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Forex signal trading has emerged as an important support service for forex traders. This service is run either by forex brokers or by independent analysts who monitor and analyze the forex market. These analysts identify forex trends using several indicators. Based on this analysis, they suggest profitable entry and exit points to forex traders for a fee.

Most analysts offer signals for only the most popular currency pairs, such as EUR/USD, USD/JPY, GBP/USD and USD/CHF. However, there are some specialty services also that offer signals for the lesser-traded pairs.

The charges for these services vary from analyst to analyst, and depend upon the range of services bought by the trader. For instance, a basic subscription service offers email alerts of entry/exit opportunities to traders while a more comprehensive service provides this information through SMS, cell phone or pager alerts also.

Some signal trading services also provide live charts for the traders to make their judgment. Irrespective of the level of service, a trader should be prepared to pay a minimum subscription fee of \$100 a month.

However, the success of a forex signal service should not be measured in isolation or over a relatively short period of time. The traders should use these signal services only as an extra indicator, as one more tool in their trading toolbox. A good way to judge the analytical skills of signal trading service is to ask for historical data. This can expose the claims of trading signal service.

The biggest benefit of signal trading services is that they save the traders the bother of analyzing or crunching data. However, this does not mean that the traders should depend upon them exclusively to maximize their profits or minimize their losses. This should happen only when the traders develop sufficient trust in certain signal trading services. Otherwise, the traders should use their own judgment and market grapevine to decide the trades.

While Forex signal trading gives the trader's one more analytical tool, each trader must use his or her best judgment before making the trade. Forex signal trading software is a great tool, but should never be used solely to base the trade decision upon. You would be better off relying on your past experience and gut instinct when analyzing signal trading data. You will also want to rely on your basic fundamental analysis. Forex traders using fundamental analysis rely on news reports to gather information about unemployment rates, economic policies, inflation, and growth rates.

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About the Author

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