What is Pips?

Vi Viphawee - 2026-02-27 - [Comments (0)](#) - [Basics of Trading](#)

A **pip** (percentage in point) is the smallest standard price movement in a Forex currency pair.

For most currency pairs, **1 pip = 0.0001**.

🔹 Example

If EUR/USD moves from:

1.1000 → 1.1001

That movement equals **1 pip**.

If it moves from:

1.1000 → 1.1010

That equals **10 pips**.

🔹 How is Pip Value Calculated?

The **pip value** determines how much money you gain or lose for each pip movement.

Pip Value = (One Pip ÷ Exchange Rate) × Trade Size

- **One Pip** = 0.0001 (for most currency pairs)

- **Exchange Rate** = Current market price

- **Trade Size** = Position size (e.g., lot size)

🔹 Important Notes

- For most major currency pairs, a pip is the **4th decimal place (0.0001)**.

- For JPY pairs (e.g., USD/JPY), a pip is typically the **2nd decimal place (0.01)**.

- Some platforms display an extra decimal (called a **pipette**), which represents one-tenth of a pip.