

Forex Trading Education - The London Open Checklist

A thorough Forex trading education must include an understanding of the effect market timings can have on trading and liquidity.

One of the most active periods of the day is from the time the London market opens. Often around that time good trading opportunities will appear.

As part of your Forex trading education, learn to analyze market conditions around London open and begin to recognize good setups.

The following questionnaire and checklist will help.

London Open Preparation

About 15 to 30 minutes before London open check the answers to these questions:

- Are the MACD indicators on the 4 hour and 1 hour charts in agreement? If they are not going in the same direction be very careful!
- Is there MACD divergence on the 4 hour, 1 hour, or 15 minute chart? Look for other clues to confirm that price may go in the direction of MACD divergence.
- On the 4 hour chart what is the overall trend?
- Do a Fibonacci calculation on the last swing high and low and see if price is pulling back to an optimum retracement level or whether it is reaching a key extension level.
- Note price in relation to the 200 EMA (Exponential Moving Average) on the 4 hour, 1 hour and 15 minute charts. Is price bucking the trend? In other words, is price above the 200 EMA on the 4 hour and 1 hour chart but below it on the 15 minute? Then be prepared for price to go long at some stage. (Draw the opposite conclusion if price is below the 200 EMA on the 4 hour and 1 hour chart but above it on the 15 minute chart.)
- Are any Economic Reports imminent?
- As the candle closes on the 15 minute chart at London open, do you see any distinctive candle patterns such as tweezers, or doji's or hammers indicating price exhaustion?
- If I entered a trade right now in a particular direction, what would be the risk and where would I place my stop?

Within a few minutes of London open, if you see a number of factors converging from the analysis above, make a decision one way or the other:

- trade
- wait for clearer signals or a better entry point

Carrying out an analysis in this way each day at London open will do much to increase your Forex trading education.

It will make you aware of what is happening on the charts and in the marketplace and help you to arrive at conclusions.

There is no magic formula involved with Forex trading education. Put simply, successful Forex trading is the result of years of hard work, study, practice, and experience often gained through painful trading scenarios.

Eventually the newer trader learns mental discipline, and how to control the emotions - probably the biggest part of a Forex trading education.

Practice a procedure like the one above day after day and begin to see some progress as you get nearer the time you make profits consistently from currency trading.

About the Author

For a free pivot point calculator, Fibonacci calculator and the best free economic calendars click here: <http://www.vitalstop.com/Forex/tools.html> For a free candle & chart pattern recognition reference tool click here: <http://www.vitalstop.com/Forex/Candle-Chart-Patterns> See how to use trendlines to get an optimum trade entry point: <http://www.vitalstop.com/Forex/trendline.html>

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