

Top 10 Traded Currencies Of The World

The following list contains information about the share of these currencies in daily trading activities in foreign exchange markets as well as some interesting facts about the central banks that issue them. Note that volume percentages for *all* currencies should add up to 200 percent, because each transaction involves two currencies.

If you add the shares of the top ten currencies, you see that their cumulative share is about 181 percent. Therefore, the rest of the currencies in the world have a share of 19 percent in daily currency trading.

US Dollar

Nearly 85 percent of the transactions in foreign exchange markets involve the dollar. Until the establishment of the Federal Reserve System in 1913, various currencies were issued in the U.S.

In the late 18th century and during the American Revolution, the Continental Congress printed its first paper money, known as *continentals*. But inflation was rapidly increasing and continentals were becoming worthless pretty quickly.

The Euro

Even though it was introduced in 1999, the euro became the second highest-traded currency in the world with a 39 percent share in daily transactions.



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Tips For First Time Investors In Stock?

Show commitment

First, spend time on understanding a company's fundamentals: sales, net profit, margins, etc. Also study speculative markets, because sentiments play a major part in driving stock prices. Sentiments in turn are driven by expectations of what will happen in the future.

Have a long-term horizon

Like a company shareholder, give your investments time to grow. Remember that time is the best antidote to risk: the longer your investment horizon, the lower the volatility of returns.

Keep Emotions In Check

Do not turn euphoric when the markets surge, nor become despondent when they plumb new lows. Even if you develop a well-researched, diversified portfolio and hold it for the long term, inevitably some of your stock holdings will turn out to be duds. When that happens, respond based on your training and intellect, rather emotionally.

Be prepared to interpret data

While institutional investors have access to expensive databases, you will have to depend on publicly-available information. Scout for more information in the media, and on Google Finance and Yahoo. Technical market data like share prices and volumes is available on company web sites, and old research reports on brokerage houses' sites.

Analyse, and then buy

Analyse the company with the same level of rigour as you would if you were the owner. Initially stick to sectors that you know best. Pharma companies first. Doctors, for instance, should invest in pharma companies first. Compare a company's ratios with the index and industry historical averages.

Look for the following ratio-based characteristics in a stock you are keen on: low PE, low PB, high dividend yield, low debt to equity ratio, and high RoCE and high RoNW. With the markets split between good but overvalued stocks and poor but undervalued ones, here are a few ratios you should look up before you buy.

PRICE TO EARNINGS RATIO: The most commonly used ratio, it compares the price of a stock to the company's earning per share (EPS). The EPS can be either for the past four quarters or for the coming four quarters.

PRICE TO BOOK VALUE RATIO : This ratio compares the price of a stock with its book value. The book value is the net value of the company's total assets minus its liabilities. In other words, it is what shareholders will be left with if the company goes bankrupt.

PRICE TO SALES RATIO : This ratio compares the price of a stock to the revenue earned per share.

DEBT-TO-EQUITY RATIO: It measures a company's leverage by comparing its debt with its equity base. The ratio indicates the proportion of the company's assets that are being financed through debt.

ASSET TURNOVER RATIO : The ratio measures the sales generated for every rupee worth of assets. It shows a firm's efficiency in using its assets to generate revenue.

Buy, monitor, sell

Since monitoring many stocks becomes difficult, stick to 15 or 20. If derived from diverse sectors, that many stocks offer adequate diversification. Monitor your stocks' fundamentals and valuations at least once every quarter. Sell only to meet a financial obligation, to rebalance, when fundamentals deteriorate, or when the stock becomes overvalued. Also, sell if you can replace one with a better option. Adhere to these basics and you could well surprise yourself with your performance.

Introducing a new common currency and a central bank that oversees this currency was not an easy task. Imagine the German mark, the French franc, the Italian lira, and so on and how much organization would be required to get rid of them and replace them with the euro.

The Japanese Yen

With a share of over 19 percent of the daily currency transactions, the Yen takes the #3 spot. The history of the yen goes back to 1871 when it was adopted officially as the Japanese currency by Japan's Meiji government. In 1882, the Bank of Japan was established under the Bank of Japan Act as the country's central bank.

The British Pound

The British pound has a share of almost 13 percent in daily currency trades. The official name of the currency is *pound sterling*. As one of the oldest central banks in the world, the Bank of England was founded in 1694 to act as the government's banker and debt-manager.

Others being The Australian Dollar, The Swiss Franc, The Canadian Dollar, The Hong Kong Dollar, The Swedish Krona and the New Zealand Dollar

Things To Know About Form 16 A



A lot of people experience a situation where they face a Tax Deduction at Source (TDS) from their banks. The amount here is usually deducted on the interest on their fixed deposits and at the end of the day the bank has to issue a TDS certificate in Form 16A to the individual so that they are able to file their necessary tax returns and collect their refund or the right credit for the taxes that has been deducted from their income. However in many cases there have been a lot of complaints that the banks are not issuing the TDS certificates on time and hence there is some action that is required to get them to comply with the requirements. The Reserve Bank of India has now acted on the matter and asked banks to be prompt in completing the various requirements and here is a look at the entire issue

Form 16 A

If there is a tax that is deducted at source then the bank has to provide a TDS certificate for each quarter to the individual. This is in Form 16A and hence the individual should know that in most cases the certificate is referred to by its number and they have to be familiar with this aspect of the entire working. There is a specific format for the form which will show the amount of the deposit or other investment and the income that would arise on this aspect from the entire investment along with the tax that has been deducted. This will clearly show the figure of both the income and the tax deducted making it easy for the individual to ensure that they are able to include the figures in their tax workings. This is important because apart from the interest that is actually paid out and belongs to that particular year there are occasions when some income or interest is accrued but not received and hence this figure will also be available from the Form 16A

Systems in place

The RBI has advised the banks that they should ensure that there is a system in place that has been placed so that the form 16A can be issued in time.

Ensure that they actually give the Form 16A to the depositor and the other point is that this should be given on time. There are a lot of cases where the individual has to do a lot of running around to get this form and this needs to be avoided. Even the information provided here has to be correct and this needs to be properly filled in so that claiming the amount as a credit does not become a problem as in several cases the details of the certificate and the income tax records do not match.

Not wait till the last moment

There are a lot of situations where the individual finds that the bank does not act promptly but waits right till the time of the end of the year for the giving of the form 16A. RBI has also cracked down on this practice and asked the banks to ensure that they are able to give the certificate early and not wait till the last moment to complete the requirement. This will provide another bit of relief for the individual because they will get the information on time so any tax planning that they need to do could be completed easily and in time. This will also aid their efforts to make the entire process smooth and easy to complete.