



An Explanation of How and Why TradeGuider Detects Professional Activity in the FOREX Markets!!

Although many people think that there is no Volume in FOREX, eSignal produce a volume histogram with their FOREX data. How is this done, well, you can find out a lot more by going to the following eSignal page:

<http://www.esignalcentral.com/support/faq/esignal/forex/default.asp> .

Q: Where does eSignal get it's FOREX data from?

A: Forex data from GTIS -- an affiliate of FT Interactive Data and sister company to eSignal and the primary supplier, for more than 20 years, of foreign exchange information used by traders, corporations and financial institutions:

Spot rates for more than 100 currencies, as well as precious metals

Cross rates

Forward rates

Nearly 200 global bank and broker contributions (Asia / Pacific Rim, Russia, Europe and North America) -Check out the complete listing from the link below:

[http://www.esignalcentral.com/support/symbol/forex2.htx?source=\\$\(source\)](http://www.esignalcentral.com/support/symbol/forex2.htx?source=$(source))

Additional contributors: Garban Intercapital, the world's leading derivatives, securities and money broking business, and Tullett & Tokyo Liberty, one of the largest inter-dealer brokers in the world.

Forex Market Depth with the ability to view the best bid / ask by Forex contributor.

Foreign Currency Options (FCO) from the Philadelphia Stock Exchange (PHLX), the first organized stock exchange in the U.S. and one of North America's primary marketplaces.

Q: I'm seeing the volume histogram update on FOREX issues in eSignal, what does that volume represent?

A: The volume histogram for Forex issues represents the number of transactions or ticks and not true "trade size" activity. It's much like most futures contracts, where the volume histogram reflects the volume of transactions or updates during each given interval.

It is important to understand that TradeGuider does not need actual volume but relative volume compared to the previous bar to give a VSA indicator. Volume in FOREX can be seen as activity, and it is this activity that TradeGuider picks up extremely well when using the eSignal datafeed.

Here is an explanation from Tom Williams, the creator of TradeGuider.

Q: How do the VSA principles work in Spot FOREX and TradeGuider?

A: First of all you have to realize that the "Smart Money", or "Professional money" is very active in the FOREX market. "Professional Money" as we shall refer to it here, can be trading syndicates, individual traders with huge capital, large financial institutions, certain funds such as 'The Quantum Fund' operated by George Soros, and large institutional banks.

See further information in this letter from The Derivatives Study Center sent to The Commodity Futures Trading Commission in August 2000 by clicking the link below:

<http://www.financialpolicy.org/dscfcletter.htm>

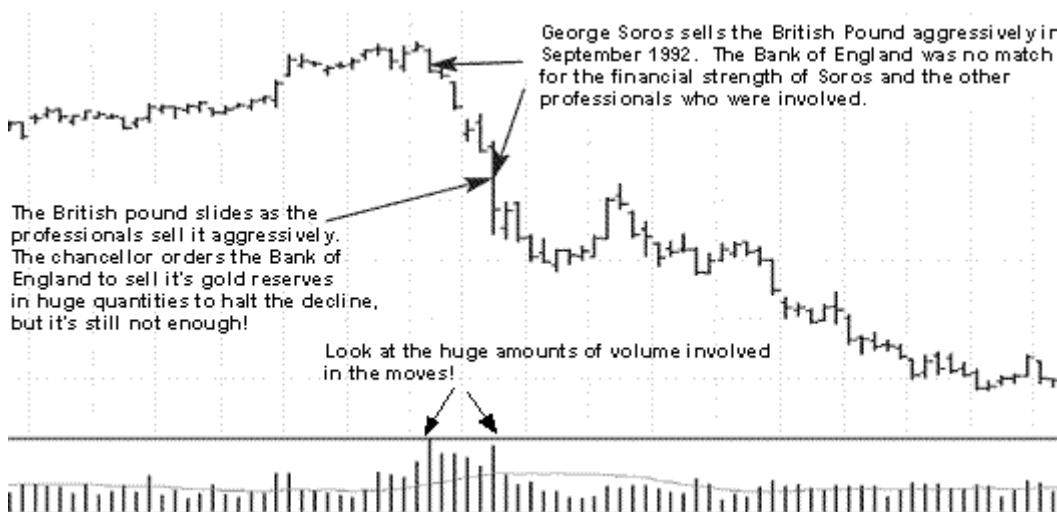
These individuals or organizations are very secret in their dealings, as they do not want others to know what they are doing. The result of this is no volume, however, tick volume works. Tick volume is added to the price movement on every price tick up or down, because one may deal in 5M while the very next trader only deals 500k, but we get one tick each dealer. Bear in mind the number one principle, that from the tick volume created, 90% will be from "Professional Money" and their dealers.

When these very large orders go through, they have a following, the same as the futures pits; this automatically creates more ticks, hence higher volume. So TradeGuider will analyze the tick volume as if it were real volume, and will clearly show this "Professional Money" either participating or just as importantly not participating in the movement of a currency. When we hear of strength and weakness in a currency, this is nothing more than professional support or lack of it, and can be clearly seen on the TradeGuider Chart.

Remember when in 1992 George Soros massively shorted the British Pound forcing the Bank Of England to eventually withdraw from the European Exchange Rate Mechanism, well, this is one very well known example of "Professional Money" having a dramatic effect on a currency. This happens every day, you just need to know what to look for. Have a look at the chart and what the volume did in that famous move by George Soros:

Here's a famous example...

BRITISH GOVERNMENT NO MATCH FOR GEORGE SOROS



In 1992 the British pound fell so sharply that Britain was forced to leave the Exchange Rate Mechanism (ERM). What do you think was behind this famous fall? Yes, you guessed it, professional money! The money in question was the Quantum Fund, run by the renowned speculator George Soros.

He and his analysts had spotted a potential weakness in the ERM. During the weeks before the massive sell-off of the British pound, George Soros was busy exchanging seven billion US dollars for German Deutschmarks.

When the time was right he moved in fast, selling the British pound. As the pound fell the Deutschmark rose, creating huge profits for Soros. As soon as news of this got out the other professionals followed suit. The onslaught was overwhelming and too much for Norman Lamont,

the then UK Chancellor of the Exchequer.

In an attempt to halt the slide Lamont resorted to selling some of Britain's gold reserves. He put up interest rates three times during one day, but this was still no match for the professionals.

Now, if a government can't beat the professionals, what hope do individual traders have?

To find out more about how TradeGuider can help you trade alongside the "Smart Money", go to the TradeGuider website and click on the "Access FREE eBOOK & VIDEO NOW" button. Enter your email address and country and you will be emailed a link with the eBook and video.

You can also call our offices:

Call United States (toll free) (855) 848 4337 (9:00am - 5pm CST)

Happy trading and good fortune,

