

## Simple Successful FOREX Technical Analysis Basics

What are the most simple things you studied or knew in technical analysis that you can use in FOREX trading?, of course most will answer this without even thinking about it, trend lines, resistance and support points and moving averages. The more professional traders will think more about it and would answer Yes, trend lines, resistance and support points and moving averages but who can use them alone successfully in trading FOREX?". Here it is my turn to answer, trend lines, resistance and support points and moving averages are the best simplest ways to achieve success trading FOREX and keep in the positive area always. Just to make it simple we need first to state the definition of these tools and later to know how to use and apply them to our chart in order to succeed and build a real FOREX fortune.

1. Trend Line : Trend line is the line that we can draw between two or more price tops or bottoms on a chart whatever was the type of the chart linear, bars or candlesticks", this line itself which could be an uptrend line which is being drawn between bottoms in a bullish market and it becomes a good support if the price goes south again or a downtrend line which is being drawn between price tops on the chart when market is down and it considered as a resistance when the price turns to up direction. Note: The line which touches more tops or bottoms is more stronger and the signal produced by it is more reliable.
2. Trend Channel : A trend channel is the space between two lines, the trend line and a parallel line to it which is always drawn on the opposite side of the trend line so it is drawn between tops in an up trend direction or through bottoms in a bearish price movement. The trend channel requires some conditions to give an accurate signal, the most important are: to be a wide channel, more wider more reliable and to last more longer.
3. Moving Average : Moving average is a mathematical average of set of prices we can say that a simple moving average (SMA) with value of 5 and applied to close is the sum of close prices for 5 moving bars on the chart divided to 5 (eg. the average of Friday is the sum of the previous 5 days week" on a daily chart divided to 5, while Thursday's average is the sum of the 5 days before divided to 5 and so, the moving average is the line which passes through these averages points", the most important condition for its reliability is its value, more greater value more reliable moving average. Note: I suggest using more than one moving average, 2 or 3 are acceptable.
4. Support And Resistance Points : Support points are the price points were tested more than two times when price was going south and it could not pass it, support points are completely the opposite. These points are being used to measure the probability of price turning at mean points, these points can be decided by using pivot points, fibonacci rates....etc." Note : The more times price touches a point and turn its direction the more stronger it is. How can we apply this to chart and get money, I'll summarize this in the following chart image, it explains itself, it's a chart for GBP/JPY, signal return was 1000+ pips in 2 days: Three moving averages were going south, trend line was broken price in green circle" a good support point 23.6% fibonacci was nearly broken", strong signal, yes? For the chart please visit MoneyTec The best resource for FOREX trading is MoneyTec, - Active Traders Community Forum, Chat. MoneyTec is an online trading community that promotes mature, intelligent & respectful discussion in a positive & safe environment for everyone.

## About the Author

Balayya is an active trader at [MoneyTec](#) MoneyTec, - Active Traders Community Forum, Chat. MoneyTec is an online trading community that promotes mature, intelligent & respectful discussion in a positive & safe environment for everyone. [forum- community](#)

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