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Use CCI Indicator to Trade the Currency Market with Confidence by Ronald Lee

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The foreign exchange or forex market permits traders to buy and sell currencies and make potential profits from small fluctuations in the rates of exchange. It is an extremely volatile market where money moves from one hand to another very rapidly. In order to make fully informed trading decisions, numerous currency traders count on free forex indicators that robotically analyze price charts and offer a mechanical interpretation of the price changes. The Commodity Channel Index or CCI belongs to the list of these technical indicators. There is no perfect indicator in trading that guarantees success. However, try to boost your experience by learning the fundamentals of the CCI indicator fast.

Use your foreign exchange charting software program and generate a price chart of any currency you seek. Then, implement the CCI indicator on that chart. You will notice a fresh sub-chart emerging underneath your price chart, comprising a solitary line that deviates over and below its zero line at the center as the currency prices deviate.

Try to detect the 100 and -100 levels on the Commodity Channel Index chart. These are located at equal distances from the middle zero line, over and beneath it. A large number of traders find these levels very important in the CCI chart. If your charting program is equipped with a drawing tool, you can clearly mark these levels at the time of your learning so as to make them more apparent.

Buy into the FX market when the CCI, which is one of the best free forex indicators, gets over the 100 level. Though this is simply one fundamental interpretation of this indicator, it can assist you in comprehending how it responds to price alterations. The general idea is that the CCI is noticing a potent positive trend when it shows a response in this manner. The trade might continue to be favorable as long as the CCI stays more than 100. Subsequently, close the position if it comes down to 100.

Traders can sell short into the currency market if the CCI indicator falls below the -100 level. Selling short is a widespread plan of action in foreign exchange and needs that you sell currencies, securities or commodities that are not actually owned by you. Hence, this strategy allows you to make profit from a fall in forex prices. Here, the Commodity Channel Index depicts a potent negative trend. When it rises to the -100 again from underneath, it is the right time to exit the position.

Moving on, buy into the FX market if the index goes up through the -100 level from underside. This is an identical reading of the negative level. It indicates that a negative trend might be turning back. Therefore, this functions as a closing alert for short sellers as well as a buying alert if traders donâ€™t presently have any open position.

Resort to selling short if the CCI comes down via the positive 100 level. This is just the opposite of the identical trade concept for the -100 level.

Ronald Lee - About Author:
Ronald Lee is an expert in a wide range of a free forex indicators. His website offers valuable information on the Commodity Channel Index or a CCI indicator. Visit the website to learn its benefits and the methods of interpreting it.

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