FOREX · RETAIL TRADER PREFERENCES

Major vs. Exotic Forex Pairs: Trader Preferences

TU Research examines which currency pairs retail traders prefer, how trading costs influence their choices, and whether exotic-pair volatility translates into better results.

61%
Primarily trade major currency pairs

34%
Choose pairs primarily for low trading costs

38%
Correctly identify the full cost implications of exotic pairs

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Methodology
CAWI · structured online survey

Sample
1,520 retail Forex traders

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01 Executive Findings

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Major currency pairs dominate reported retail preferences. The survey suggests that transaction costs matter more than the promise of outsized price movements, while many respondents underestimate exotic-pair execution risks.

- 61% primarily trade major pairs, versus 27% minor and 12% exotic pairs.
- EUR/USD is the most frequently traded individual pair (29%), ahead of GBP/USD (17%) and USD/JPY (15%).
- Low trading costs are the top selection factor (34%), followed by volatility and profit opportunities (22%).
- Only 38% correctly identify how spreads, slippage and variable liquidity affect exotic-pair costs.
- 29% believe exotic pairs offer greater profit potential; 36% say outcomes depend on strategy and conditions.
- Wider spreads and execution costs deter 31% from exotic pairs; unpredictable volatility deters 24%.
- 49% report their best results in major pairs, compared with 14% in exotic pairs.
- 47% prefer a lower-cost major pair to a higher-volatility exotic pair with wider spreads.

02 Introduction & Research Questions

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Pair selection affects execution, transaction costs and risk. Liquid major pairs such as EUR/USD and USD/JPY tend to have competitive spreads; exotic pairs may offer larger movements but also less

predictable trading conditions.

The BIS reported daily FX turnover of $9.6 trillion in April 2025, with the US dollar on one side of 89.2% of transactions. This study explores whether retail preferences align with that liquidity concentration.

The research addresses eight questions:

- Do traders prefer major, minor, or exotic pairs?
- Which Forex pairs are most popular?
- What drives currency-pair selection?
- Do traders understand exotic-pair trading costs?
- Are exotic pairs considered more profitable?
- What discourages traders from trading exotic pairs?
- Which pairs deliver the best trading results?
- Would traders pay more for higher volatility?

03 Institutional Validation

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Institutional data provide context for the retail survey, but institutional turnover is not a direct measure of retail preferences.

- BIS (2025): global daily FX turnover reached $9.6 trillion, up 28% from 2022; the US dollar appeared in 89.2% of transactions.
- BIS (2025): EUR/USD and USD/JPY accounted for 21.2% and 14.3% of global FX turnover, respectively.
- BIS (2025): USD/CNY increased its share from 6.6% in 2022 to 8.1% in 2025, showing growth in some emerging-market currency activity.
- ESMA retail CFD intervention differentiated leverage limits: 30:1 for major FX pairs and 20:1 for non-major pairs.
- BIS research on FX liquidity emphasizes that lower market depth and variable spreads can increase execution costs, especially under stress.

These sources help explain why lower costs and deeper liquidity may appeal to retail traders, without establishing that any category is inherently profitable.

04 Theoretical Framework

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The choice between major and exotic pairs can be framed as a trade-off between liquidity, costs and volatility. A larger price move is not automatically a larger net gain if spreads, financing and slippage are higher.

For example, with otherwise identical trades, a two-pip effective cost in a major pair versus 15 pips in an exotic pair means the exotic trade must overcome 13 additional pips to match the net result.

Emerging-market currencies can respond sharply to policy, capital flows and political developments. Behavioral factors may also make unusually large potential moves attractive even when their probability and cost are uncertain.

Prospect theory offers a behavioral explanation: perceived gains and losses depend on reference points and presentation, not simply objective expected returns.

05 Methodology & Research Team

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The study uses a structured online CAWI questionnaire. Results describe respondents' reported preferences and perceptions rather than independently verified brokerage performance.

- Sample: 1,520 retail Forex traders, ages 18–60.
- Regions: North America, Europe, Asia, Latin America, Africa and the Middle East.
- Eligibility: traded Forex within the previous 12 months.
- Scope: major, minor and exotic pair preferences, costs, liquidity, volatility and self-reported results.
- Major pairs: EUR/USD, GBP/USD, USD/JPY, USD/CHF, USD/CAD, AUD/USD and NZD/USD. Minor pairs exclude USD; exotics include examples such as USD/MXN, USD/ZAR and USD/TRY.
- Questions are single-choice unless stated otherwise.

Research team: Anastasiia Chabaniuk (research design and interpretation); Chinmay Soni (data validation); Ciaran Ryan (editorial oversight); Andrey Mastykin and Oleg Tkachenko (data collection and analysis).

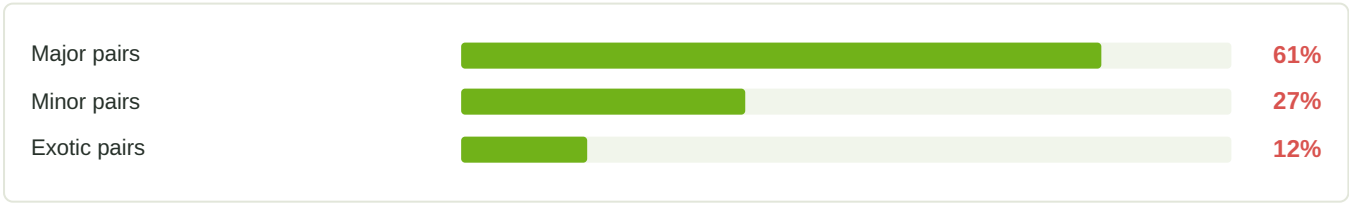
06 Survey Results

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Eight survey questions explore what traders choose, why they choose it, and how well they understand trading costs.

Do traders prefer major, minor, or exotic currency pairs?

Primary category by share of trading activity.

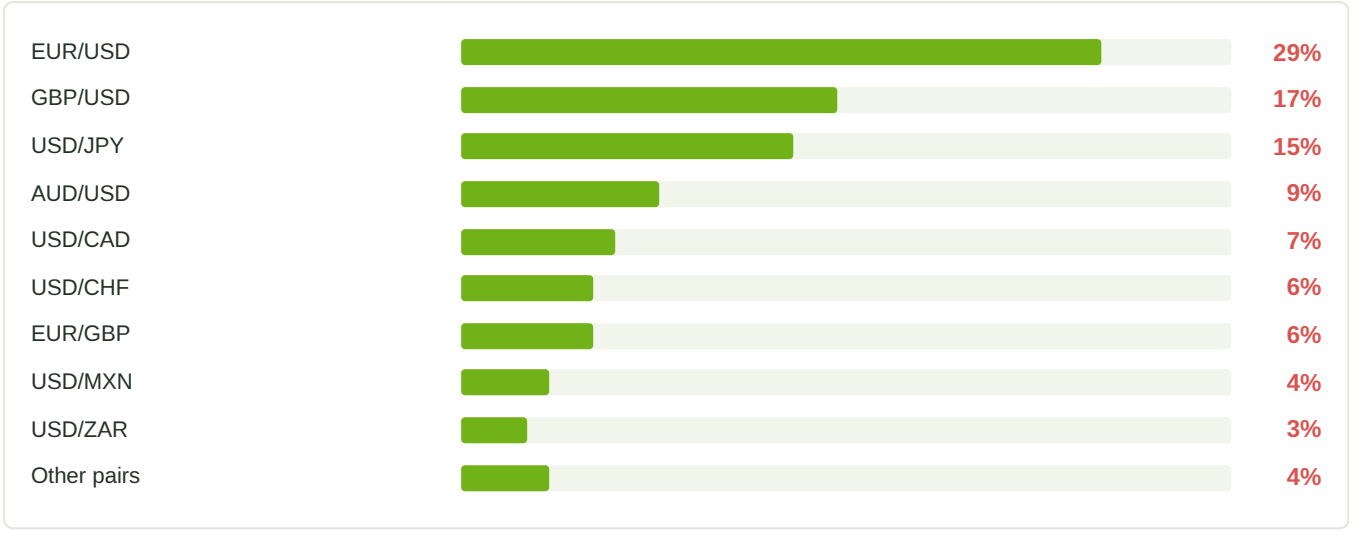


INSIGHT

61% primarily trade major pairs, considerably more than minor and exotic pairs combined.

Which currency pairs are most popular among retail traders?

Most frequently traded individual pair.

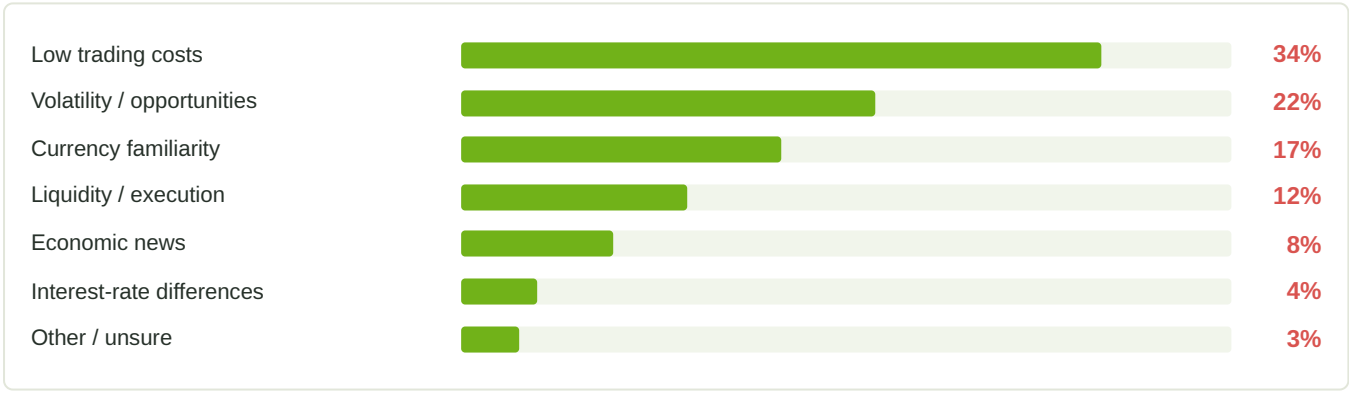


INSIGHT

EUR/USD leads at 29%. The three leading pairs together account for 61% of individual selections.

What matters most when choosing a Forex currency pair?

Single most important selection factor.

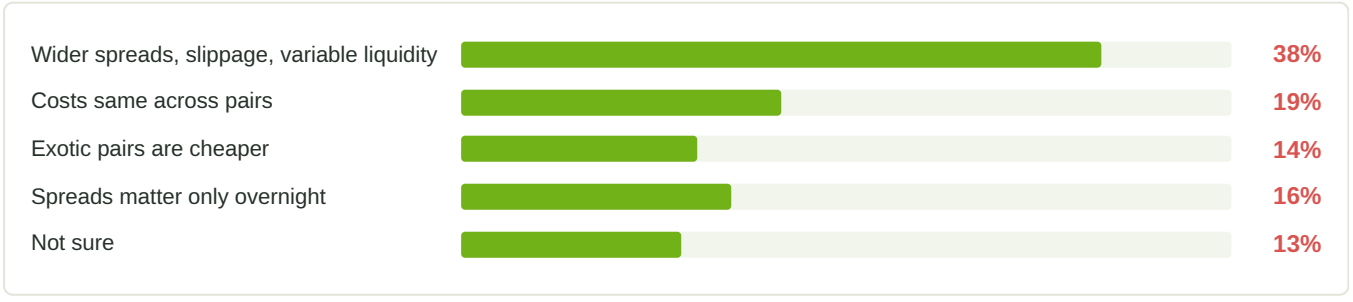


INSIGHT

Low trading costs rank first (34%), ahead of volatility and opportunities (22%).

Do Forex traders understand the costs of exotic currency pairs?

Knowledge of spreads, slippage and liquidity.

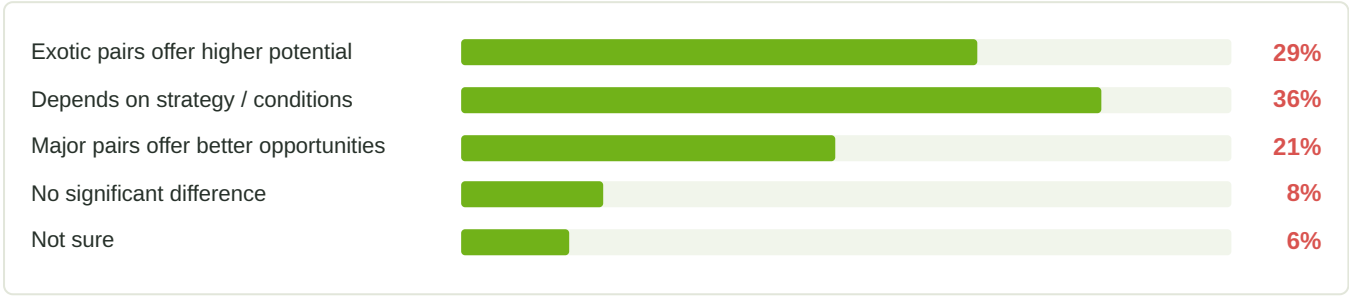


INSIGHT

Only 38% recognize the combined effects of wider spreads, slippage and changing liquidity; 62% do not select the complete explanation.

Do traders believe exotic pairs offer greater profit potential?

Perceived profit potential relative to major pairs.

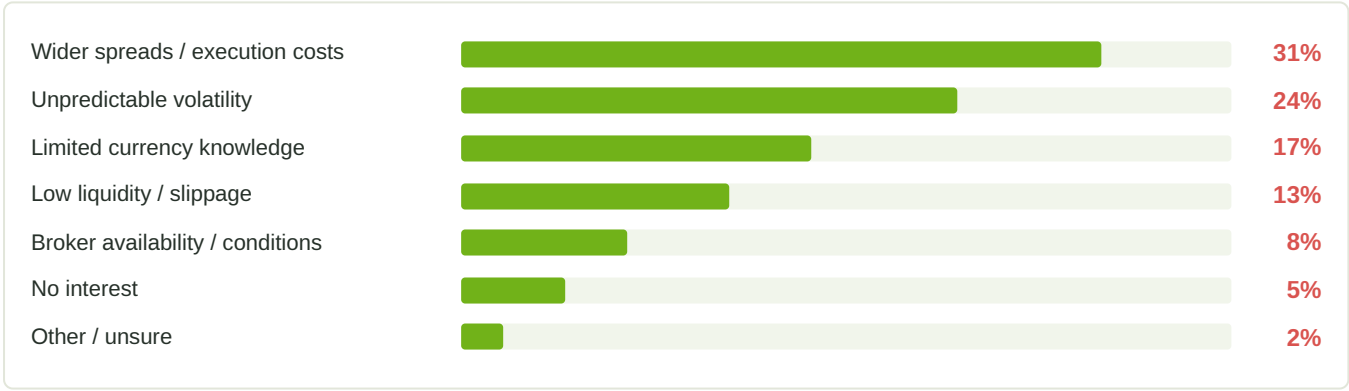


INSIGHT

29% associate exotics with higher potential, while the largest group (36%) says profitability depends on strategy and conditions.

What prevents traders from trading exotic currency pairs?

Main barrier to trading exotic pairs.

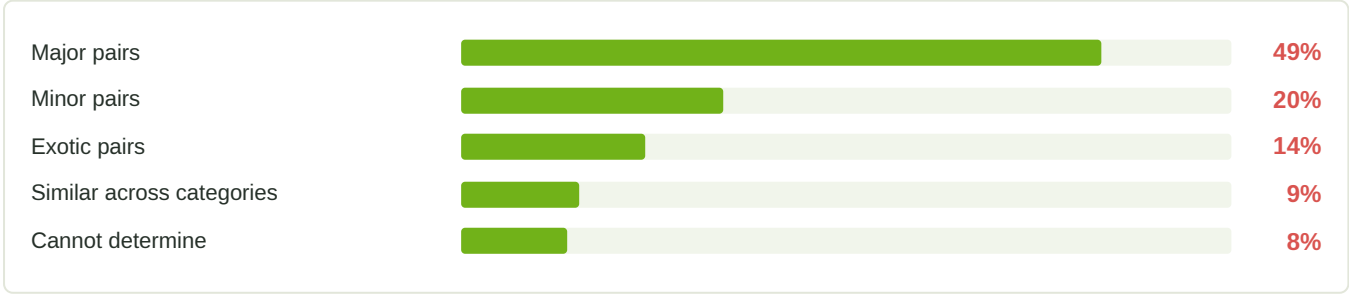


INSIGHT

Costs (31%) and unpredictable volatility (24%) are the leading barriers.

Which currency pairs have produced the best trading results?

Self-reported best-performing pair category in the past 12 months.

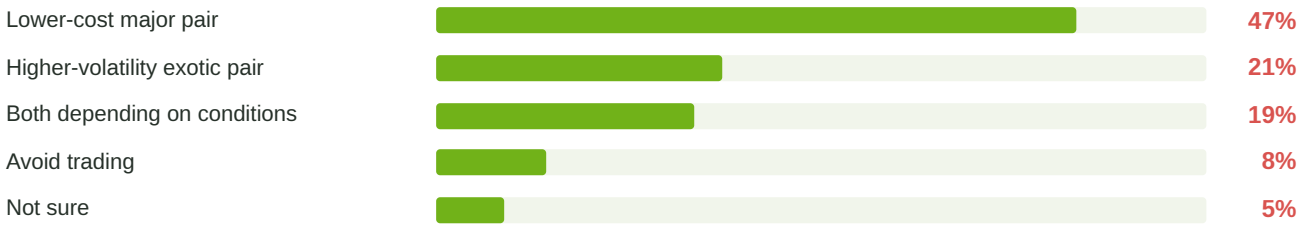


INSIGHT

49% report their best results in majors, versus 14% in exotics. These self-assessments do not prove a causal profitability advantage.

Would traders accept higher costs for greater volatility?

Choice between a low-cost major and a wider-spread exotic pair.



INSIGHT

47% prefer lower costs; 21% accept wider spreads for greater potential volatility.

07 Practical Implications

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A currency pair should be evaluated against the trader's strategy, risk tolerance and total execution costs—not volatility alone.

- Compare total costs, including spreads, commissions, swaps and potential slippage.
- Match pair selection to holding period and strategy; short-term trading is particularly sensitive to execution costs.
- Check liquidity by trading session and around economic announcements.
- Do not equate greater volatility with a higher expected return.
- Account for emerging-market monetary, political and capital-flow risks.
- Size positions for volatility, leverage and uncertainty in stop-loss execution.
- Track results separately by currency-pair category rather than relying on impressions.
- Review broker instrument availability, margin rules, financing costs and execution policies.

Broker conditions may affect the cost of a trade, but they do not eliminate market risk or guarantee profitability.

08 Data Sources & References

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