

London Investment Markets – Education Hub



London Investment Markets

LIM is the exclusive, institutional-grade trading platform providing a definitive edge for CFD traders in Forex, Crypto, Equities, Indices, and Commodities.



London Investment Markets – News & Markets

LIM keeps you informed with the latest financial news, market analysis, and economic events that move global markets.

Explained: Pips

In the world of financial trading—specifically in the Foreign Exchange (Forex) market—a **Pip** is the fundamental unit of measurement used to express the change in value between two currencies.

Think of it as the "atom" of a trade; it is the smallest standard move a currency pair can make.

What Does "Pip" Stand For?

PIP is an acronym for **Percentage in Point** or **Price Interest Point**. It represents a tiny fraction of a currency's value.

How to Locate a Pip

For most major currency pairs (like EUR/USD, GBP/USD, or AUD/USD), a pip is the **fourth decimal place** (\$0.0001\$).

If the **EUR/USD** moves from **1.0850** to **1.0851**, that \$.0001\$ USD rise is **one pip**.

The Japanese Yen (JPY) Exception:

Because the Yen has a much lower unit value, JPY pairs (like USD/JPY) are quoted to only two or three decimal places. In these pairs, the pip is the **second decimal place** (\$0.01\$).

Pips vs. Pipettes

Most modern brokers now provide "Fractional Pip pricing" to offer tighter spreads. These are called **Pipettes**.

- A Pipette is the **fifth decimal place** (or the third in JPY pairs).
- There are **10 Pipettes in 1 Pip**.

If a price moves from \$1.08500\$ to \$1.08505\$, it has moved **5 Pipettes** (or half a pip).

Calculating the Value of a Pip

The "Pip Value" tells you exactly how much money you gain or lose for every pip the market moves. This value depends on three things:

1. The **Currency Pair** being traded.
2. The **Size of the Trade** (Lot Size).
3. The **Exchange Rate**.

The Standard Rule of Thumb:

If your trading account is in **USD** and you are trading a pair where the USD is the second currency (the "quote" currency), like EUR/USD:

- **Standard Lot (100,000 units): 1 Pip = \$10.00**
- **Mini Lot (10,000 units): 1 Pip = \$1.00**
- **Micro Lot (1,000 units): 1 Pip = \$0.10**

Why Do Pips Matter?

Traders use pips to:

- **Calculate Spread:** The difference between the "Buy" and "Sell" price (e.g., a spread of 1.2 pips).
- **Determine Profit/Loss:** "I caught a 50-pip move today."
- **Manage Risk:** A trader might set a "Stop Loss" 20 pips away from their entry price to limit potential losses.

Quick Example:

You buy **1 Mini Lot** (\$10,000\$ units) of GBP/USD at **1.2500**.

The price rises to **1.2530**.

- **Move in Pips:** \$30 pips.
- **Profit:** \$30 x \$1.00 = \$30.00

***Past performance does not reflect future results. The above is for marketing and general informational purposes only and are only projections and should not be taken as investment research, investment advice or a personal recommendation.**



Pro Tip: Context is Everything

A single candlestick is rarely enough to base a trade on. Professionals look for candles that appear at **Support or Resistance** levels. For example, a "Hammer" is much more powerful if it occurs right at a price level where the market has bounced before.

Why Choose LIM

Institutional-Grade Trading

Access the same trading tools and conditions previously available only to large financial institutions.



Regulation

London Investment markets Limited is registered in the Marshall islands, Registered Number: 134064. Senior management is comprised of UK qualified Head of Compliance as well as English qualified lawyers who manage the firm to the highest standards of regulatory compliance.



Client Money Protection

Client money is segregated into a dedicated client money account.



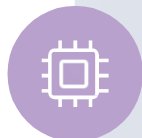
Corporate Governance

The firm is managed by a UK qualified Head of Compliance as well as English qualified lawyers. All procedures at LIM are drafted by market leading professionals.



Liquidity from Large Financial Institutions

Sophisticated technology allows us to provide wholesale interbank prices, historically available only to large financial institutions and corporations.



No Dealing Desk execution

All trades are executed by systems without human interventions.



Secure

Your data is protected by enterprise-grade encryption.