

Where is the Forex Market Going?

Contributed by admin
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If you ask me whether the market will have moved up or down by this time next month, well again, I may as well flip a coin, because I still don't know. If you ask me whether the market will have moved up or down by this time next year, well I may as well flip a coin, because I don't know. But... if you ask me whether the market will move up or down in next few minutes, well I will have a definite opinion. Why? Because if I can see the CURRENT state of buying and selling in the market NOW, then I can make a reasoned and fairly accurate estimate of what the market will do in the next few minutes and moments.

My prediction will not be based on some secret formula; it will not be based on some esoteric sounding indicator, nor on some complex mathematical equation. No, it will be based on my evaluation of the current state of supply and demand.

Predicting the long-term movements of the markets is a guessing game. All we have to go on is the past; all we can reasonably do is assume that what has happened in the past will continue to happen in the future. Basically that is what trend following is, making the assumption that the past equals the future.

In my trading world, the only law that works is that of supply and demand: if there are more buyers than sellers then the market will go up; and if there are more sellers than buyers the market will go down.

It matters not one iota the whys and wherefores of the buyers and the sellers. It does not matter that a trader has chosen to sell now because the 9 period moving average has crossed the 14 period; or because he has just lost his shirt; or because he is taking a profit; or because he is just plain bored.

No, I don't care why a trader has entered a buy or a sell order, I just care that they have, by their act, added to either the buying or the selling pressure.