How to Profit from Markets by Technical Analysis?

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In forex markets, most investors use technical analysis. Compared with fundamental analysis, technical analysis has many advantages. The most obvious one, for me, is that technical analysis can efficiently capture short-term trading opportunities and profits. It does not need to spend too much time studying the country’s economic data and policy direction, which effectively saves traders’ research time and simplifies the transaction.To get more news about WikiFX , you can visit wikifx official website.

How to profit from markets by applying technical analysis? In fact, there are many different methods of technical analysis. Some people use technical indicators to identify market trends and turning points. Some use typology to capture the possible future trends of markets. Others use pure K-Bar to analyze the strength of the market's rise and fall, and to determine the possible trends of markets.

For these methods, Lewis lists the following instructions for investors' reference:

First, Technical Indicators

According to the functions, technical indicators can be simply classified as trend indicators and swing indicators. The functions of the two indicators are different, which is key for investors to learn how to use them.

Trend indicators: mainly to help investors identify market trends. The most common trend indicators include Moving Average (MA), MACD and Bollinger. These technical indicators can help investors by providing good and clear guidance of market directions, but if you use trend indicators as a basis for buying and selling, you will find that the position of entering and exiting the market cannot be well grasped. The main reason is that the core focus of trend indicators is to provide directions rather than a reminder of buying and selling signals. Therefore, it is easy to buy too late and sell too early. At this time, swing indicators must be used.

Swing indicators: mainly to assist investors in identifying turning points in the market. The most common swing indicators include KD (Stochastic Indicator), RSI (Relative Strength Indicator) and William indicator. The purpose of these technical indicators is to help investors grasp key short-term turning points. But the biggest disadvantage is that it cannot provide clear guidance on the direction of the market trend, that is, it cannot assist investors in analyzing the trend direction.

For investors who use technical indicators to trade, Lewis suggests that two different types of indicators must be used in analyzing markets and deciding where to enter and exit the market. For example, if investors find that the EUR/USD is in an upward trend by the MACD indicator, the winning ratio can be effectively increased by using the swing indicator of KD indicator which pays attention to the buying signal of golden cross.

Second, Pattern Trading

Pattern is the main trading system used by many traders in the world. The so-called pattern refers to the identification of the possible fluctuation direction of markets by analyzing a series of K-bar patterns and other patterns and summarizing through historical verification. Various patterns have proved to be easily recurring graphics. For example, many investors pay attention to patterns, such as double bottoms, M-shaped heads and box-shaped interval oscillations. Once these patterns have a breakthrough or break signal, they provide a very significant trading signal, by which investors can make transactions.

Third, Multiple Time Frame Analysis

The so-called Multiple Time Frame (MTF) refers to the simultaneous analysis of the multi-period conditions (D1/H4/H1/M30/M15..., etc.) of the same commodity, which gives markets the correct trend points. For example, investors can analyze that the trend is upward through the H4 time axis. In order to grasp a better entry layout, investors should focus on the key entry position layout in a smaller time zone.

For example, once investors find that the price is on an upward trend when observing the H4 chart of the gold commodity (XAU/USD), they can find a better entry position in H1 and M30. At this time, if they cut into the position of gold purchase and look for a key entry position from the hour zone, the subsequent winning rate can be effectively improved under a long-term bullish situation.

I'm the core focus of market planning through typology, which is assisted by certain technical indicators and MTF technology. They prove to be a good trading strategy and technology for newcomers as the winning rate can be effectively maintained above 75% in the long run. I would suggest that you should first use technical indicators to try to capture trading opportunities, and then use the advanced multi-period technology of MTF to strengthen the winning rate of the operation.

I think that with a good stop-profit and stop-loss strategy, a good technology and a good mentality, there will be a chance to make long-term profits from markets. Investors who are interested in tracking down roads are welcome to follow the Instagram: Lewisforex2020.

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