

Forex Training Summary and Quiz

Forex Technical Analysis

Technical analysis examines historical rates in an attempt to identify future trends.

Using charts and graphs illustrating historical performance, technical analysts attempt to identify trend reversal points to take advantage of buy and sell opportunities.

Technical analysts are also known as chartists.

It is important to use chart refresh frequency intervals that match your trading style - the shorter the time frame you tend to hold trades open, the more frequently your charts must be updated.

Trend lines are used to identify *support* and *resistance* levels. A support trend line crosses the lowest price levels the market has allowed the rate to fall, while a resistance trend line crosses the highest price levels the rate has obtained before reversing.

Bar charts show four important pieces of information in one chart:

1. Highest rate for the period
2. Lowest rate for the period
3. Period opening price
4. Period closing price

Candlestick charts are similar to bar charts but also show the current market direction and the degree of rate movement.

Fibonacci Ratios placed on a price chart are used to help identify potential retracement levels.

Oscillators can help identify momentum for a given currency pair. Moving averages and trend directional identifiers are the most commonly-used oscillators.

Putting It All Together

1. Using charts and graphs that track historical performance, _____ attempt to identify trend reversal points to take advantage of buy and sell opportunities.

- market makers
- regulators
- spread betters
- technical analysts

2. Technical analysts are also known as _____.

- chartists
- fundamental traders
- day traders
- hedgers

3. A _____ trend line crosses the lowest price levels the market has allowed the rate to fall.

- straight
- resistance

support
fluctuating

4. The existence of a "double-top" in a price chart suggests _____.

- a likely continuation of the current price trend
- a descending price that is likely to reverse
- an ascending price that is likely to reverse
- a ranging market as traders try to determine future market direction

5. Bollinger Bands measure _____ for a currency pair.

- the direction and strength of rate movements
- the degree of volatility
- the present value
- the likelihood of a profitable trade

6. When viewing Bollinger Bands on a price chart, the wider the _____, the greater the volatility.

- exchange rate spread
- price chart
- ask price
- price bands

7. When viewing a candlestick chart, a hollow candlestick body _____.

- shows overall market volatility
- shows the opening price at the bottom of the body, while the top indicates the closing price.
- has no significance
- shows the closing price at the bottom of the market, while the top indicates the opening price.

8. A _____ trend line that crosses the highest price levels the rate has obtained before reversing.

- straight
- resistance
- support
- fluctuating

9. Fibonacci Ratios are used by some traders to _____.

- hedge currency exposures
- identify potential retracement levels
- identify "double-tops" and "double-bottoms"
- decipher candlestick patterns

Score 9/9

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