

Forex Volume - Trading Using Volume

Why is Volume Important

Let's take a look at why Volume is important. Currency price moves up and down at different speeds. Sometimes a price change can rocket up over a 15 minute period, Volume always increases when market activity increases. In fact, that is exactly what market activity means. Also, when the market activity (Volume) is low, one can expect a slower moving market. Once market activity (Volume) increases, pricing usually stays in the same direction. Let me give you an example. The USA market opens and for the first 2 hours the volume is low, and the price of the EUR/USD remains about the same. Then, things start to happen. The USD begins to fall, and at the same time the Volume increases from 20% to 30%. A huge 10% increase in Volume. As the Volume stays at 30%, the price continues to fall. This makes perfect sense. You stay hold the trade. Now what? You are looking for the change in Volume. If the Volume increases or stays the same, then you continue to hold your position. If the market Volume returns back to 20% or lower, then it is time to liquidate your trade. Currency trading can be understood simply by reading the Volume.

How Volume Indicators Work

It's actually very simple. Each time there is a price change, a tick counter counts the tick. If the tick is up, then it adds 1 to the total of earlier ticks. If the price is down 1 pip, then it also adds a number 1 to the earlier total. No matter if the price is up or down, the number value 1 is added to the previous total, and this is displayed using a vertical bar. At the end of each period 1 minute, 15 minutes, 30 minutes...ect. The entire process begins again at zero.

Is your Volume Indicator really a Tick Counter?

Here is an easy test.

1. If your Volume indicator always moves up, and never moves down it is a tick indicator.
2. If your Volume indicator always displays zero at the beginning of each period it is a tick counter.

ProScan™ from Forex Global Center

Now see what a real Volume indicator looks like. Start using the tools professionals use. Don't get caught in a range trade, or even worse, lose your profits because you are not able to see changes in Volume. See if Forex Global Center has what you are looking for?

About the Author

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ProScan™ trading modules will provide you with Forex signals used by professional traders. Watch the free video tutorials and learn how to make successful trades. www.forexglobalcenter.com

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