

Title:

Forex Technical Analysis: The Art of Predicting the Future by Studying the Past

Word Count:

494

Summary:

Prices move in trends and over 100 years of research has shown that those who trade "with the trend", have often, greatly improved their chances of winning in the forex markets (i.e., making a profitable trade).

Keywords:

Forex, forex trading, forex broker, forex account, forex day trading, forex system

Article Body:

Technical Analysis is the easiest and most precise way of trading the FOREX market known by the forex traders community. All available information on any particular currency, and its impact on traders, and the market, are already reflected in a currency's price. The foreign exchange market is mostly composed of trends and is, therefore, a place where technical analysis can be used very effectively. Experience in trading has shown that history repeats itself - over time, certain chart patterns become consistent, predictable and very reliable. The problem is being able of spotting them. There's always more than meets the eye at first glance.

Prices move in trends; and the traders who don't know this fact obviously have no need to implement a trading methodology on technical analysis, they haven't even realized yet. But, over 100 years of research has shown that those who trade "with the trend", more often than not, greatly improve their chances of winning in the forex markets (i.e., making a profitable trade).

Many times finding the prevailing trend will help you become aware of the overall market direction and offer you better visibility--especially when shorter-term movements tend to clutter the picture. And many times following the trend will bail you out of an initially less than great entry point.

The main question you may be asking yourself by now is; how does technical analysis help you to determine what the trend of the market is and how does it help your efforts to trade with the trend and not against the trend?

It is important to mention that no one is claiming technical analysis as the "magic bullet" of trading . And if you ask, which indicators are better in Forex trading? The answer is none - technical indicators should simply be components of your overall customized / personalized trading system and not systems in and of themselves. They are like tools in a tool kit, not the kit itself!)/

As a Forex Technical Trader, your goals are:

#1) To figure out the price action of the currency pair. Price is the main concern. If the EUR/USD is at 1.3226 and goes to 1.3219, 1.3112, 1.3008 - the market is in a down trend. Despite what every technical indicator might predict, if the trend is down, stay with the trend. Indicators showing where price will go next or what it should be doing are useless. A trader need only be concerned with what the market is doing, not what the market might do. The price tells you what the market is doing.

#2) To always remember that technical indicators are only giving you confirmations based on what the market is telling you. So listen and pay close attention to the market and let it dictate which method you will use and which tool you will pull out of your bag of strategies and techniques. For only by listening to the markets will you ever be able to conquer it successfully and become a profitable trader.