

Title:

Understanding Forex - #3 - Fundamental Analysis.

Word Count:

350

Summary:

This is a series of articles about The Foreign Exchange Market. You will learn here what Forex is , how it works and how profitable it can be. The whole series contain the following articles . . .

Keywords:

forex, forex market, forex strategies

Article Body:

This is a series of articles about The Foreign Exchange Market. You will learn here what Forex is , how it works and how profitable it can be. The whole series contain the following articles . . .

1. What is Forex
2. Technical analysis
3. Fundamental analysis
4. Money management
5. Compound interest

Fundamental analysis.

Forex fundamental analysis strategies consist on studying economic factors of a country to forecast the future value of its currency. This includes, but it is not limited to: economic condition, monetary policy, etc.

Fundamental analysis focuses on studying economic, social and political factors that drive supply and demand. Some important indicators are interest rates, inflation and unemployment. Political decisions are also important.

Bellow you can find some of the most important fundamental analysis indicators and their definition. You can learn more about these indicators and how they are

used on www.investopedia.com.

Producer Price Index - PPI

A family of indexes that measures the average change in selling prices received by domestic producers of goods and services over time. PPI measures price change from the perspective of the seller.

Consumer Price Index - CPI

A measure of price changes in consumer goods and services such as gasoline, food and automobiles. Sometimes referred to as "headline inflation".

Gross Domestic Product - GDP

The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

It is important that you pay attention to financial news when you trade using a fundamental analysis trading system. You can find financial news on the following websites . . .

1. www.bloomberg.com
2. www.businessweek.com
3. money.cnn.com
4. www.economist.com
5. news.ft.com/markets/currencies
6. www.fxstreet.com

Fundamental analysis is very important as you can see, but it is also important to implement some other techniques on your trading strategies. You can learn about other aspects about Forex trading like technical analysis and money management in my other articles on this series.

