



[Knowledgebase](#) > [Trading](#) > [Basics of Trading](#) > [What is Pips?](#)

What is Pips?

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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.

$$\text{Pip Value} = (\text{One Pip} \div \text{Exchange Rate}) \times \text{Trade Size}$$

- **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.

□ This content is provided for informational purposes only and does not constitute investment advice. Trading involves risk.