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Types Of Charts Used On Forex Market.

The most widely used and relatively simple method of graphical analysis of the prices is bar chart. Bar chart reflects changes in prices over a specified period of time.

However, despite of the fact that this graph represents all four rates, it is not without of drawbacks. During the actual time period the price could vary by up sticks uneven: in some price intervals trading volumes are significantly greater than in others.

Therefore, its thickness should not be uniform. Ideally, it should be thicker where the relevant price was the highest number of transactions, and thinner where the transactions were very few. Such non-uniform bar would contain more information and a uniform bar is eroded history of price changes. But the use of non-uniform thickness will make the graph difficult for the visual analysis.

In addition, the visual perception of bar-graphs depends strongly on the density of the graph and the length of the visible period. Extended schedule when there is a long distance between the bars has less visual information, and covers a smaller time period.

Tighter schedule, when bars are located close to each other, will give a clearer "picture" and will represent a longer period of time. Traders want to see the forecast for the longer period of time because it is very important to have not only the short time forecast but also long time forecasts.

It must be remembered that the bar is silent and says nothing about how during the period of time prices varied. In principle, a uniform motion from one extreme point to another and some fluctuation along the entire length of bars.

Therefore, the latter may contain a lot of statistical noise. For example, if the maximum value was reached very quickly and at low volumes, but most transactions were made at the bottom, it is clear that this situation is not seen on the schedule.

Nevertheless, the fact that the price reaches its peak, it is important for the market because the participants remember such extreme prices and in the future they are guided by them. Prices can vary over a period of time, which shows a bar. The nature of price changes in each case is quite different.

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