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How To Apply The Most Popular Trading Indicator - Moving Average

While trading online we often use different methods in order to analyze the charts and have the best probability to make profits. [Forex in Singapore](#) is a very developed industry where traders have many different trading platforms and brokers available. There are many [Singapore brokers](#) that use a MetaTrader platform. MT4 is famous in the entire world by a high variety of trading indicators it has to offer.

As you know, the moving average or as it is also called the dynamic average is one of the most widely used tools in technical analysis. Unfortunately it is not available on every trading platform. MetaTrader is one of the most popular platforms where you can use the Moving Average indicator. As any trend-following indicator, moving average works well during the development of a new strong trend, but its effectiveness becomes less when trading Forex takes place within the price band. Because of that, the moving average is better to use for identification trends, but not for their forecasts. For that reason as part of the technical analysis the moving average instruments is useful after the trend has started in order to watch its development and find the correct point of entering and leaving the market.

Thus, the main target for the moving average in technical analysis is to show the trend. There are certain essential ways that a trader can use to determine the trends by movements of a certain currency pair. The easiest way of analysis is a simple watching of the direction of the moving average tool. This allows you to find strong increasing or decreasing trends. Another method is watching the movements of the current price and the indicator of the moving average. If the price is above the moving average, then the currency is in increasing trend, the opposite situation indicates the presence of a downward trend.

Moving Average may also be applied as an indicator of the trend's end and the indicator for closing the trading positions. If the indicator's line of the moving average went along the trend and on the certain time the prices' close level crossed the line of the moving average instrument, it is a signal for the trend's end or change of its direction. This is the moment when staying in the market might be very risky and closing the trading position is a better choice.

As already mentioned above, for a successful usage of the moving average there must be a long increasing or decreasing trend. When the currency prices stay within the price band, the moving average, as a tool that is sensitive to changes with some delay, does not provide useful information to a [Singapore trader](#).

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