

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

# **The Forex Market, The Psychology Of The Market.**

Psychology of human personality is the key to understanding of events that happen on the financial markets and behavior of a trader on the stock trade.

Any person feels emotions: fear, greed, hope, doubts, and instinct of self-preservation. And these emotions are shown up in the hard rhythm of making decisions during active stock trade.

A trader must use the knowledge of psychological regularity in humans' behavior and the trader's own behavioral special features. As a beginning trader before his/her input to the market, and as an experienced stock player has this rational motivation.

Trade psychology on the Forex market says: slight greed means not many arranged transactions and a lot of lost possibilities. In this case, for a person it is better to be involved in some other kind of business that is more "calm". If you feel excessive greed, then it is better for you to play in a casino as it would be less ruinous for you and this also will allow you to feel that risk that you want to.

Irrational motivation.

If you work under the control of irrational motivation you are running risks to lose everything immediately. Every trader must be passionate, but at the same time a trader can not give way to his/her own emotions, making decisions a trader must be guided only by his/her own common sense. It would be very reasonable to make a financial plan in advance and to work on this plan. You also should not tell to others about your opened positions and to be interested in their opinion about your actions in order to avoid losses.

Hope and expectations.

Doing any job any person first of all strives for the natural result -- to earn money. The Forex psychology assumes that the hope of getting profit from transactions makes a trader make one or another decisions. However, you shouldn't rely on hope only. First of all, you should be guided by your reason and sober calculation. The majority of beginning traders who rely on hope only, come to inevitable ruin.

Hope defines behavior of a trader in two basic cases:

At the moment of input to the market a beginning trader is full of hopes of profitable success, and that defines the trader's behavior on the financial market.

But when the trader incurs losses at the first time, he/she hopes that the situation would change to the better. Three stages of development and hope existence can be observed in this case. Incurring insignificant losses, possible at the first stage, hope is still alive and it's even natural at the real forecast giving confidence of your own actions, that you undertake according to the plan.

Further, when losses can increase, hope reaches the maximum. The psychology of the Forex market is that the most difficult at this stage is to estimate the real situation, without relying on hope. In this situation it is better to count on reason and to supervise your desires. Practical calculation will help to avoid risky actions or risky inactivity.

At critically losses the hope already definitively leaves the trader, leaving despair. It occurs to weak and beginning traders. The sensation of emptiness, animosities of world around comes to such moments. Almost each participant of stockjobbings has had this feeling. If it is possible to endure last stage of hope, the person becomes the taken place trader. Having given in to a panic, the trader risks to feel fear at decision-making in the subsequent trading practice.

Fear

Fear differently influence on people, it mobilizes someone for making a reasonable decision and operative actions for improving a critical situation, and it also may provoke someone provokes for making mistakes. Here it is important to stop in time in order not to lose all. Arranging mutually exclusive transactions can lead to losses too. At change of quotations a trader has to undertake adequate actions that won't allow iridescent dreams to turn in the failed hopes.

The main thing is not to fuss, and to work according to the made plan. Only reasonable steps can lead you to the desired success.

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

Surely, you can start [forex investment](#) and get quite successful in it. But sooner or later the losses will come. This is when one might think "Why didn't I start with a good [forex trading](#) education?"

That does not mean that after reading even the top materials you will start closing trading positions with huge income, but this knowledge will save you from many dangers. And even if you decide to get the help of a [forex managed account](#) service, still you will be able to make a much wiser decision.

And a final piece of advice - today the web technologies give you a really unique chance to choose what you want at the best terms which are available on the market. Strange, but most of the people don't use this opportunity. In real life it means that you must use all the tools of today to get the information 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 build up a true vision of this market. Thus, giving you a real chance to make a wise and nicely balanced decision.

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