Identify The ETF( Expected Traded Fund)
- Step 2: Determine The Direction
- Step 3: Calculate The Amount
- Step 4: Manage The Trade

# DEFINITION of Exchange-Traded Fund (ETF)

- An ETF, or exchange-traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares, making them an attractive alternative for individual investors.

# Step 1: Identify The ETF

- Begin by searching currency shares, it there are several commodities, then the commodity or share with lowest fees and expenses should be selected

# Step 2: Determine The Direction

- Investor need to first analyse the return that he receives on foreign investment,

# Step 3: calculate the amount

- Investors can partially or completely hedge their investment against currency risks, an investor need to purchase commodity having same currrency

# Step4: Manage the trade

- Once the investment is made, the investors need to monitor , if a currency is stable , it is suggested to sell the commodities.