

Forex Signal Providers, Who Really Need Them?

Forex Signal provider is a professional trader who is dedicated to monitoring the market closely and is able to read the price action and can predict its future move. Based on this prediction, he can confidently generate entry signals and send it to his subscribers.

He applies his technical analysis experience in analyzing the price action on the charts to determine the proper entry price, stop loss price and the take profit price, in order to generate a winning trade with high probability.

What a signal provider do for you?

Most of forex signal providers work mostly on EUR/USD currency pair, this is may because it's the pair which constitutes about 40% of the entire forex market movement alone. Also this pair has the less spread among the other currency pairs, so it's very suitable for scalpers and short term traders (intraday traders).

When a Forex signal provider generates an entry signal and send it to his subscribers, he only send the prices' numbers for entry/stop loss/take profit values. He does not tell any information about his analytical methods which led to these values. So, His service does not add any experience to his subscribers at all, the subscriber trader only have the option to open a trading position based upon this signal or not.

That means that the trader should at least has a reasonable level of experience about technical analysis in order to have the ability to evaluate the provided entry signals himself and take the proper decision, so he uses the provided signal just as complementary information which assist his trading decision.

The common mistake which many novice traders fall in is blindly following the provided entry forex signal without even trying to evaluate it themselves. This make them can't take his responsibility for his trading decision, thus when the trade become a loser he blame the signal provider.

However, the signal provider services are very suitable for those traders who work part time, and do not have the advantage of monitoring the market all the day in order to generate their own signals. In such a case, they utilizes these services just as a timing for entering the market, these signals providers give them the exact time to enter and exit the market without the need to spend a lot of time waiting these times in front of the screen.

Final note:

As a trader, you should not rely completely on signal provider service. When you generate your own signals, you combine several trading indicators like trend lines, moving average, stochastic, in order to get a high probable trade signal. Meanwhile, providers might choose to employ just one indicator in order to generate their signals, which may not be 100% accurate. This justifies why you should compare and contrast signals between one another and for the movement of the currency price.

About the Author

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