

Index

| Sr. No. | Particular | Page No |
|---------|--|---------|
| 1 | Introduction | 8 |
| 2 | Company and Industry Profile | 9 - 17 |
| 3 | Research Methodology | 17 - 20 |
| 4 | Literature Review and Theoretical Background | 21 - 22 |
| 5 | Data Analysis and Interpretation | 23 - 53 |
| 6 | Finding and Suggestions | 54 - 55 |
| 7 | Learning | 55 |
| 8 | Conclusion | 56 |
| 9 | Bibliography | 56 |

EXECUTIVE SUMMARY

An analysis on fundamental analysis and technical analysis in forex market

ORGANIZATION: Star Fing

Overview:

Star Financial Group (Star Fing) is a prominent brokerage firm based in India, specializing in stocks, shares, currencies, and commodities. We utilize an innovative retail-oriented trading approach, offering groundbreaking trading platforms and expert guidance to a wide range of clients.

Purpose of the Report:

- Analyzing whether fundamental analysis indicators can be used to guide buying and selling decision
- To know about the strategies of Technical & Fundamental Analysis
- To learn how the currencies are traded in Forex market
- To know about the approaches of potential investors in trading activities.

Procedure Used :

The first phase involved defining clear objectives and establishing the scope of the analysis. This step focused on identifying key currency pairs and relevant timeframes to ensure that the study addressed both long-term and short-term trading perspectives. Additionally, the scope encompassed various economic indicators and technical tools to provide a comprehensive overview of each approach, setting a foundation for a balanced comparison.

Next, data collection was a crucial step, involving both macroeconomic and historical price data. For fundamental analysis, relevant economic indicators—such as GDP, interest rates, and inflation—were gathered to assess their impact on currency values over time. Meanwhile, technical analysis required gathering price movement data, along with indicators like moving averages and trendlines, to evaluate patterns that could aid in predicting future price shifts. This data enabled a well-rounded analysis of both methods.

In the analysis phase, each approach was applied to the collected data to understand its effectiveness. Fundamental analysis was utilized to interpret macroeconomic data, identifying long-term currency value trends based on a country's economic health. Technical analysis focused on using historical price patterns to identify potential support and resistance levels, helping traders make short-term predictions. This step highlighted how each approach could serve distinct purposes depending on the trader's objectives and market conditions.

The findings showed that each method has distinct advantages in specific contexts: fundamental analysis is more suited to long-term trends, while technical analysis often benefits short-term traders. By combining both approaches, traders may gain a more comprehensive perspective, using fundamental analysis to validate trends and technical analysis for precise entry and exit points. The report recommends that forex traders consider a hybrid approach to optimize their strategies, enhancing accuracy and adaptability in the dynamic forex market.

Chapter 1: Introduction

1.1. What is the project?

The aim of this project is to generate profit by predicting and capitalizing on fluctuations in exchange rates between different currencies. It Involves market analysis, risk management and trade execution in forex market. In this project, we analysis the currencies and commodities on the basis of fundamental and technical analysis and provide trade to our client.

1.2. Definition of concept?

Investors and traders use fundamental and technical analysis as a sort of research to forecast prices and make decisions in line with such predictions. On the basis of an analysis of previous price movements, it can be characterized as an art and science of price predicting.

The Forex market is the market in which participants are able to buy, sell, exchange and speculate on currencies. The forex markets is made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors. The currency market is considered to be the largest financial market in the world, processing trillions of dollars' worth of transactions each day.

Trying to predict a market is a complex exercise and requires the use a scientific basis rather than guesswork to predict Forex market behavior. Primarily, there are three methods for predicting Forex market trends:

- Technical Analysis
- Fundamental Analysis

The fundamental skill of Forex trading is the ability to forecast changes in price.

Forex indicators help traders a great deal by predicting the direction in which the market will move. Another name for them is "technical indicators," and they are a crucial component of technical analysis. The market, the intended purpose of the indicator, and the guidelines for determining its values all influence the indication selection.

Chapter 2: Company and Industry Profile

2.1 Brief of the Company

A Star Fing (Star Financial Group) is a private limited Indian Non-Government Company incorporated in India on 16 October 2018. A Star Fing (Star Financial Group) is a leading stock, share, currency and commodity broking headquartered in Bangalore, India. We operate on a unique retail focused stock trading model that provides revolutionary trading platforms and expertise to a diversified client base.

The company has decided to make trading as lifelong passion with extensive expression in trading, education and business in general. We have the skills, necessary for success in Financial Markets and Business Analysis, Business Strategy, investments, Risk Management, Portfolio Management, Management Consulting. The company began their career in the Indian MCX and then participated in NSE, BSE, NCDEX, and also Global Currency and Commodity market (CFD & FOREX). The Company has experience and steadfast risk management will help traders of all levels elevate their performance to new heights. And has very good

performance management, staffing, Management Proficiency, Coordination, Coaching, Process Improvement, Decision Making, Strategic Planning and Quality Management. At Star Fing (Star Financial Group) we are with a simple aim, we want to teach you how to invest your money and make profits. If you have ever considered... how to be a trader, what to trade, what trading software to use or just how you can learn about the market look no further. With our trading program we offer a full range of financial training course all based on price action trading so whether you are interested in trading futures markets, Commodities, or day trading the currency markets we can teach you how to trade consistently and profitably. We believe at Training Traders we can offer the very best Training, Coaching and follow up Mentorship available anywhere. Your Training Course is just the beginning of your journey. We take great care and pride in offering strong Mentorship and Coaching follow up. It does not matter if you are a new trader or experienced – the education process never ends. No two days are the same in Markets and all traders learn or should learn every day. “A Customer is the most Important Visitor on our premises. He is not dependent on us, but we are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part

of it. We are not doing him a favor by serving him. He is doing us a favor by giving

us an opportunity to do so.” We are committed to providing world-class products and services which exceed the expectations of our customers, achieved by teamwork and a process of continuous improvement. It is Our faith in Indian Stock and Commodities market that has

helped us in creating a satisfied client base that runs into lakh. It is the faith of our clients in our excellent research, prompt and quality services, which have seen them, smile even during the most turbulent times in financial markets.

We are registered in Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and the two leading Commodity Exchanges in the country MCX & NCDEX.

Exchange Registration Details

- AP0397134991 (NSE)
- AP0397134991 (NSE-SX)
- AP0397134991 (NSE F&O)
- AP0106120157353 (BSE)
- AP0106120157353 (BSE F&O)
- AP 111340(MCX)
- AP 111340 (NCDEX)

We also provide training, we are with a simple aim, we teach you how to invest your money and make profits. If you have ever considered... how to be a trader, what to trade, what trading software to use or just how you can learn about the market look no further. With our trading program we offer a full range of financial training course all based on price action trading so whether you are interested in trading futures markets, Commodities, or day trading the currency markets we can teach you how to trade consistently and profitably.

2.2 Mission and Vision

Company’s Mission: Star Fing mission is to provide comprehensive and innovative brokerage solutions backed up by reliable support services at extremely competitive prices to our clients.

Company’s Vision: Star Fing vision is to remove ‘complexity’ out of the ‘trading equation’. we also envision becoming one of the leading financial service providers in the country.

Values: Integrity, Accountability, Passion

2.3 Nature of business carried:

Star Fing is a financial service providing company it operates globally. It has various business activities like

1. Training
2. Stock Market
3. Forex Market
4. Advisory Services
5. Investment Planning
6. Real estate
7. Insurance

2.4 Award and Certification:

- **ISO 9001 Certification** - Certified for maintaining high standards in quality management systems.
- **National Stock Exchange (NSE) Recognition** - For top performance or high trading volumes.
- **ISO 27001 Certification** - For information security management.
- **Best Broker Award** - Often awarded by industry publications or financial services organizations.
- **Financial Services Innovation Award** - For pioneering new trading technologies or services.

2.5 Closest Competitors:

- OANDA
- Tasty fx
- FXTM
- OCTA
- SHERKHAN

2.6 Key Customers:

- Retail Investors

- Institutional Investor
- Corporate Clients
- Commodity Trader
- Forex Trader

Industry Profile

The financial services industry, particularly within the brokerage and trading sector, plays a pivotal role in facilitating the efficient exchange and management of financial assets, including stocks, bonds, and currencies. In the realm of forex trading, this sector is essential for enabling the global exchange of currencies, which is crucial for international trade, investment, and economic stability. Brokerage firms in forex trading act as intermediaries between buyers and sellers, providing platforms that allow individuals and institutions to trade currency pairs in a highly liquid, 24-hour market. These brokers offer advanced trading tools, real-time market data, and analytical resources to help clients navigate the complexities of currency markets, which are influenced by a range of factors including economic indicators, geopolitical events, and market sentiment. The sector operates under stringent regulatory frameworks designed to ensure transparency, fairness, and protection for traders. In major financial centers, such as the U.S. and the EU, regulatory bodies like the Commodity Futures Trading Commission (CFTC) and the Financial Conduct Authority (FCA) enforce standards to prevent market manipulation and protect investor interests. Technological innovation is a driving force in the brokerage and trading sector, with advancements such as algorithmic trading, high-frequency trading, and sophisticated risk management tools enhancing market efficiency and accessibility. As global financial markets become increasingly interconnected, the role of forex brokers is vital in maintaining market liquidity, facilitating cross-border transactions, and supporting the broader financial ecosystem. By providing essential trading services and leveraging technology, firms in this sector contribute significantly to the stability and functionality of international financial markets.

Star Financial Group (Star Fing) belongs to the financial services industry, specifically within the brokerage and trading sector. This industry encompasses a broad range of services related to financial transactions, investments, and market facilitation. Star Fing's core operations revolve around providing brokerage services for trading various asset classes, including equities, foreign exchange (forex), and commodities. The company plays a pivotal role by acting as an intermediary between buyers and sellers in the financial markets, offering clients the tools and platforms necessary to execute trades efficiently. By focusing on a retail-oriented trading model,

Star Fing caters to individual investors and institutional clients alike, offering them access to sophisticated trading technologies and real-time market insights. The firm's emphasis on innovative trading solutions, coupled with its commitment to delivering expert financial guidance, positions it as a key player in the sector. The financial services industry, which Star Fing is part of, is characterized by its reliance on regulatory compliance, advanced technology, and a diverse client base. Firms in this industry must navigate complex regulatory

environments, such as those set by the Securities and Exchange Board of India (SEBI), ensuring adherence to standards that promote transparency and investor protection. By integrating cutting-edge technology with comprehensive client services, Star Fing not only facilitates efficient trading but also contributes to the broader financial ecosystem, supporting market liquidity and investment opportunities. The company's operations reflect the dynamic nature of the financial services industry, where technological advancements and regulatory frameworks continuously shape the landscape of brokerage and trading activities.

The company deals in the following

- Investment Planning
- Investment Products
- Training and Education
- The company deals in Forex market, International commodity market.
- In the forex market the company mainly deals with following currencies

| Market Watch: 10:15:44 | | |
|------------------------|---------|---------|
| Symbol | Bid | Ask |
| ⬇️ USDCHF | 1.00265 | 1.00289 |
| ⬆️ GBPUSD | 1.25424 | 1.25445 |
| ⬇️ EURUSD | 1.06453 | 1.06471 |
| ⬇️ USDJPY | 108.278 | 108.297 |
| ⬇️ USDCAD | 1.32953 | 1.32975 |
| ⬆️ AUDUSD | 0.75919 | 0.75934 |
| ⬇️ EURGBP | 0.84866 | 0.84883 |
| ⬇️ EURAUD | 1.40205 | 1.40229 |

And in commodity market they deal with Gold and Silver

| | | | | | |
|----------|---------|---------|---|--------|------|
| ↓ XAGUSD | 18.586 | 18.605 | ⇒ | Silver | |
| ↑ XAUUSD | 1289.02 | 1289.22 | ⇒ | | Gold |

SWOT ANALYSIS



Strengths of Financial Institutions:

As a prominent player in the financial services sector, Financial Institutions, Inc. possesses several key strengths that contribute to its success in the marketplace. These advantages not only assist in maintaining its market share in current regions but also support its expansion into new markets. According to comprehensive research conducted by Fern Fort University, some of the notable strengths of Financial Institutions, Inc. include:

Strong Returns on Capital Expenditure – Financial Institutions, Inc. has demonstrated

effectiveness in executing new projects and has achieved substantial returns on capital investments by developing new revenue streams.

Outstanding Performance in New Markets – The company has proven adept at entering and succeeding in new markets. This expansion has not only created additional revenue sources but also helped diversify its exposure to economic fluctuations in its operating regions.

Highly Skilled Workforce – Through substantial investments in training and development, Financial Institutions, Inc. has cultivated a highly skilled and motivated workforce, contributing to its overall success and productivity.

High Customer Satisfaction – The company's dedicated customer relationship management

team has succeeded in delivering exceptional customer satisfaction and building strong brand equity among both existing and potential customers.

Consistent Quality through Automation – By automating its processes, Financial Institutions, Inc. has ensured consistent product quality and has gained the flexibility to adjust production levels according to market demand.

Robust Distribution Network – Over time, the company has established a dependable distribution network that effectively reaches most of its target market.

Dependable Suppliers – Financial Institutions, Inc. benefits from a solid base of reliable suppliers, which helps the company mitigate potential supply chain disruptions.

Weakness of Financial Institutions:

Weakness are the areas where Financial Institutions, Inc. can improve upon. Strategy is about making choices and weakness are the areas where a company can improve using SWOT analysis and build on its competitive advantage and strategic positioning.

- Organization structure is only compatible with present business model thus limiting expansion in adjacent product segments.
- There are gaps in the product range sold by the company. This lack of choice can give a new competitor a foothold in the market.
- High attrition rate in work force – compare to other organizations in the industry Financial Institutions, Inc. has a higher attrition rate and have to spend a lot more compare to its competitors on training and development of its employees.
- The company has not being able to tackle the challenges present by the new entrants in the segment and has lost small market share in the niche categories. Financial Institutions, Inc. has to build internal feedback mechanism directly from sales team on ground to counter these challenges.
- The profitability ratio and Net Contribution % of Financial Institutions, Inc. are below the industry average.
- The marketing of the products left a lot to be desired. Even though the product is a success in terms of sale but its positioning and unique selling proposition is not clearly defined which can lead to the attacks in this segment from the competitors.
- Investment in Research and Development is below the fastest growing players in the industry. Even though Financial Institutions, Inc. is spending above the industry average on Research and Development, it has not been able to compete with the leading players

in the industry in terms of innovation. It has come across as a mature firm looking forward to bring out products based on tested features in the market.

Opportunities for Financial Institutions:

Stable free cash flow offers the company the chance to explore investments in adjacent product segments. With increased cash reserves, Financial Institutions, Inc. can invest in new technologies and expand into additional product categories. This financial stability creates opportunities for the company to diversify and enter new markets.

- The organization's core competencies have the potential to be successful in similar product fields. For instance, research and development in GE Healthcare contributed to advancements in oil drilling machinery.
- **Low Inflation Rate** – A low inflation rate contributes to market stability and allows Financial Institutions, Inc. to offer credit to customers at lower interest rates.
- **Economic Recovery** – With the economic upswing and increased consumer spending following years of recession and slow industry growth, Financial Institutions, Inc. has an opportunity to attract new customers and expand its market share.
- Opening up of new markets because of government agreement – the adoption of new technology standard and government free trade agreement has provided Financial Institutions, Inc. an opportunity to enter a new emerging market.
- The new taxation policy can significantly impact the way of doing business and can open new opportunity for established players such as Financial Institutions, Inc. to increase its profitability.

Threats Financial Institutions

- Imitation of the counterfeit and low quality product is also a threat to Financial Institutions, Inc.'s product especially in the emerging markets and low income markets.
- Intense competition – Stable profitability has increased the number of players in the industry over last two years which has put downward pressure on not only profitability but also on overall sales.
- Growing strengths of local distributors also presents a threat in some markets as the competition is paying higher margins to the local distributors.
- The demand of the highly profitable products is seasonal in nature and any unlikely event during the peak season may impact the profitability of the company in short to medium term.

- As the company is operating in numerous countries it is exposed to currency fluctuations especially given the volatile political climate in number of markets across the world.
- Shortage of skilled workforce in certain global market represents a threat to steady growth of profits for Financial Institutions, Inc. in those markets.

Chapter 3: Research Methodology

3.1 Purpose of my Research

The study of Fundamental Analysis and Technical Analysis in the forex market offers a comprehensive approach to trading by combining insights from both economic and historical data. Fundamental Analysis involves examining economic indicators, central bank policies, and

geopolitical events to understand the underlying factors that influence currency values, such as economic health and market sentiment. In contrast, Technical Analysis focuses on historical price data and chart patterns, using tools like moving averages, RSI, and MACD to identify trends, support and resistance levels, and optimal trading opportunities. Together, these analyses provide traders with a holistic view of market conditions, enabling them to make more informed trading decisions, effectively manage risk, and capitalize on both short-term and long-term market movements.

3.2 Research Problem:

1. A detailed examination of the dependability and usefulness of classic technical analysis indicators is necessary because it is still unclear how well they can predict changes in the forex market.
2. Even while technical analysis techniques and indicators are widely used, there is still considerable variation in how they are applied in practice among forex traders. This underscores the need for a uniform assessment system to gauge their effectiveness.
3. Traders that exclusively use technical analysis face difficulties due to the volatile and dynamic nature of the forex market, which calls for a deeper comprehension of the variables affecting indicator accuracy and signal interpretation.
4. Diverse currency pairs and timeframes exhibit inconsistent indicator performance, which emphasizes the significance of locating reliable indicators and fine-tuning their

parameters for better trading results.

5. The spread of high-frequency trading algorithms and algorithmic trading systems in the forex market creates new risks and complications that call for a reassessment of conventional technical analysis methods.
6. Concerns regarding the robustness and generalizability of technical analysis indicators are brought up by the frequency of overfitting and data mining biases in their construction, which calls for thorough testing and validation processes.
7. Through a thorough examination of indicators and technical analysis techniques in the forex market, this study seeks to close the knowledge gap between theory and practice by offering traders and researchers alike useful insights.

3.3 Research Objective

- Analyzing whether fundamental analysis indicators can be used to guide buying and selling decision
- To know about the strategies of Technical & Fundamental Analysis
- To learn how the currencies are traded in Forex market
- To know about the approaches of potential investors in trading activities.

3.4 Research Design

"an analysis on indicator and technical analysis in the forex market," could utilize both Explanatory and Quantitative research methods

EXPLANATORY RESEARCH: Explanatory research seeks to understand why certain phenomena occur or the mechanisms behind observed relationships. In my case, you're aiming to explain how indicators and technical analysis techniques impact trading outcomes in the forex market. I will likely delve into the underlying reasons why certain indicators or technical analysis methods are effective (or ineffective) and how they influence traders' decisions and market dynamics. This type of research goes beyond merely identifying correlations to provide deeper insights into the causal relationships and mechanisms at play.

QUANTITATIVE RESEARCH: Quantitative research involves the collection and analysis of numerical data to answer research questions and test hypotheses. In my context, quantitative research could involve analyzing historical price data, trading volume, and other quantitative indicators to assess the effectiveness of technical analysis methods. You might use statistical tools to identify patterns, correlations, and relationships between different indicators and trading

outcomes.

Research in such a situation is a function of the researcher's impressions and insights. The results generated by this type of research are either in non-quantitative form or in the form which cannot be put to rigorous quantitative analysis. Usually, this approach uses techniques like in-depth interviews, focus group interviews, and projective techniques.

3.5 SCOPE

1. Comparative Effectiveness of Fundamental and Technical Analysis:

Objective: Evaluate and compare the effectiveness of fundamental and technical analysis in predicting forex market movements.

Key Aspects:

- **Performance Metrics:** Measure accuracy, profitability, and risk management for both approaches.
- **Historical Data:** Analyze historical performance data to determine which approach better predicts currency movements under different market conditions.

2. Integration of Fundamental and Technical Analysis

- **Objective:** Explore how combining fundamental and technical analysis can provide a more comprehensive trading strategy.
- **Key Aspects:**
 - **Synergies:** Identify how the insights from fundamental analysis can inform technical analysis and vice versa.
 - **Strategy Development:** Develop and assess integrated trading strategies that leverage both methods.
 - **Practical Applications:** Investigate how traders use both analyses in practice and the outcomes of such strategies.

3. Impact of Economic Indicators on Forex Trading

- **Objective:** Assess the role and impact of key economic indicators on forex market trading and analysis.
- **Key Aspects:**
 - **Major Indicators:** Analyze the influence of GDP, inflation rates, employment data, and interest rates on currency values.
 - **Market Reactions:** Study how market participants react to economic news and reports.

- **Predictive Value:** Evaluate the predictive power of economic indicators in fundamental analysis compared to technical signals.

4. Technical Analysis Tools and Their Effectiveness

- **Objective:** Investigate the effectiveness of various technical analysis tools and indicators in forecasting currency movements.
- **Key Aspects:**
 - **Common Indicators:** Review the effectiveness of tools such as Moving Averages, RSI, MACD, and Bollinger Bands
 - **Signal Accuracy:** Assess the accuracy and reliability of technical signals generated by these tools.
 - **Best Practices:** Identify best practices for using technical analysis tools effectively in forex trading.

5. Challenges and Limitations of Analytical Approaches

- **Objective:** Identify and analyze the challenges and limitations associated with both fundamental and technical analysis in the forex market.
- **Key Aspects:**
 - **Fundamental Analysis:** Discuss issues such as the unpredictability of geopolitical events, data reliability, and the time lag in economic reports.
 - **Technical Analysis:** Address limitations like false signals, over-reliance on historical data, and market conditions that may not fit traditional patterns.
 - **Mitigation Strategies:** Suggest strategies for overcoming these challenges and improving the accuracy and reliability of each analysis method.

Chapter 4: Literature Review and Theoretical Background

4.1 Literature Review

1. **Seyed Hadi Mir Yazdi and Ziba Habibi Lashkari** was study on the technical analysis of forex by MACD indicator. Their analysis on how the MACD indicator work on the forex market.
2. **Maliheh Rezaei Adariani** was study on the evaluation of the probability of technical analysis for Asian currencies in the forex spot market for short-term trading. This study on the relationship between various related parameters of currency trading such as maximum drawdown, time in position, trading charges and profitability.
3. **Engr K. O. Kadiri and O. A. Alabi** was study on Importance of Technical and Fundamental Analysis in the Foreign Exchange Market. This study is on the technical and fundamental analysis as influenced by global foreign exchange across all trading sessions in Meta bank trading server
4. **Christopher Neely, paul weller and Rob Dittmar** Was study on technical analysis in the foreign exchange market profitable? This study is based on the is technical analysis work on forex market or not?
5. **Master Thesis** was study on the use of technical analysis in trading on forex market in 2014. This study aims to an optimization of selected technical analysis indicators on the Forex market and formulate recommendations for intraday traders.
6. **Sangkun Deng, Akito Sakurai** was study on foreign exchange trading rules using a Single technical indicator from multiple time frame in July, 2013. This study applies a genetic algorithm (GA) to generate trading rules for currency trading based on a single technical indicator named the Relative Strength Index (RSI) as well as multiple timeframes from which we extract the feature.
7. **Chaimae Ahouat, Karim EI Bouchti , Oussama Mohamed Reda, Oumaima Nadi & Soumia Ziti** was study on a new model indicator to trade foreign exchange market in 10june 2013 . This study propose a Foreign Exchange strategy for currency markets based on a combination of two technical indicators: Relative Strength Index and Triangular Moving Average Bands as well as the price value. The combination of these latter are ensured by a specific rules when buying and selling positions.
8. **Bichith C. Sekhar, A.Umamaheswari** was study on to test the technical tools to analyse about the technical impact and its return in the market in 3 july 2019 . For this purpose 13 cross currency pairs were taken as sample size and Jensen's Alpha, Beta, Relative

Strength Index, and Buy and Hold Abnormal Return were used as technical tool for analysis and the conclusion is that it's not preferred to invest in JPY pairs as the volatility and the return are not up to the mark and its preferred to invest in EURCAD as the return was high when compared to other scripts and the market was moving accordingly to its cross currency pair.

10. EC Nwokorie, EO Nwachukwu was study on a model for trading the foreign exchange market in 13 jan2016. This research is based upon Some important factors such as economic growth, trade development, interest rates, inflation rates, etc. have significant impacts on the exchange rate fluctuation. Existing foreign exchange (FOREX) trading models have been found inadequate. They have tended to use only past price data and appear to be too stochastic or too deterministic. In this work an improved model that provides a wide set of dynamic process information has been developed. Technical and fundamental methods of analysis of FOREX market data were modelled with neural networks. The predictions from the networks are integrated to get the direction of price movement. Market sentiment and volatility values are combined with the neural network prediction to develop trading strategies using Marcov chain. Finally, an application of the model in FOREX trading is demonstrated and implemented with the Meta-Quote scripting Language (MQL) of the meta-Trader platform.

11. Seminal work by Fama (1970) introduced the Efficient Market Hypothesis (EMH), suggesting that asset prices fully reflect available information, theoretically reducing the effectiveness of technical analysis. However, many studies contradict this hypothesis, showing that certain technical indicators, like moving averages and oscillators (e.g., RSI and MACD), can effectively predict short-term price movements. Recent research by Neely, Weller, and Dittmar (1997) suggests that while technical analysis may not always guarantee accurate predictions, it often provides value in highly liquid markets like forex, especially for short-term trades.

CHAPTER-5: ANALYSIS AND INTERPRETATION

There are 3 types of market trend analysis. They are:

- Technical analysis
- Fundamental analysis
- Sentiment analysis



1. TECHNICAL ANALYSIS: Technical analysis is a trading discipline employed to evaluate investments and identify trading opportunities by analyzing statistical trends gathered from trading activity, such as price movement and volume. Unlike fundamental analysis, which attempts to evaluate a security's value based on business results such as sales and earnings, technical analysis focuses on the study of price and volume.

Understanding Technical Analysis

Technical analysis tools are used to scrutinize the ways supply and demand for a security will affect changes in price, volume, and implied volatility. It operates from the assumption that past trading activity and price changes of a security can be valuable indicators of the security's future price movements when paired with appropriate investing or trading rules.

Technical analysis as we know it today was first introduced by Charles Dow and the Dow Theory in the late 1800s.¹ Several noteworthy researchers including William P. Hamilton, Robert Rhea, Edson Gould, and John Magee further contributed to Dow Theory helping to form its basis. Nowadays technical analysis has evolved to include hundreds of patterns and signals developed through years of research.

Across the industry, there are hundreds of patterns and signals that have been developed by researchers to support technical analysis trading. Technical analysts have also developed numerous types of trading systems to help them forecast and trade on price movements.

Some indicators are focused primarily on identifying the current market trend, including support and resistance areas, while others are focused on determining the strength of a trend and the likelihood of its continuation. Commonly used technical indicators and charting patterns include trendlines etc .

In general, technical analysts look at the following Components:

- Support and resistance levels
- Price Trend or Trendline
- Indicators

How technical analysis play a crucial role in the market?

Indicator and technical analysis play a crucial role in the forex market by providing traders with valuable insights into market trends, price movements, and potential future direction. Here's how they help:

Identifying Trends: Indicators such as moving averages, trendlines, and trend channels help traders identify the direction of the market trend. Recognizing whether the market is trending upwards, downwards, or moving sideways is essential for making informed trading decisions.

Entry and Exit Points: Technical analysis tools like support and resistance levels, oscillators, and chart patterns assist traders in determining optimal entry and exit points for their trades. By identifying key levels where prices are likely to reverse or continue their movement, traders can place their orders strategically to maximize profits and minimize losses.

Confirmation of Market Sentiment: Indicators can serve as confirmation of market sentiment. For instance, if a price chart shows an upward trend, and indicators such as the Relative Strength Index (RSI) or Moving Average Convergence Divergence (MACD) also indicate bullish momentum, it reinforces the trader's confidence in the trend direction.

Risk Management: Technical analysis helps traders manage risk by providing tools to set stop-loss orders and determine risk-reward ratios. By analyzing historical price movements and volatility levels, traders can establish appropriate risk management strategies to protect their capital.

Forecasting Price Movements: While technical analysis doesn't predict future prices with certainty, it can provide traders with insights into potential price movements based on historical patterns and market behavior. By studying chart patterns, candlestick formations, and various technical indicators, traders can make educated guesses about future price movements.

Automation and Algorithmic Trading: Many traders use automated trading systems or

algorithms that rely on technical indicators to execute trades automatically based on predefined criteria. These systems can analyze large amounts of data and react to market conditions much faster than human traders, enabling them to capitalize on short-term opportunities.

Market Psychology: Technical analysis reflects market psychology and investor behavior. Chart patterns such as head and shoulders, double tops/bottoms, and triangles are manifestations of market sentiment and can provide insights into potential shifts in sentiment and future price movements.

2. **FUNDAMENTAL ANALYSIS:** Fundamental analysis is a way of looking at the forex Market by analyzing economic, social, and political forces that may affect the supply and demand of an asset.

- The idea behind this type of analysis is that if a country's current or future economic outlook is good, their currency should strengthen. The better shape a country's economy is, the more foreign businesses and investors will invest in that country. This results in the need to purchase that country's currency to obtain those assets.

- For example: let's say that the U.S. dollar has been gaining strength because the U.S. economy is improving. As the economy gets better, raising interest rates may be needed to control growth and inflation.

- Higher interest rates make dollar-denominated financial assets more attractive. In order to get their hands on these lovely assets, traders and investors have to buy some greenbacks first. As a result, the value of the dollar will likely increase.

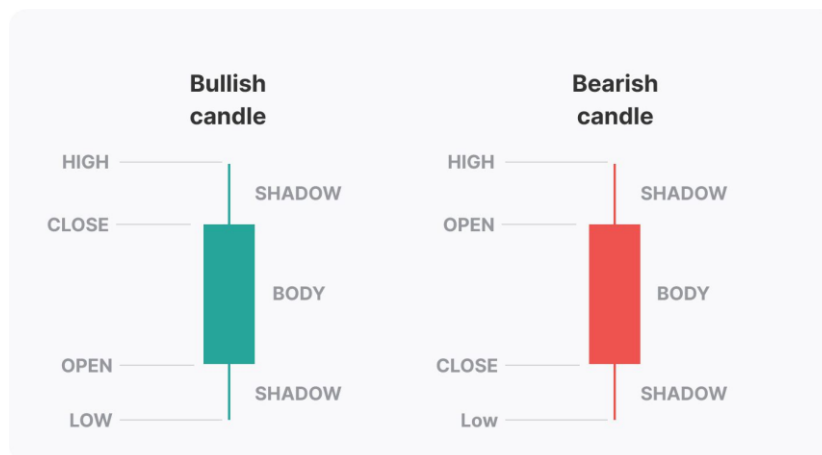
3. **SENTIMENT ANALYSIS:** Each trader has his or her own opinion of why the market is acting the way it does. Each trader's thoughts and opinions, which are expressed through whatever position they take, helps form the overall sentiment of the market regardless of what information is out there

TYPES OF TRADERS

- **Intraday:** It is a market where trader buys and sells the securities/currencies within a day.
- **Short – term:** It is market where trader takes a position less than 365 days.
- **Long – term:** It is market where trader takes a position for more than 365 days.
- **Swing Trader:** It is market where trader holds the position for 1 day to 15 days

JAPANESE CANDLE STICK

Japanese Candlesticks used for any forex period, whether it be one day, hourly, 30-minutes, weekly and monthly. They used to describe the price action during the given period. Japanese Candle stick are formed using the open, high, low and close of the chosen time period.



Green Candle Sticks: It is referring to Buy or Bull candle which specifies that opening at low price and closing at high price.

Red Candle Sticks: It is referring to Sale or Bearish candle which specifies that opening at high price and closing at low price.

TYPES OF CANDLE STICK PATTERNS

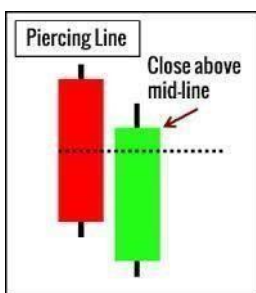
1. Hammer Candlestick & Hanging man candlestick:

Hammer candlestick pattern is a bullish reversal pattern in technical analysis. The pattern looks like a hammer. The pattern has one candle. It forms a downtrend and is considered as a market bottom/support. Hanging man Candlestick pattern is a bearish reversal pattern, which forms uptrend and is considered as market top or a resistance price.



2. Piercing candle stick patterns:

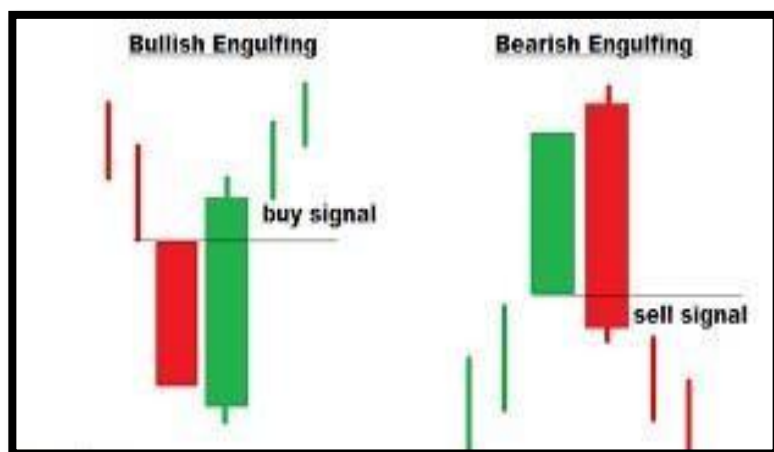
Piercing candlestick serve as an indicator that it is time to either buy a stock or close out short positions because the stock may be trending upward soon. As per the piercing candle, the new candle (green candle) should be low and should close down 50% of the previous candle. If the significant down trend follows, it is Bearish or otherwise bullish.



3. Engulfing:

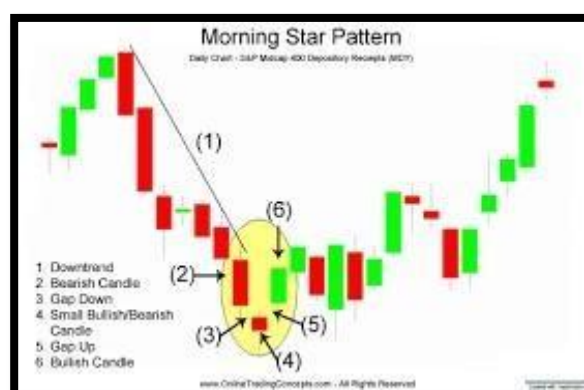
Is a bullish reversal pattern, usually occurring at the bottom of a downtrend. The pattern consists of two candlesticks. When a significant downtrend (red candle) is followed, the new candle should make a new low and high simultaneously but the previous candle should cover inside the body. If the bullish is formed (green candle), note that market will shoot up.

Is considered a bearish reversal pattern, usually occurring at the top of an uptrend. The pattern consists of two candlesticks. When a significant uptrend (green candle), new candle is formed which makes new high and low simultaneously but the previous candle should cover inside the body. If the bearish is formed (red candle), note that market will shoot downwards.



4. Morning star:

The morning star is a reversal pattern of technical analysis. The pattern has three candles forming at a bottom of the downtrend. The first candle is long and bearish. The second candle is small and indecisive candlestick. The third candle is long and bullish candle.



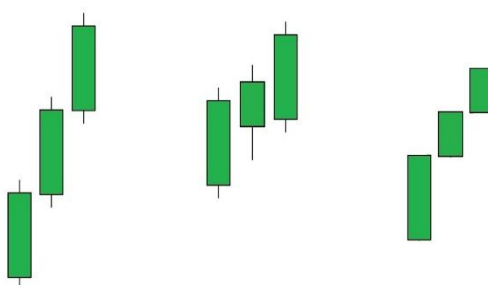
5. Evening star: The evening star candlestick pattern is also a reversal pattern. This pattern has three candles. It forms at a top of an uptrend. The first candle is any long and bullish

candle. The second candle is a small and indecisive candlestick. The third candle is any long and bearish candle.



6. Three white Shoulder

Three white soldiers is a bullish candlestick pattern that is used to predict the reversal of the current downtrend in a pricing chart. The pattern consists of three consecutive long-bodied candlesticks that open within the previous candle's real body and a close that exceeds the previous candle's high. These candlesticks should not have very long shadows and ideally open within the real body of the preceding candle in the pattern.



Here's an example of a chart showing a trend reversal after a Three White Soldiers candlestick pattern appeared:



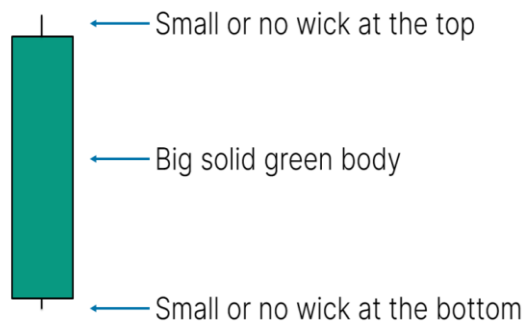
7. White Marubozu

The White Marubozu candlestick pattern is formed by one single candle.

Here's how to identify the White Marubozu candlestick pattern:

1. One single bullish candle
2. The body must be big
3. The wicks should be small or non-existent

White Marubozu

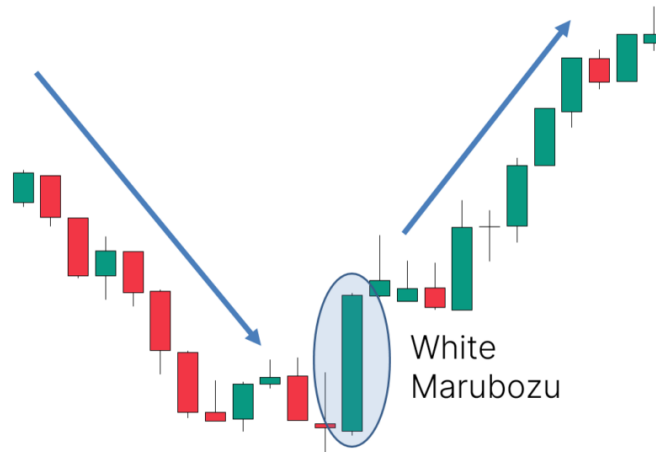


The success rate of this pattern is 71%.

When a White Marubozu candlestick pattern appears at the right location, it may show:

- The end of a downtrend and start of an uptrend
- The end of a pullback, resuming an uptrend

Here's an example of a chart showing a trend reversal after a White Marubozu candlestick pattern appeared:



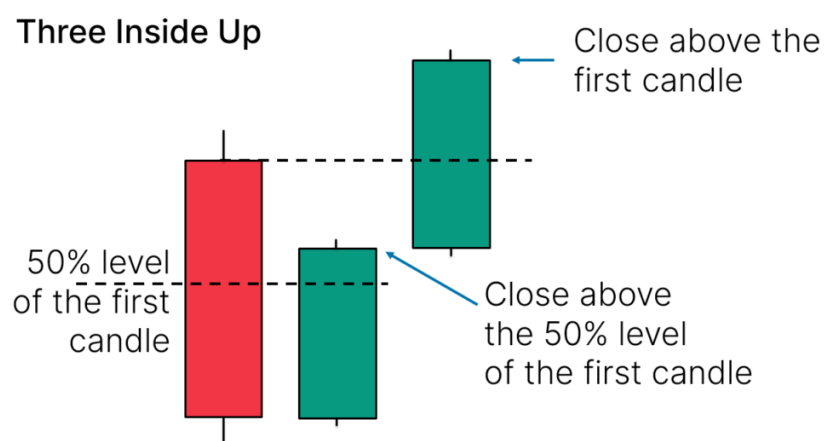
8. Three Inside Up

The Three Inside Up candlestick pattern is formed by three candles.

Here's how to identify the Three Inside Up candlestick pattern:

1. The first candle must be bearish
2. The second candle must be bullish
3. The close of the second candle should ideally be above the 50% level of the body of the first one
4. The third candle should close above the first one

It looks like this on your charts:



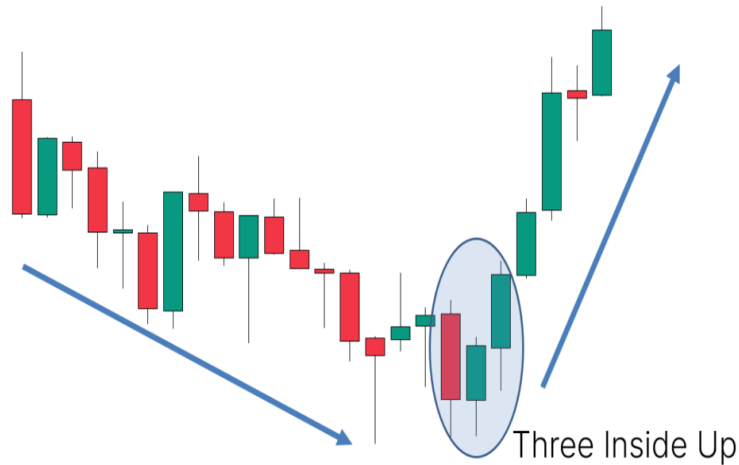
The success rate of this pattern is 65%.

When a Three Inside Up candlestick pattern appears at the right location, it may show:

- The end of a downtrend and start of an uptrend

- The end of a pullback, resuming an uptrend

Here's an example of a chart showing a trend reversal after a Three Inside Up candlestick pattern appeared:



9. Bullish Harami

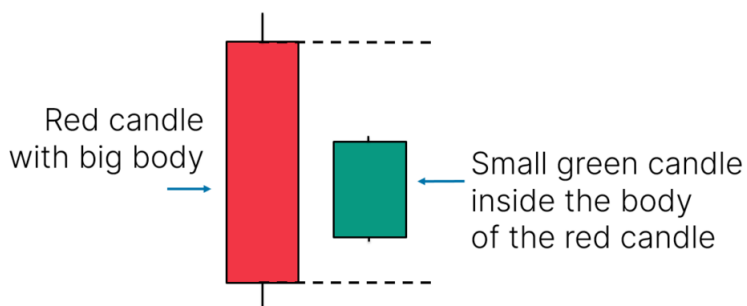
The Bullish Harami candlestick pattern is formed by two candles.

Here's how to identify the Bullish Harami candlestick pattern:

1. The first candle must be bearish and have a big body
2. The second candle must be small and bullish
3. The second candle is inside the body of the first candle

It looks like this on your charts:

Bullish Harami

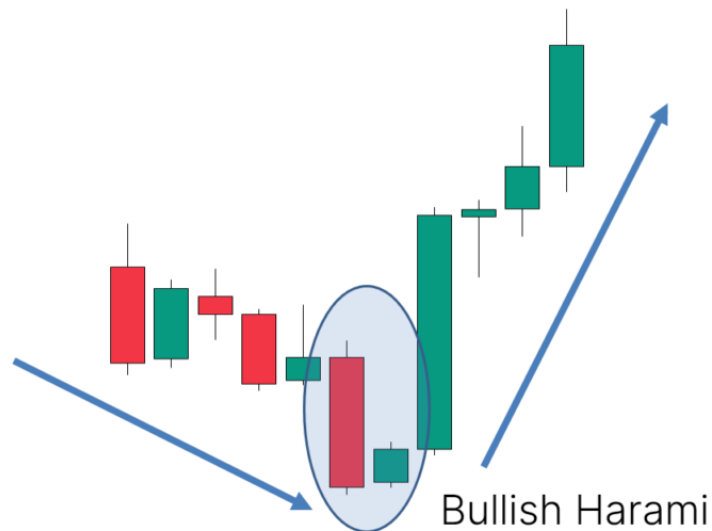


The success rate of this pattern is 53%.

When a Bullish Harami candlestick pattern appears at the right location, it may show:

- The end of a downtrend and start of an uptrend
- The end of a pullback, resuming an uptrend

Here's an example of a chart showing a trend reversal after a Bullish Harami candlestick pattern appeared:



12. Tweezer Bottom

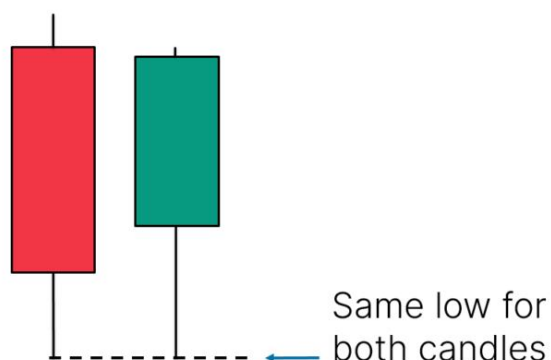
The Tweezer Bottom candlestick pattern is formed by two candles.

Here's how to identify the Tweezer Bottom candlestick pattern:

1. The first candle is bearish
2. The second candle is bullish
3. The lows from both candles should be pretty much at the same level

It looks like this on your charts:

Tweezer Bottom

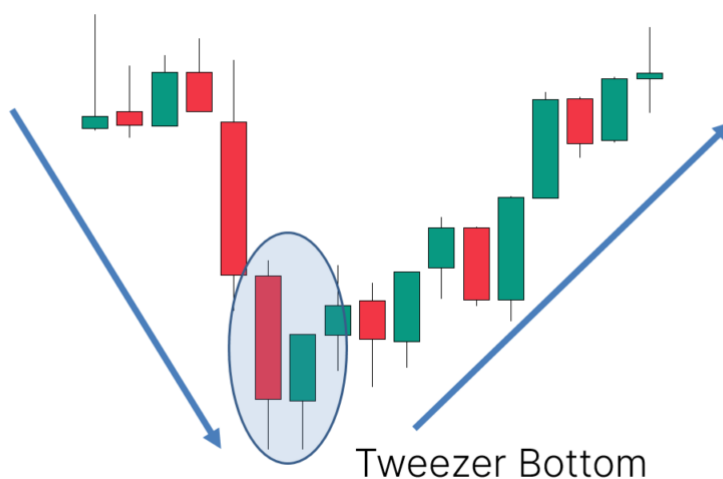


The success rate of this pattern is 56%.

When a Tweezer Bottom candlestick pattern appears at the right location, it may show:

- The end of a downtrend and start of an uptrend
- The end of a pullback, resuming an uptrend

Here's an example of a chart showing a trend reversal after a Tweezer Bottom candlestick pattern appeared:



11 Dragonfly Doji

The Dragonfly Doji candlestick pattern is formed by one single candle.

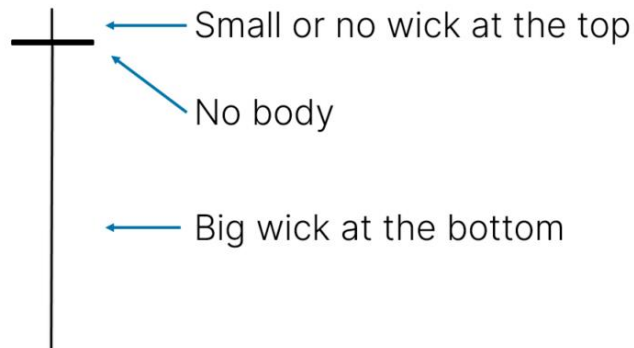
Here's how to identify the Dragonfly Doji candlestick pattern:

1. The candle has no body
2. The wick at the bottom must be big

3. At the top, it should have no wick, or be very small

It looks like this on your charts:

Dragonfly Doji



The success rate of this pattern is 51%.

When a Dragonfly Doji candlestick pattern appears at the right location, it may show:

- The end of a downtrend and start of an uptrend
- The end of a pullback, resuming an uptrend

Here's an example of a chart showing a trend reversal after a Dragonfly Doji candlestick pattern appeared:



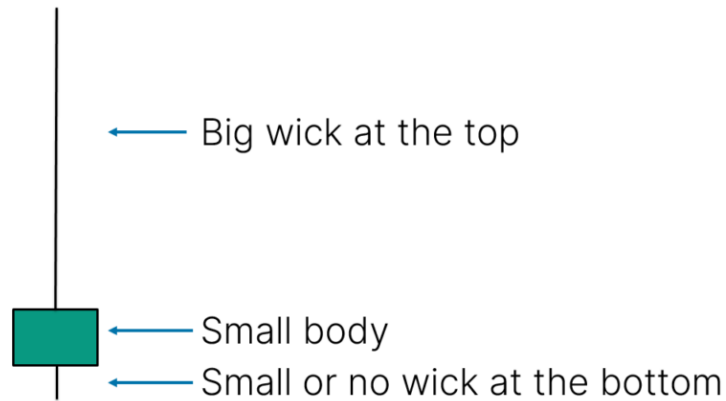
12. Shooting Star

The Shooting Star candlestick pattern is formed by one single candle.

Here's how to identify the Shooting Star candlestick pattern:

1. The candle has a small body
2. The wick at the top must be big compared to the body
3. At the bottom, it should have no wick, or be very small
4. The color of the body doesn't matter

It looks like this on your charts:

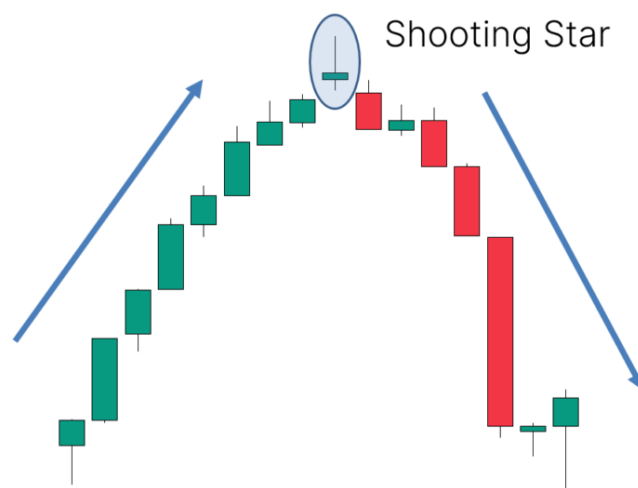


The success rate of this pattern is 60%.

When a Shooting Star candlestick pattern appears at the right location, it may show:

- The end of an uptrend and start of a downtrend
- The end of a pullback, resuming a downtrend

Here's an example of a chart showing a trend reversal after a Shooting Star candlestick pattern appeared:



INDICATORS: Indicators are statistics used to measure current conditions as well as to forecast financial or economic trends.

In the world of investing, indicators typically refer to technical chart patterns deriving from the price, volume, or open interest of a given security. Common technical indicators include moving averages, moving average convergence divergence (MACD), relative strength index (RSI).

In the context of technical analysis, an indicator is a mathematical calculation based on a security's price or volume. The result is used to predict future prices.

There are more than 500 indicator in forex market but according to the report of meta trader, 95% trader use mostly 12 indicators in Forex trading. Now, I am explaining these indicators and how its working.

I) Relative Strength Index (RSI)

The relative strength index (RSI) is most commonly used to indicate temporarily overbought or oversold conditions in a market. An intraday forex trading strategy can be devised to take advantage of indications from the [RSI](#) that a market is overextended and therefore likely to [retrace](#).



The RSI is a widely used [technical indicator](#) and an [oscillator](#) that indicates a market is overbought when the RSI value is over 70 and indicates oversold conditions when RSI readings are under 30. Some traders and analysts prefer to use the more extreme readings of 80 and 20.

II) Stochastic Oscillator

The stochastic oscillator is a momentum indicator that is widely used in forex trading to

pinpoint potential trend reversals. This indicator measures momentum by comparing closing price to the trading range over a given period.

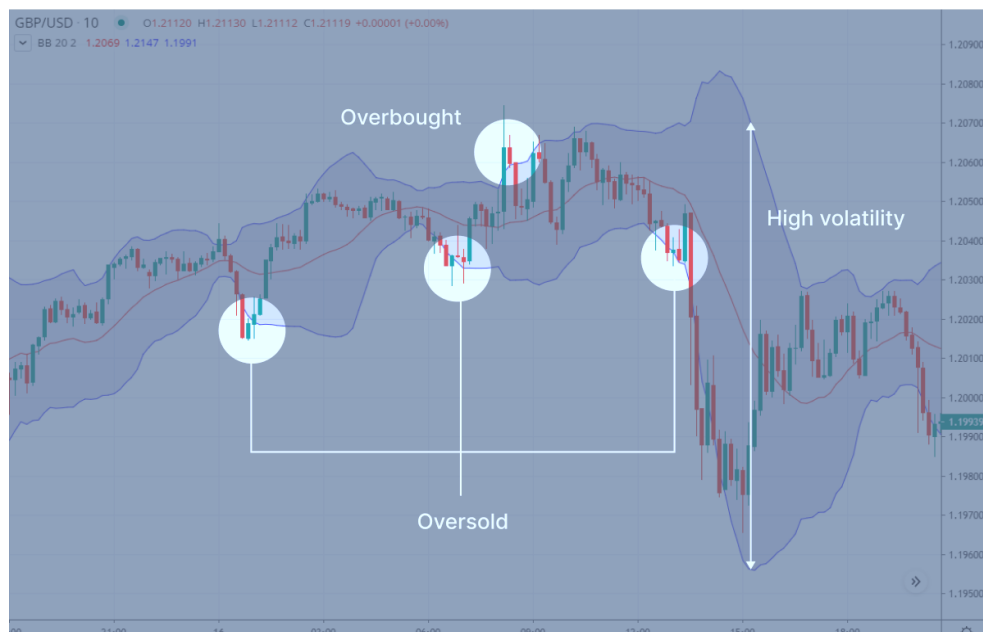


In the stochastic oscillator, a momentum indicator used by technical analysts to determine momentum based on a particular asset's price history.

It shows the close relative to the high-low range across several periods. The indicator moves between 0 and 100 to indicate the momentum of the security.

III) Bollinger bands

Bollinger bands are a momentum indicator that comprises of a simple moving average sandwiched between two lines plotting a positive and negative standard deviation – which measures how close prices are to the average. Since traders of currencies look for incremental price moves for profit, recognizing [volatility](#) and trend changes quickly is essential to having a successful strategy that will net profits.



Bollinger bands can be used on multiple timeframes, ranging from minutes, hours, days and weeks. The common timeframes are daily for short-term traders and weekly for longer-term traders.

IV) MACD

The MACD indicator allows traders to gain additional insight into buy and sell signals and changes in market trends.



V) Parabolic SAR

The parabolic indicator generates buy or sell signals when the position of the dots moves from one side of the asset's price to the other. For example, a buy signal occurs when the dots move from above the price to below the price, while a sell signal occurs when the dots move from below the price to above the price.



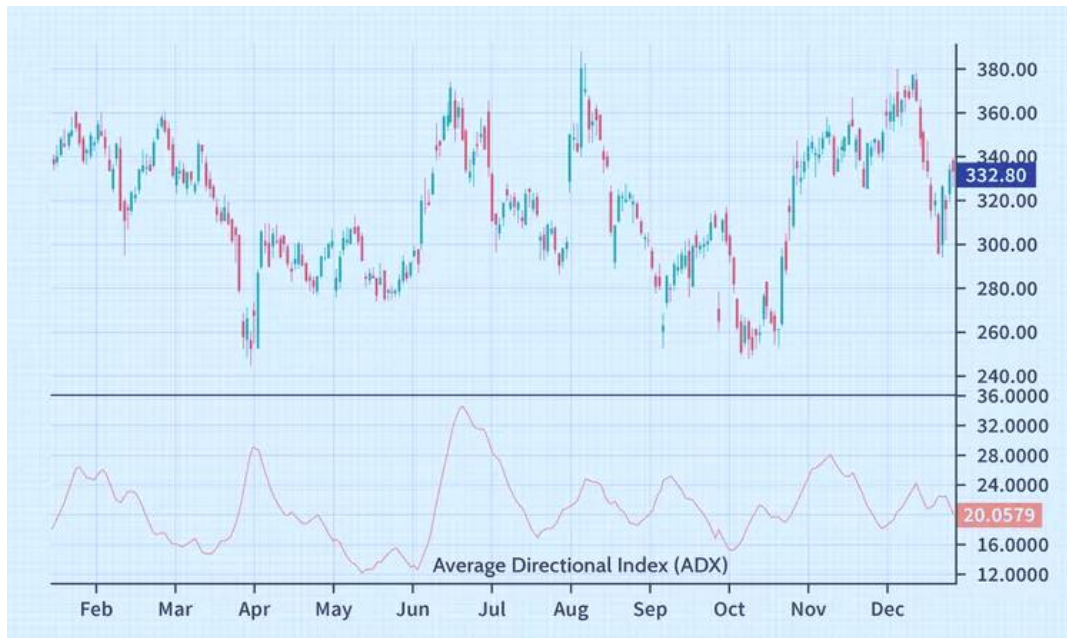
VI) Ichimoku Cloud

The Ichimoku Cloud is a collection of technical indicators that show support and resistance levels, as well as momentum and trend direction. It does this by taking multiple averages and plotting them on a chart. It also uses these figures to compute a “cloud” that attempts to forecast where the price may find support or resistance in the future.



VII) Average Directional Index

The ADX, negative directional indicator (-DI), and positive directional indicator (+DI) are momentum indicators. The ADX helps investors determine trend strength, while -DI and +DI help determine trend direction.



VIII) Exponential Moving Average

The exponential moving average (EMA) is one of the most commonly used forex trading tools. Traders use the EMA overlay on their trading charts to help determine the best entry and exit points of a trade based on where the price action sits on the EMA.



IX) Fibonacci Retracement

Fibonacci retracements work by enabling you to draw a trend line between the beginning and end of a significant market move. The drawing tool then plots lines at percentage levels calculated based on Fibonacci ratios.



Fibonacci levels are commonly used in forex trading to identify and trade off support and resistance levels. After a significant price movement up or down, the new support and resistance levels are often at or near these trend lines.

X) Average True Range

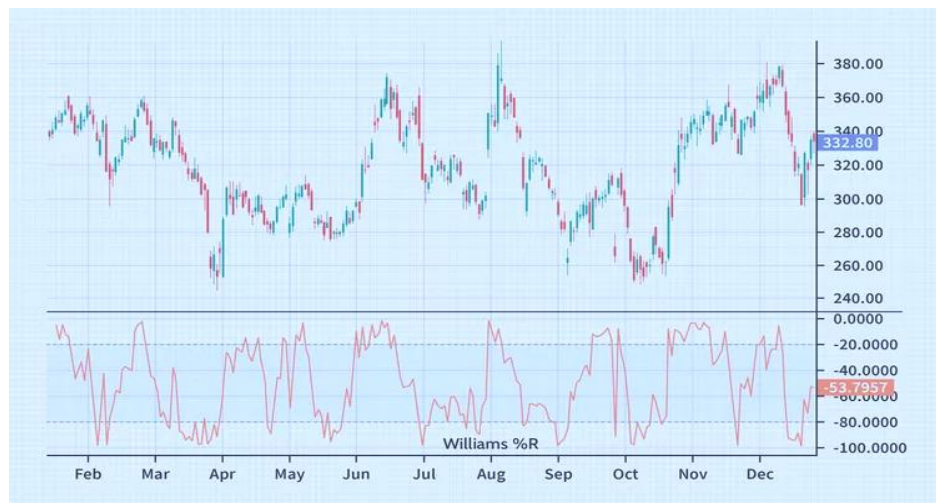
Average true range (ATR) is a technical indicator that appears as a single line in a box underneath a market's chart. When the line rises, it means that the market is becoming more volatile. When it drops, volatility is falling.



XI) William %R

Williams %R, also known as the Williams Percent Range, is a type of momentum indicator that moves between 0 and -100 and measures overbought and oversold levels. The Williams

%R may be used to find entry and exit points in the market. The indicator is very similar to the Stochastic oscillator and is used in the same way.



XII) Big William fractals

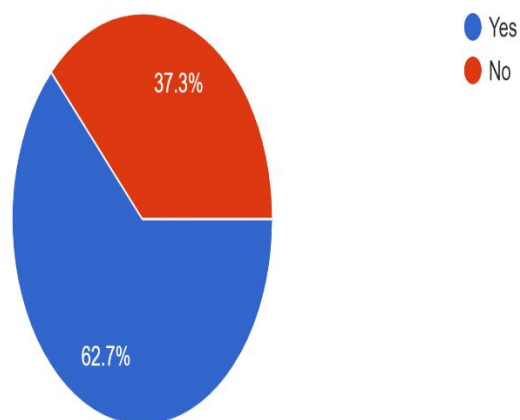
Bill Williams fractals are bullish or bearish and represented by a down arrow or up arrow, respectively. It helps traders confirm that the price is reversing.



I have taking response from the traders who are working on this market and I made question according to the various type of situation of market and these question are dependent on technical analysis or 12 indicators which I explained:

1. Do you regularly use indicators as part of your forex trading strategy?

83 responses



Interpretation : An interpretation of this data could highlight that the vast majority (83%) of

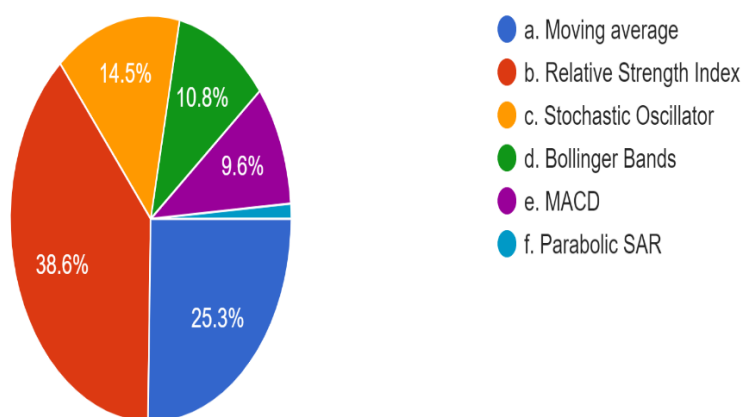
forex traders rely on indicators as part of their trading strategy, suggesting that these tools play a crucial role in decision-making. Indicators, which may include tools like moving averages, MACD, RSI, and Bollinger Bands, are likely valued for their ability to help traders analyze trends, identify entry and exit points, and gauge market momentum.

Conversely, the 17% who don't use indicators might rely on other forms of analysis, such as price action, fundamental analysis, or sentiment analysis. This smaller group may prioritize raw price data and broader economic factors over technical indicators. This could indicate a difference in trading style, with some traders favoring simplified or discretionary approaches over technical tools.

Overall, the data reveals a strong preference within the forex trading community for using indicators, emphasizing their perceived utility in navigating the complexities of the forex market.

2. Which of the following indicators is commonly used to identify trend direction in the forex market?

83 responses



Interpretation: The data reveals that the most commonly used indicator for identifying trend direction in the forex market, among those listed, is the *Relative Strength Index (RSI)* at 38.6%. RSI is primarily a momentum indicator, but its popularity here may reflect traders' tendency to use it to confirm the strength of trends and spot potential trend reversals.

Following RSI, *Moving Averages* are selected by 25.3% of traders, indicating a significant preference for this traditional trend-following tool that helps smooth price data to identify the general direction of the market. Moving Averages are often used to assess longer-term trends and

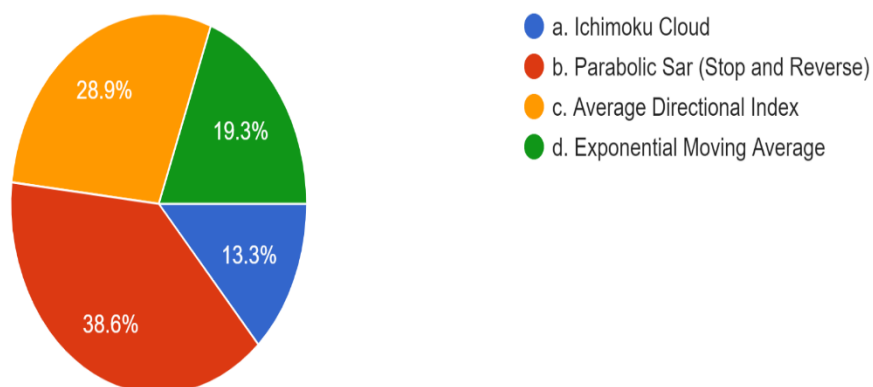
support or resistance levels, explaining their popularity.

Other indicators like the *Stochastic Oscillator* (14.5%), *Bollinger Bands* (10.8%), and *MACD* (9.6%) are less popular for this specific purpose, though each has a unique role in trend and momentum analysis. The Stochastic Oscillator and Bollinger Bands are typically used to gauge overbought or oversold conditions, while MACD is commonly employed to spot changes in the strength, direction, and duration of a trend.

This distribution suggests that while RSI and Moving Averages are favored for identifying trend direction, a variety of indicators are still utilized based on individual trading preferences and strategies.

3. Which technical analysis tool is commonly you used to confirm trend reversals in the forex market?

83 responses



Interpretation: The data suggests that the *Parabolic SAR (Stop and Reverse)* is the most commonly used tool for confirming trend reversals in the forex market, with 38.6% of traders favoring it. The Parabolic SAR's popularity likely stems from its ability to visually indicate potential points where a trend might change direction, making it a go-to choice for traders seeking to pinpoint trend reversals in a straightforward manner.

Following Parabolic SAR, the *Average Directional Index (ADX)* is used by 28.9% of traders. ADX is primarily a trend strength indicator, so traders may use it not only to confirm trend strength but also to spot potential weakening trends that could precede a reversal. Its substantial use highlights traders' interest in confirming both the strength and sustainability of trends. The *Exponential Moving Average (EMA)* is chosen by 19.3% of traders. EMAs are more responsive to recent price changes, which can make them effective for spotting early reversal

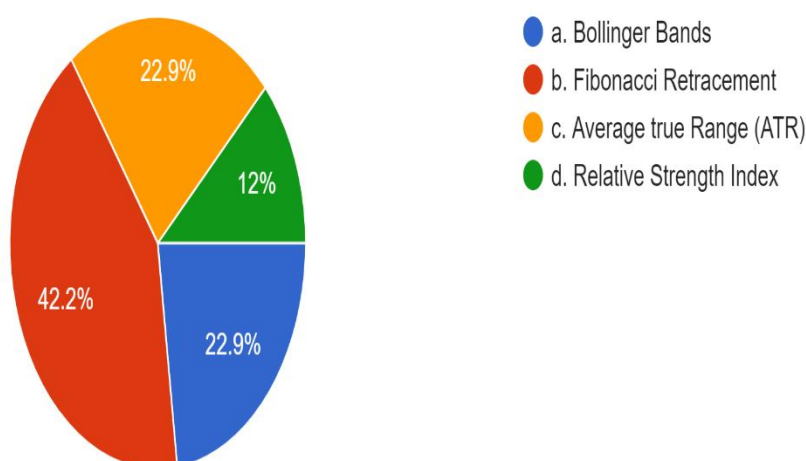
signals, particularly when shorter-term EMAs cross over longer-term ones.

Lastly, 13.3% of traders rely on the *Ichimoku Cloud*, a comprehensive tool that provides multiple layers of information about trend direction, support, resistance, and potential reversals. The lower percentage here could indicate that traders find the Ichimoku Cloud more complex or prefer other tools for quicker reversal signals.

Overall, this distribution shows a preference among traders for tools that provide clear, visually intuitive signals for trend reversals, with each tool's popularity reflecting its unique benefits in identifying and confirming changes in market direction.

4. Which technical analysis tool is used to identify support and resistance levels?

83 responses



Interpretation: The data shows that *Fibonacci Retracement* is the most commonly used tool for identifying support and resistance levels, favored by 42.2% of traders. This popularity likely stems from its precise retracement levels, which many traders view as potential reversal or bounce points in a trend. *Average True Range (ATR)* and *Bollinger Bands* are each used by 22.9% of traders. ATR, while primarily a volatility measure, helps traders set stop-loss levels, which may inform support and resistance decisions. Bollinger Bands, on the other hand, highlight overbought and oversold levels, often aligning with support and resistance zones.

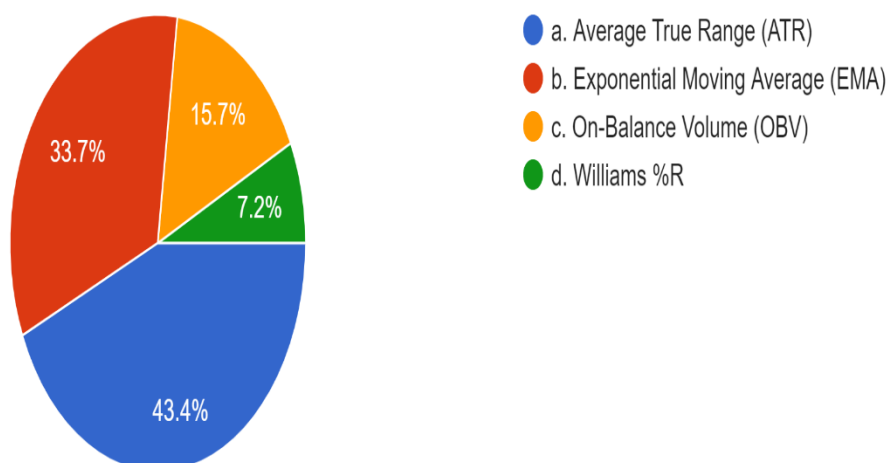
Relative Strength Index (RSI), chosen by 12%, may be less commonly used for support and resistance but is still valuable in spotting potential reversal points when price is overbought or oversold.

Overall, Fibonacci Retracement is the clear favorite, with other tools offering additional

perspectives for support and resistance insights.

5. Which indicator is used to measure the volatility of an asset in the forex market?

83 responses



Interpretation: The data reveals that the *Average True Range (ATR)* is the most widely used indicator for measuring asset volatility in the forex market, chosen by 43.4% of traders. ATR is specifically designed to assess price range fluctuations, making it a preferred choice for gauging volatility.

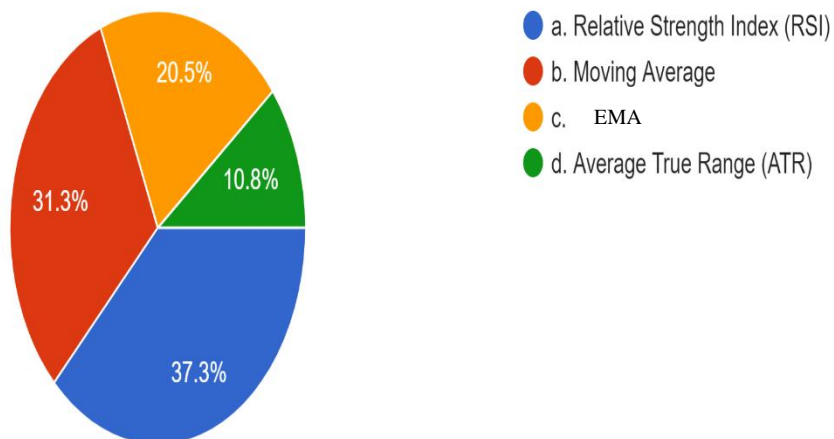
Following ATR, the *Exponential Moving Average (EMA)* is used by 33.7% of traders. While not primarily a volatility indicator, EMA's sensitivity to recent price changes can make it useful in identifying periods of increased market movement.

On-Balance Volume (OBV), selected by 15.7%, typically tracks volume momentum rather than volatility, yet it may assist in understanding price momentum, indirectly indicating volatility. *Williams %R*, at 7.2%, is primarily an overbought/oversold indicator, suggesting it's less favored for direct volatility assessment.

Overall, ATR is the preferred tool, reflecting its targeted design for volatility analysis, while other indicators offer more indirect insights.

6. Which indicator is used to assess whether an asset is overbought or oversold?

83 responses



Interpretation: The data shows that the *Relative Strength Index (RSI)* is the most popular indicator for assessing overbought or oversold conditions, with 37.3% of traders favoring it. RSI is specifically designed to identify such conditions, making it a trusted tool for spotting potential reversal points when an asset is either overbought (above 70) or oversold (below 30).

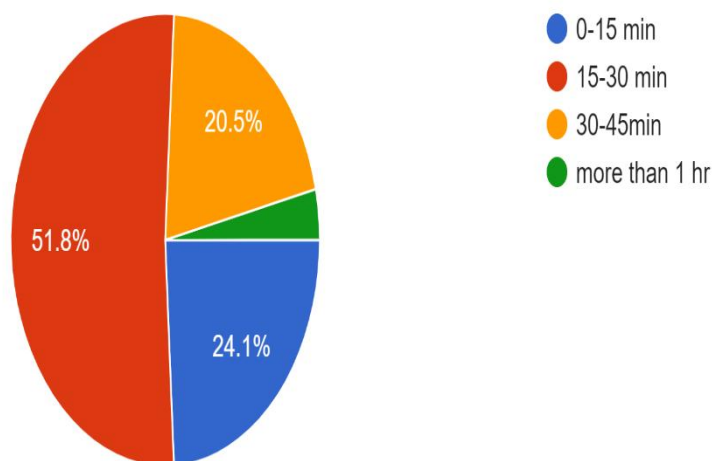
Moving Average (31.3%) and *Exponential Moving Average (EMA)* (20.5%) are also used, though they are generally trend-following indicators. Their popularity here may indicate traders rely on these averages' crossovers or deviations from price to signal potential overbought or oversold levels.

Average True Range (ATR), selected by 10.8%, is primarily a volatility measure and less commonly used for overbought/oversold assessment, suggesting it may be used more to gauge potential price movement range.

In summary, RSI is the preferred choice for identifying overbought or oversold conditions, with other indicators offering secondary insights.

7.In how much time mostly you take for a decision of buy or sell by the help of Indicators

83 responses



Interpretation : The data shows that the majority of traders (51.8%) take *15-30 minutes* to make buy or sell decisions using indicators, suggesting that this timeframe allows them to thoroughly assess indicator signals without significant delay. This reflects a balance between quick decision-making and careful analysis, likely aimed at capturing short-term market moves.

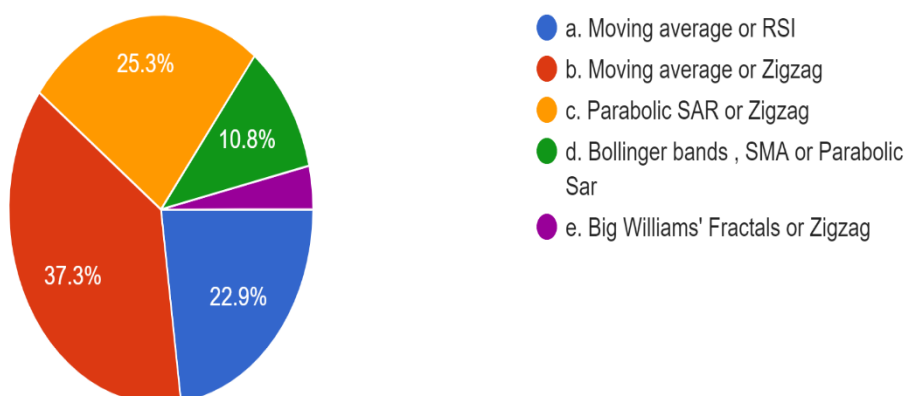
24.1% of traders make decisions within 0-15 minutes, indicating a preference for rapid, more immediate responses to indicator signals, possibly among traders focused on scalping or quick trades.

20.5% of traders take 30-45 minutes, which may allow for more confirmation across indicators or higher confidence in decision-making. Only *3.6% take over an hour*, suggesting that most traders prioritize timeliness to capitalize on short-term trends.

Overall, the preference leans heavily towards making relatively quick decisions (within 15-30 minutes) to maintain agility in a fast-paced forex market.

8. Which of the combination of indicators is commonly used to identify trend direction in the forex market?

83 responses



Interpretation: The data indicates that the most popular combination of indicators for identifying trend direction in the forex market is *Moving Average or Zigzag*, used by 37.3% of traders. This combination is likely favored because the Moving Average helps identify the overall trend direction, while the Zigzag indicator filters out minor price fluctuations, providing a clearer picture of major trend shifts.

Following this, *Parabolic SAR or Zigzag* is chosen by 25.3% of traders, as both indicators highlight potential reversals and continuation points, enhancing trend clarity.

Moving Average or RSI is used by 22.9%, combining trend-following (Moving Average) and momentum (RSI) for a comprehensive view of trend direction and strength.

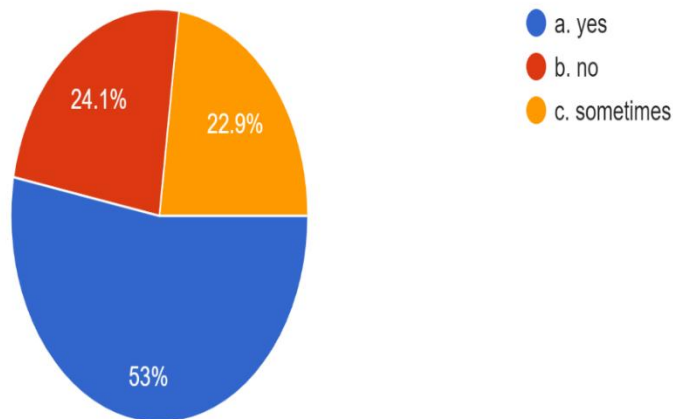
A smaller percentage (10.8%) use a more complex mix of *Bollinger Bands, Simple Moving Average, and Parabolic SAR*, likely aiming to gauge volatility, trend direction, and reversal points simultaneously.

Finally, *Big William Fractals or Zigzag*, used by 3.7%, reflects a niche approach, possibly to capture trend extremes and market turning points.

In summary, combinations that include the Moving Average are preferred, emphasizing its central role in trend identification.

9. what is your opinion that when market is volatile then indicator or technical tool is working ?

83 responses



Interpretation: The data suggests that a majority of traders (53%) believe that indicators or technical tools are effective even in volatile market conditions. This likely reflects confidence in technical tools' adaptability to rapid price changes, as certain indicators—like Average True Range (ATR) or Bollinger Bands—are specifically designed to handle high volatility by providing insights into volatility levels, potential breakout points, and trend reversals.

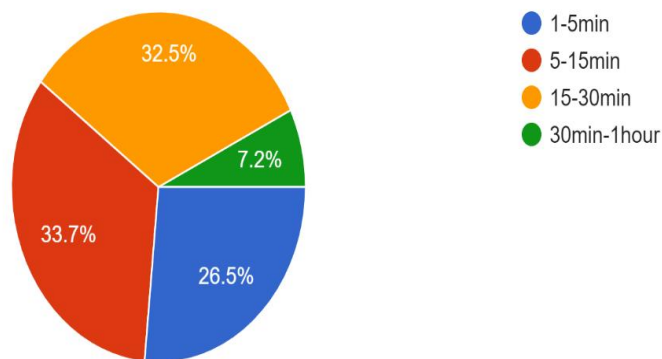
On the other hand, 24.1% of traders do not find indicators reliable in volatile markets. This group may feel that erratic price swings can lead to misleading signals or false breakouts, making indicators less effective or even risky.

The remaining 22.8% believe that indicators work *sometimes* in volatile markets. These traders may view technical tools as conditionally useful, effective during certain types of volatility but unreliable in extreme or unpredictable scenarios.

Overall, while most traders maintain confidence in technical tools during volatile periods, a significant minority express caution, acknowledging the potential limitations of indicators under fast-moving conditions.

10. In which time frame, indicator is mostly working?

83 responses



Interpretation: The data shows that the most favored time frames for using indicators in the forex market are *5-15 minutes* (33.7%) and *15-30 minutes* (32.5%), suggesting that traders often prefer short to medium time frames for making quick decisions. These time frames likely strike a balance between providing sufficient market data for analysis while enabling rapid responses to price movements.

26.5% of traders prefer the *1-5 minute* time frame, which indicates a preference for very short-term trading, likely among those engaged in scalping or fast-paced trading strategies. This time frame allows for frequent trades based on quick indicator signals.

Finally, *7.2% of traders* use the *30 minutes to 1 hour* time frame, indicating a smaller group who might prefer more extended decision-making periods, focusing on slightly longer-term trends or less frequent trades.

In summary, indicators are most commonly used in the 5-30 minute range, suggesting that traders favor quicker, more frequent analyses in a fast-moving forex market.

Chapter 6: FINDING AND SUGGESTION

FINDING

- I. Fundamental analysis examines macroeconomic indicators (interest rates, GDP, inflation) to gauge a currency's intrinsic value, whereas technical analysis focuses on historical price data and trends to predict future movements.
- II. Fundamental analysis is better suited for long-term market perspectives, while technical analysis is primarily used for short- to medium-term trading, appealing to day traders and swing traders.
- III. Fundamental analysis assumes markets can be inefficient and slow to reflect new information, while technical analysis operates on the belief that all available information is already priced in and that prices follow identifiable patterns.
- IV. Technical analysis is heavily influenced by market psychology and sentiment, while fundamental analysis is less reliant on behavioral factors, focusing more on economic fundamentals.
- V. Many forex traders integrate both approaches, using fundamental analysis to understand long-term trends and technical analysis to optimize entry and exit points, potentially achieving more balanced and accurate strategies.

SUGGESTION

- I. These chart patterns help the investor for finding better stock and for trader it helps to the take a decision that the market will go or down in the future or option segment. But it is necessary to read the pattern because lots of time when market show like these patterns but there is fake movement show it is always read the market condition in the different time frame and use tools like SMA to take a right decision. In derivative market, if we use technical analysis then it is chances to make the right forecast in the market.
- II. Everyone must read and knowledge about these chart pattern because in different timeframes like 1min, 2min, 10min, or 30min where the pattern formed, we can see

according to the time frame. But lots of time in 1 min time frame is high volatility and may be chances of wrong prediction in it so it is good for more than 10 min time frame but here, 90% of aggressive traders lose their money due to short - term analysis, where the pattern does not work properly.

- III. If a better understanding of Support or Resistance, it can easily analyze the formation of a pattern and use the stop loss in a better way to protect the loss in the market. Because every single candle is formed by support and resistance or maybe formed by support or resistance itself so we can take a decision easily about what should be stopped loss in the current market. So, you can think how much the importance of chart pattern Support or Resistance in stock market Trading.

CHAPTER 7: LEARNING

- I. Fundamental analysis is typically more effective for long-term strategies, as economic changes impact currency values over time, whereas technical analysis better suits short-term and intraday trading due to its focus on price action.
- II. Market sentiment plays a significant role in technical analysis, as it reflects collective trader behavior, while fundamental analysis is less influenced by sentiment, instead emphasizing macroeconomic indicators and events.
- III. Both analysis methods have limitations: fundamental analysis may struggle during unpredictable geopolitical events, while technical analysis can be less reliable in volatile, unpredictable markets where price trends break down.
- IV. Combining both analyses can provide a balanced strategy, where fundamental analysis informs long-term perspectives and technical analysis assists with timing, leading to more informed trading decisions and potentially better risk management.
- V. Fundamental analysis relies on economic data, financial reports, and news, while technical analysis depends on charts, indicators (moving averages, MACD, RSI), and price action tools to identify patterns and entry/exit points.

CHAPTER 8: CONCLUSION

Forex market is a very volatile market that's why some people choose either to stay away or invest veryless. Some invest without even analyzing the market. But if we have proper knowledge then an investor can gain a lot. Investing without knowledge will give us nothing. So, if we ever think to invest in currency and commodity market we should do proper analysis.

Fundamental as the word suggest will give us the basic knowledge of the happening in the economy. This acts as a very powerful indicator because the economy of nation is the first thing a person should analyze while investing.

Technical is the statistical measure that gives us the analysis. We should check all the technical indicators before investing. If more than 50% of our indicators suggests buy, then we should go for it.

CHAPTER 9: Bibliography

<https://in.tradingview.com/chart/eaEVWYGI/?symbol=OANDA%3AEURUSD>

<https://www.babypips.com/>

<https://www.forexfactory.com/>

[book: Encyclopedia of Chart Patterns” by Thomas N. Bulkowski](#)

[Book: “Technical Analysis Explained” by Martin J. Pring](#)