

Published based on [The Forex Market, Methods Of Analysis.](#)

The Forex Market, Methods Of Analysis.

The methods of analysis of the Forex market.

1. Technical analysis.
2. Fundamental analysis.
3. Advantages of technical analysis over fundamental.

1. Technical analysis.

The basic of technical analysis is studying charts of currency rates' fluctuations. A chart shows that influence of the fundamental factors on changes of prices. Making technical analysis you should take into account the following factors:

1. A chart shows all the information about the market.
2. History has a tendency to repeat itself. So, you need to research the past if you want to know what is going to happen in the future.

On the basis of the factors written above, the method of the market analysis is based -- technical analysis.

2. Fundamental analysis.

Fundamental analysis includes the analysis of economic and political state of the countries, which currency are traded on the Forex market. The task of fundamental analysis is to estimate probable influence of one or another events on currency rates fluctuations.

Fundamental analysis also includes the analysis of economic indicators. They are regularly published and give an opportunity to research the tendencies of the economies in different countries. The results of such researches allow traders to explain the current fluctuations of currency rates and to predict future fluctuations.

3. Advantages of technical analysis over fundamental.

1. Fundamental macroeconomic analysis is very difficult. In the most cases it is just impossible to take into account all the factors that influence on the Forex market. Technical analysis is much more simple, because it makes a research of a single object, that is a chart of a price changes.
2. Technical analysis has a large number of supporters, who are active participants of the Forex market. They use the same charts, and doing that they get similar results and make the same conclusions. In its turn, this mass coordination influence on prices fluctuation and makes it form to an advantageous direction. Thus, self implementation of the forecast happens.
3. Technical analysis is universal. A trader can use it on different financial markets almost without any changes.
4. A trader may use software for technical analysis. There are programs that make technical analysis of the Forex market for you. But there are different opinions about the usage of such programs. Some traders agree that such programs really make the work easier, and some think that any program can make analysis of the market better than a human. So, this is only your decision if to use or not to use a program for technical analysis of the Forex market.

Experienced and successful traders also affirm that the best variant is to use both methods of analysis as technical as fundamental. And they are right actually. fundamental analysis is not easy, but it provides a trader with a very useful information.

As in every other sphere of our life foreign exchange market needs some knowledge.

Surely, you can start [forex investment](#) and get quite successful in it. However sooner or later the losses will come. It is precisely when you might think "Why did I fail to start with a good [forex trading](#) education?"

This does not imply that after reading even the greatest materials you will start closing trading positions with huge income, but this knowledge will save you from lots of traps. And even if you decide to get the assistance of a [managed forex account](#) service, still you will make a much wiser decision.

And some general tips - today the online technologies give you a truly unique chance to choose exactly what you want for the best price on the market. Funny, but most of the people don't use this opportunity. In real practice it means that you must use all the tools of today to get the info that you need.

Search Google and other search engines. Visit social networks and check the accounts that are relevant to your topic. Go to the niche forums and join the discussion. All this will help you to create a true vision of this market. Thus, giving you a real opportunity to make a smart and nicely balanced decision.

P.S. And also sign up to the RSS on this blog, because we will do everything possible to keep updating this blog with new publications about Forex currency trading.