

Title:

World Events and Wise Forex Trading.

Word Count:

515

Summary:

Forex trading is subject to world events happening everyday and the more chaotic these events become, the higher the risk a forex trader must face.

Keywords:

forex, forex trader, forex trading, forex trade, forex broker, moving averages, forex education, forex articles,

Article Body:

Forex trading has the great potential of becoming a profitable and fulfilling career that will let you have a lifestyle that few other lucrative activities in the world can offer to people from many roads in life and without asking any of those men and women for a diploma or some special certification.

But Forex trading is not easy; it may be simple to enter and place your first trade but becoming a profitable trader is a different thing. You will need to acquire the right knowledge and techniques in order to understand and know when to enter or leave a trade always fulfilling the main objective every trader must have; making money.

There are two kinds of analysis you can perform on the Forex markets. They are known as technical analysis and fundamental analysis. It is common that traders tend to divide themselves into "technical" and "fundamentalists". Each group devoting themselves to the main tools each kind of analysis gives them.

Technical forex traders base their trading on the analysis of the charts and the number of indicators derived from the plots of price oscillations and patterns. Meanwhile Fundamentalists traders base their trading mostly on the fundamental numbers and economical indicators of countries economies. Though, even if divided, both tendencies tend to complement each other to some degree.

In this article I will place myself on the "fundamentalists" side and focus on one of the situations every forex trader must be aware of and don't let the events involved affect his trading efforts.

This risky situation is that when unprecedented chaotic world events start to

develop as the trading day goes on. The power of the media (tv, internet, printed) can magnify and sometimes it may even distort the events taking place and impacting the trading journey in a significant manner. The result of this magnification and rapid diffusion of the news about the series of unfavorable events taking place is an increased atmosphere of fear, confusion and uncertainty in the trading world. And fearful traders are not prone to make the best trading choices because they have given themselves to panic and emotional reactions instead of reasoned and intelligent decisions.

If you need to have more specific examples of these kind of events you can search a bit inside your memories and consider the impact of just a few types of unfavorable chaotic world events as the political upheavals or corporate scandals of companies as; Enron, WorldCom, or of people as the case of Martha Stewart trial, etc. There is also the example of the terrorist attacks on Sep 11 in New York, March 11 in Spain, etc. Also natural disasters: tsunamis, earthquakes, floods, freezes, droughts, hurricanes along with wars can cause great disruption in a trading journey.

In short, every forex trader should be totally sure that his method of trading has built-in safe guards (stops, limit orders) to prevent a major financial loss from his trading account in case any of the unfavorable events I mentioned above ever takes place. And being realistic, many of those events will surely happen in the future.