



# **Forex Management Formulas**

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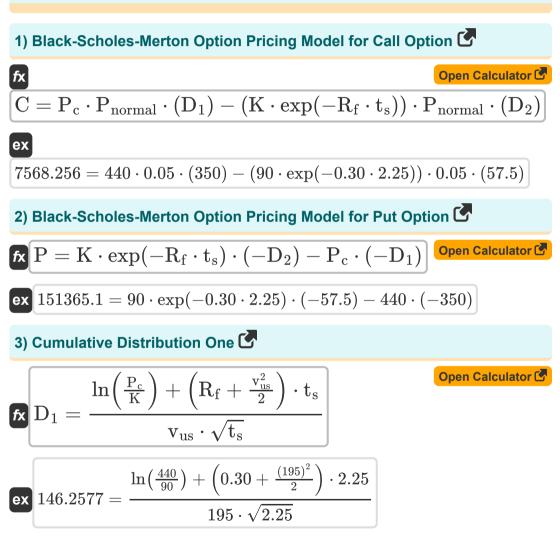
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## List of 14 Forex Management Formulas

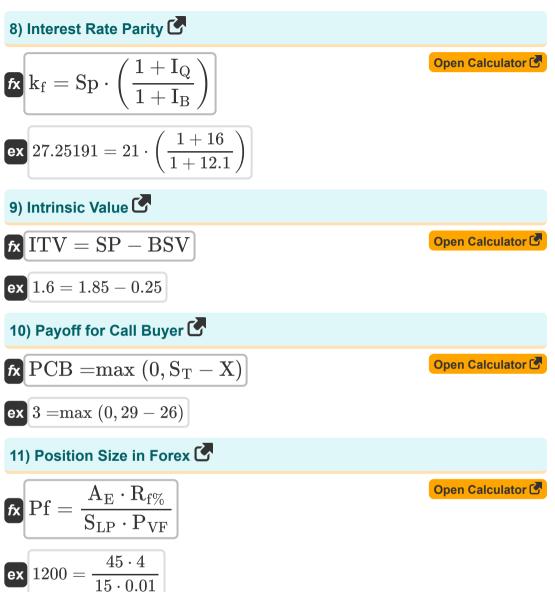
# Forex Management 🕑





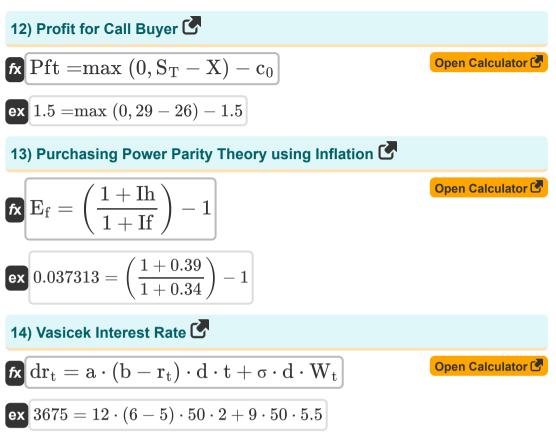
-	
4) Cumulative Distribution Two 🕑	
fx $D_2 = D_1 - v_{us} \cdot \sqrt{t_s}$	en Calculator 🕑
ex $57.5 = 350 - 195 \cdot \sqrt{2.25}$	
5) Fama-French Three-Factor Model 🕑	
fx Op	en Calculator 🕑
$egin{aligned} \operatorname{Rexc} = lpha \mathrm{i} + eta_\mathrm{F} \cdot (\mathrm{R}_\mathrm{mkt} - \mathrm{R}_\mathrm{f}) + (\mathrm{si} \cdot \mathrm{SMB} + \mathrm{h}_\mathrm{ml} + \mathbf{h}_\mathrm{ml}) \end{aligned}$	$- E_i)$
ex $23.134 = 8 + 0.07 \cdot (6.5 - 0.30) + (2.5 \cdot 3.5 + 4.5 + 1.45)$	)
6) Forward Rate 🚰	
fx $\mathbf{F}_{\mathrm{o}} = \mathrm{Sp} \cdot \ln((\mathbf{r}_{\mathrm{d}} - \mathbf{r}_{\mathrm{f}}) \cdot \mathbf{T})$	en Calculator 🕑
ex $40.86411 = 21 \cdot \ln((0.90 - 0.20) \cdot 10)$	
7) Gordon Growth Model 🚰	
$\mathbf{fx} \mathbf{P}_{c} = \frac{\mathbf{D}}{\mathbf{R}\mathbf{R} - \mathbf{g}}$	en Calculator 🕑
$ex440=\frac{22}{0.08-0.03}$	













## Variables Used

- a Speed of Mean Reversal
- A<sub>E</sub> Account Equity
- **b** Long Term Mean
- BSV Base Value
- C Theoretical Price of Call Option
- C<sub>0</sub> Call Premium
- d Derivatives
- D Dividend Per Share
- D1 Cumulative Distribution 1
- **D**<sub>2</sub> Cumulative Distribution 2
- drt Derivative of Short Rate
- E<sub>f</sub> Exchange Rate Factor
- E<sub>i</sub> Error Term
- Forward Rate
- g Constant Growth Rate of Dividend
- h<sub>ml</sub> Sensitivity of the Asset to HML
- IB Interest Rate of Base Currency
- I<sub>Q</sub> Interest Rate of Quote Currency
- ITV Intrinsic Value
- K Option Strike Price
- k<sub>f</sub> Forward Rate Constant
- P Theoretical Price of Put Option





- Pc Current Stock Price
- Pnormal Normal Distribution
- PCB Payoff for Call Buyer
- Pf Position Size in Forex
- Pft Profit for Call Buyer
- r<sub>d</sub> Domestic Interest Rate
- R<sub>f%</sub> Risk Percentage in Forex
- rf Foreign Interest Rate
- R<sub>f</sub> Risk Free Rate
- Rmkt Return on Market Portfolio
- rt Short Rate
- Rexc Excess Return on Asset
- RR Required Rate of Return
- SLP Stop Loss in Pips
- S<sub>T</sub> Price of Underlying at Expiration
- Si Sensitivity of the Asset to SMB
- SMB Small Minus Big
- Sp Spot Exchange Rate
- SP Share Price
- **t** Time Period
- T Time to Maturity
- $\mathbf{t_s}$  Time to Expiration of Stock
- Vus Volatile Underlying Stock
- W<sub>t</sub> Random Market Risk





- X Exercise Price
- αi Asset Specific Alpha
- $\beta_F$  Beta in Forex
- If Inflation in Foreign Country
- Ih Inflation in Home Country
- **P<sub>VF</sub>** Pip Value in Forex
- $\sigma$  Volatility at Time





#### **Constants, Functions, Measurements used**

- Function: exp, exp(Number) n an exponential function, the value of the function changes by a constant factor for every unit change in the independent variable.
- Function: In, In(Number) The natural logarithm, also known as the logarithm to the base e, is the inverse function of the natural exponential function.
- Function: max, max(a1, ..., an) Maximum of a function is the highest value that the function can output for any possible input.
- Function: sqrt, sqrt(Number) A square root function is a function that takes a non-negative number as an input and returns the square root of the given input number.





#### Check other formula lists

- Bond Yield Formulas
- Interest Rate Formulas
- Forex Management Formulas C Return on Investment (ROI) Formulas C

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