

## Title:

Forex Trading: The Perfect Forex Trading System

## Word Count:

596

## Summary:

Trading the Forex market has become very popular in the last few years. But how difficult is it to achieve success in the Forex trading arena? Or let me rephrase this question, how many traders achieve consistent profitable results trading the Forex market? Only 5% of traders achieve this goal. One of the main reasons of this is because Forex traders focus in the wrong information to make their trading decisions and totally forget about the most important factor: Price behavior.

## Keywords:

Forex trading, forex trading system, forex system, forex training, forex trading course

## Article Body:

Trading the Forex market has become very popular in the last few years. But how difficult is it to achieve success in the Forex trading arena? Or let me rephrase this question, how many traders achieve consistent profitable results trading the Forex market? Unfortunately very few, only 5% of traders achieve this goal. One of the main reasons of this is because Forex traders focus in the wrong information to make their trading decisions and totally forget about the most important factor: Price behavior.

Most Forex trading systems are made off technical indicators (a moving average (MA) crossover, overbought/oversold conditions in an oscillator, etc.) But what are technical indicators? They are just a series of data points plotted in a chart; these points are derived from a mathematical formula applied to the price of any given currency pair. In other words, it is a chart of price plotted in a different way that helps us see other aspects of price.

There is an important implication on this definition of technical indicators. The fact that the readings obtained from them are based on price action. Take for instance a long MA crossover signal, the price has gone up enough to make the short period MA crossover the long period MA generating a long signal. Most traders see it as "the MA crossover made the price go up," but it happened the other way around, the MA crossover signal occurred because the price went up.

Where I'm trying to get here is that at the end, price behavior dictates how an indicator will act, and this should be taken into consideration on any trading decision made.

Trading decisions based on technical indicators without taking price action into consideration will give us less accurate results. For example, again a long signal generated by a MA crossover as the market approaches an important resistance level. If the price suddenly starts to bounce back off that important level there is no point on taking this signal, price action is telling us the market doesn't want to go up. Most of the time, under this circumstances, the market will continue to fall down, disregarding the MA crossover.

Don't get me wrong here, technical indicators are a very important aspect of trading. They help us see certain conditions that are otherwise difficult to see by watching pure price action. But when it comes to pull the trigger, price action incorporation into our Forex trading system will definitely put the odds in our favor, it will generate higher probability trades.

So, how to create a perfect Forex trading system?

First of all, you need to make sure your trading system fits your trading personality; otherwise you will find it hard to follow it. Every trader has different needs and goals, thus there is no system that perfectly fits all traders. You need to make your own research on various trading styles and technical indicators until you find a concept that perfectly works for you. Make sure you know the nature of whatever technical indicator used.

Secondly, incorporate price action into your system. So you only take long signals if the price behavior tells you the market wants to go up, and short signals if the market gives you indication that it will go down.

Third, and most importantly, you need to have the discipline to follow your Forex trading system rigorously. Try it first on a demo account, then move on to a small account and finally when feeling comfortably and being consistent profitable apply your system in a regular account.