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Technical Analysis Software - Five Features That Make Trading simple and easier by Jemes Smith

Article published on July 2nd 2012 | Investing

In forex trading, there are several ways to analyze the movements of the market and its trending behavior. One of the major methods used in the market today is Technical Analysis. Generally, this type of analysis is the observation of the prices on the market and how their changes can affect or predict future movements. Technical analysis software are computer programs used to help analyze the raw data from the markets and present them to the user in a more understandable and organized form.

Basic Principles of Technical Analysis

The most important feature in analysis software is that it can follow the basic tenets of technical analysis. To better understand why the software provides the particular information, or how it comes up with the data, it is important to have a basic knowledge on how this type of analysis works and what are the basic principles behind it. First, this type of analysis focuses on price movements alone and not any of the other factors that have any effect on the market. Second, the system relies on patterns of price behavior considered by experts as significant in predicting future movements of the market. Finally, patterns can only be recognized because it is accepted that, in the market, history repeats itself, and many movements can be predicted by the analysis of similar patterns in the movement of prices. Stock trading software are great tools for technical analysis because of its capability to analyze great bulks of data and analyze them through complicated theories that would be nearly impossible to finish in a timely manner manually.

Technical Analysis Theory

Being able to choose on how raw market data is analyzed and presented is another important feature of the best stock trading software. There are several categories of theories that are used as the basis of the results of technical analysis. Most results are based on Trends or moving average, Gaps, Waves, Number Theories like Fibonacci and Gann numbers, and Indicators like RSI, oscillators and the like. The ability of the software to detect the existence of these patterns on the data you are trying to analyze is paramount in ensuring that the user can make better decisions and ensure higher profit margins.

Presence of Major Tools

These are the major tools that should be present in good technical analysis software. Firs is the RSI or relative strength index which is a ratio of the movements made by the price of particular stock or currency. Other similar tools are the Stochastic Oscillator and the Moving Average Convergence Divergence. Another major tool groups are number theory applications like analysis through the Fibonacci numbers and Gann numbers system. Basic analysis like searching for Waves, Gaps, and Trends in stock or currency prices in a period of time should always be available in good technical analysis software.

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Article Keywords:
Technical analysis software, Stock trading software, Best stock trading software

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