STOCK TRADING INDICATORS EXPLAINED

How To Make Profit Trading Stocks Using Indicators

Contents

What are Indicators?

Indicators are used in trading the financial market to show the moving of the rate of a certain asset in a visual way.

Indicators that use the same scale as prices are typically plotted on top of the price bars and are therefore referred to as **Overlays**.

This eBook describes the most used indicators. The indicators are briefly described (an average of one page per indicator) so you won't be flooded with information. The figures are acquired using a FREE demo account at Plus500 CFD service. They offer all indicators mentioned in this eBook.

Plus500 's demo account is funded with €10,000 or US dollars to start to trade market for free and without the risk and is ideal when you are new to stock- or currency trading. They offer a wide range of assets.

Figure 1 Click the figure for a FREE demo account

The ADX Indicator

The ADX indicator analyses the strengths of the trend; the MACD/OsMA analyses how likely the trend is. ADX means the Average Directional Index and was developed in 1978 as an indicator of trend strength in a series of a financial instrument.

How to Use ADX Indicator

The ADX indicator is used to quantify the strength of a trend. It calculates using a moving average of price range expansion over a certain period of time. By default an ADX indicator is set at 14 bars, but that can usually be adjusted in the trading platform of choice. The ADX indicator can be used with any type of trades: stocks, shares, funds, indices, forex, commodities, etc.

In the figure below you can see a screenshot of my free demo account with [Plus500](). In the lowest chart you can see three lines: a green, blue and red one. The dark blue line is the ADX indicator line.

Figure 2 ADX Indicator

Interpreting the ADX works as follows. A rising ADX means that the market's trend will rise and you can do best by apply a trend following system. A downward trend indicates a flat ADX.

An increase of the ADX through the 20 boundary, indicates that there is a new trend is going to take place. Above 20 or 25 is often confirmed by the trend. When the ADX above 40 opens and then goes down here again, this means that the trend is weakening and a fall can take place again.

NOTE: the ADX indicator going up does not mean the rate is rising, it means that the rate shows a trend!!

The ADX indicator is derived from the DMI indicator, Directional Movement Indicator, which is also developed by the same person responsible for the ADX indicator. The DMI, with help from for example ADX, tells whether the instrument is trending or not.

In the screenshot you can see two DMI lines. The green line is the +DMI and the red is the -DMI. When the -DMI is above the +DMI, prices are moving down and when the +DMI is on top of the -DMI the uptrend has shown.

Technical Indicator ADX

The ADX indicator has certain a value in the range of a minimum of zero to a maximum of 100, indicating its weakness or strength. This is an overview of the ADX values and trend strength:

ADX Value	Trend Strength
0-25	Absent or Weak Trend
25-50	Strong Trend
50-75	Very Strong Trend
75-100	Extremely Strong Trend

Figure 3 ADX value vs. The Trend Strength

In summary: when the ADX value is between 0 and 25 there is no trend at all. When the range is below 25 for at least 30 bars the price enters a range conditions and price patters which are often easier to identify. From low ADX indicator conditions, the price will eventually break out into a trend.

How to Trade the ADX indicator: Conclusion

The most important signal on a chart is the price. First you should read the price, second the ADX indicator to determine what the price is doing. Using an indicator like ADX is only handy when it adds something that the price itself doesn’t tell us. The best trend rise out of periods of price range consolidation. A disagreement between the buyers and sellers price are the reason for a breakout. Price momentum differences are created whether there is more supply than demand or more demand than supply.

How To Use Alligator Indicator

Alligator Indicator is part of the technical analysis and ensures that you have the ability to recognize a trend.

Alligator Trading Method

This is very interesting, since these are the moments you can take position. Due to the trends you can discover using the alligator indicator it is possible to make a profit with a little help of long or short positions in a certain discovered effect.

How to spot trends

About 70 % of the time there is not a trend in stocks and bonds. It is therefore very interesting to identify trends and thus to ensure that you can catch them to make a little profit. The Alligator indicator can be used to search a market for the presence of trends. When the alligator indicator show no trend at all, just hop on to the next market.

Tim Williams Alligator indicator consists of three lines. In the figure below is a screenshot of the EUR/USD rate with the indicator below it.

Figure 4 The Alligator Indicator

Alligator indicator

In short, around 9:20h the alligator's mouth is closed and there is no trend at all. But after that, say starting at 9:20:30h the mouth opens and the trend is rising according to the light blue line which represents the currency rate for the EUR/USD.

Blue line

The Alligator indicator makes use of three different values, in the form of a red, a green and a blue line. Together they provide a complete picture regarding the presence of any trend. The blue line is also called the jaw of the Alligator and represents an average over 13 periods. This is pushed forward 8 periods, giving a first indication of the development of the effect.

Red line

It is also important to take notice of the red line, since these are the teeth of the Alligator. This is an average over eight periods, with five periods in advance. It is important to keep an eye on the developments of the lines compared with each other.

Green line

Third, there is a green line present within the Alligator indicator. This line represents the lips of the crocodile and returns the average of the last five periods. These three periods are pushed forward and ensure that a complete picture regarding the development is visible.

Are the jaws, teeth and lips 'closed'? Then there is no presence of a trend. The longer this takes, the greater the trend will eventually be!

Position taking and closing

Once the three lines move away from each other, there is a yawning alligator. This is the time to take a position in since there is a trend in the point of development state. Then, the trend will continue and it is equally possible as an investor to make a profit. Are the lines getting back together? Then this is the end of the trend. It is time to close the position, to ensure that you can get out in time.

Alligator indicator – Summary

Summarizing, the Williams Alligator Indicator is a combination of balance lines (e.g. moving averages) that use fractal geometry and nonlinear dynamics.

The blue line (the alligator's jaw) is the Balance Line for the timeframe that was used to build the chart (13-period smoothed moving average, moved into the future by 8 bars)

The red line (the alligator's teeth) is the Balance Line for the value timeframe of one level lower (8-period smoothed moving average, moved by 5 bars into the future);

The green line (the alligator's lips) is the Balance Line for the value timeframe, one more level lower (5-period smoothed moving average, moved by 3 bars into the future).

Lips, Teeth and Jaw of the Alligator are showing the interaction of the different time periods of the rate of an asset. As clear trends can be seen only 15 to 30 per cent of the time, it is essential to follow them and refrain from working on markets that fluctuate only within certain price periods.

When the Jaw, the Teeth and the Lips are closed, that means the Alligator is going to sleep or is sleeping already. As it sleeps, it gets hungrier and hungrier — the longer it will sleep, the hungrier it will wake up. The first thing it does after it wakes up is to open its mouth and yawn. Then the smell of food comes to its nostrils: flesh of a bull or flesh of a bear, and the Alligator starts to hunt it. Having eaten enough to feel quite full, the Alligator starts to lose the interest to the food/price (Balance Lines join together) — the time to fix the profit is before the lines get back together!

Why You Should Use The Alligator Indicator

Alligator trading is not a difficult system to learn. But the downside is, just like with most other indicators, you have to stay on top of it to close the position before the alligator indicator closed its mouth. If you wait too long the profit you made will increase as the lines are getting together again, but I think you already understood that after reading this alligator indicator blog post.

Figure 5 Zoomed in on the Alligator Indicator

Average True Range Indicator Explained

The Average True Range indicator is an important indicator in technical analysis which can help you place stop loss orders based on volatility. Keep in mind that there is not a predictable value involved, but that it is part of the technical analysis taking care of confirmation of what you decide to do: open an order or not.

Using Average True Range

The Average True Range Indicator is based on true range. The founder of this wanted to measure the volatile of a stock or index using this. The indicator does not provide an indication of the price trend, it only gives the degree of price volatility.

The Average True Range definition is as following:

Current high is less than the current low;

Current high is less than the current close;

Current low is less than the previous close.

To ensure positive numbers the absolute values are used. To make things a bit easier to you I will give you three examples, provided by the creator of stockcharts.com.

Average True Range

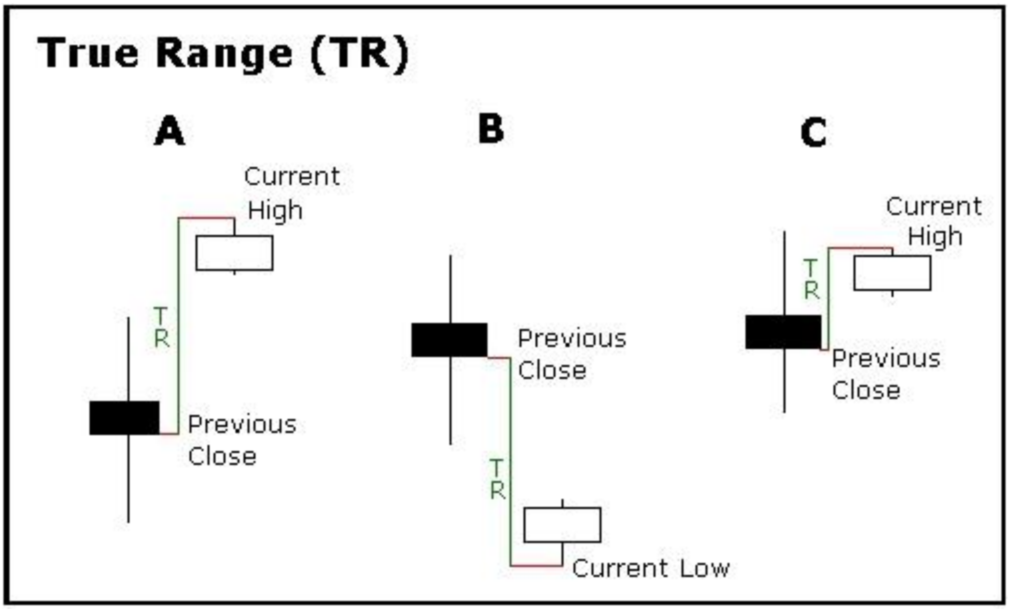

Figure 6 Average True Range, picture copyright by Stockcharts.com

Example A to C: in the figure above the gap between the previous close and the current high is the absolute value of the True Range (TR).

Average True Range Formula

The average true range is based on the average of observations. A single observation would be based on coincidence, which makes it important to take a look at a range of moments in which the rate changed. Usually there is a time span of 14 days to be used in calculating the Average True Range. A period like this can give a very accurate indication of what to expect in regards to the volatility. Still, one should consider that there only a confirmatory value that is determined about the value of the asset.

Figure 7 Average True Range Indicator

In Short

The average true range is perfect in showing you the volatility of a stock. This offers the ability to place a stop loss order at the right time and to make use of the volatility. In day trading it is advised that you remain in the volatility high and low range to try to make a little profit before the trading market closes. This is possible in both short and long positions.

The indicator is looking close at the tops and bottoms of a particular stock or underlying asset and can deliver a slight prediction on that basis.

A [Plus500](#) CFD services FREE DEMO account is used for the screenshot about the average true range.

Finding Trends With The Bollinger Bands Indicator

Technical analysis and the Bollinger Bands belong together. A classic example of technical analysis in forex trading is a forex graphic with candlesticks and the Bollinger Bands channel walking together with the rate. Many forex trading strategy uses this technical indicator intensively.

To a trader there is nothing more beautiful than to go with the move of a trend. Taking a position when the trend has just started and watching yourself getting richer with every pip the rate moves further in to the money will make every trader smile. This is exactly the same as *range trading*, only the trends are shorter in this.

But when do speak of a trend? And how to find one? This is where technical analysis can help and where **Bollinger Bands** can play a role. Bollinger Bands preach a simple but fundamental thought that rates between 70% and 80% of the time are move in the same frequency. When they start moving outside this frequency that might be the start of a trend.

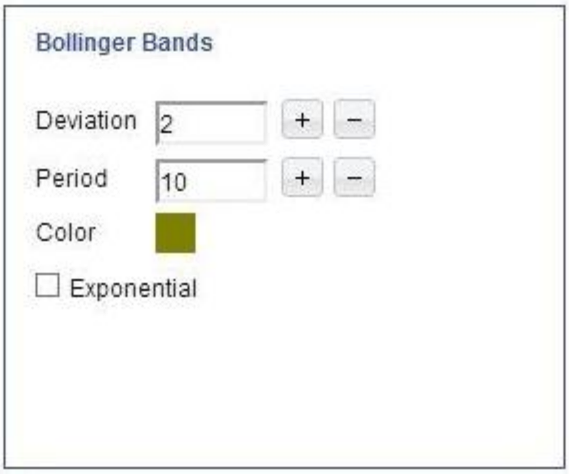

Figure 8 Settings for the Bollinger Bands Indicator

Bollinger Bands are measuring the standard deviation (SD) of the price, in comparison to the moving average over 20 periods.

When the **Bollinger Bands squeeze** this means a low volatility in the market, because the difference between the low SD and the high SD is small. When the **Bollinger Bands width** increases the price movement is very volatile, making it hard to determine what the market will do.

Open a position with Bollinger Bands indicator

Bollinger Bands are used to take or leave a position in an asset. To use the Bollinger Bands with success there are three important questions:

1. Trend detection: when can we speak about a trend?
2. Entry point: when to take a position?
3. Exit point: when is the trend over?

Surprisingly the third one is the most important question. The value of exit points is much underestimated by traders. Most traders would like to know when to open a trade, but choosing a closing time is just as important. Many traders lose money on a trade for the following reasons:

- They don’t know how to limit their losses.
- They don’t know how to maximise their profits.

Both problems can be solved by determining the exit point.

Entry point – when to open a position

Even when the candles are closing in the buy/sell zone, we don’t take position because we are looking for low risk probabilities. The difference in losing and winning trades has less to do with choosing a ‘winner’ and more with minimizing the risk and maximizing the profits before the chances have turned.

Price retracement are almost always there. Even in a gigantic bull market people are able to take profits and traders thinking of the bottom being in sight and take a position. Successful traders enter after a retracement. They don't try to make trends but to follow a trend. If you get in just after a retracement you are significantly limiting the risk. If the price would even move away from the top or bottom there wasn't a trend at all!

Exit point – when will the trend stop?

Like stated this is the most important question to minimise the risk of trading and maximising the profit.

A lot of traders know this old-timers' proverb: *cut your losses short and let your profits run*. This is seen as the Golden Rule in Trading. But if you know this proverb, how is it then possible you are suffering from losses more than profits? Answer: it is so difficult to stick to your own rules.

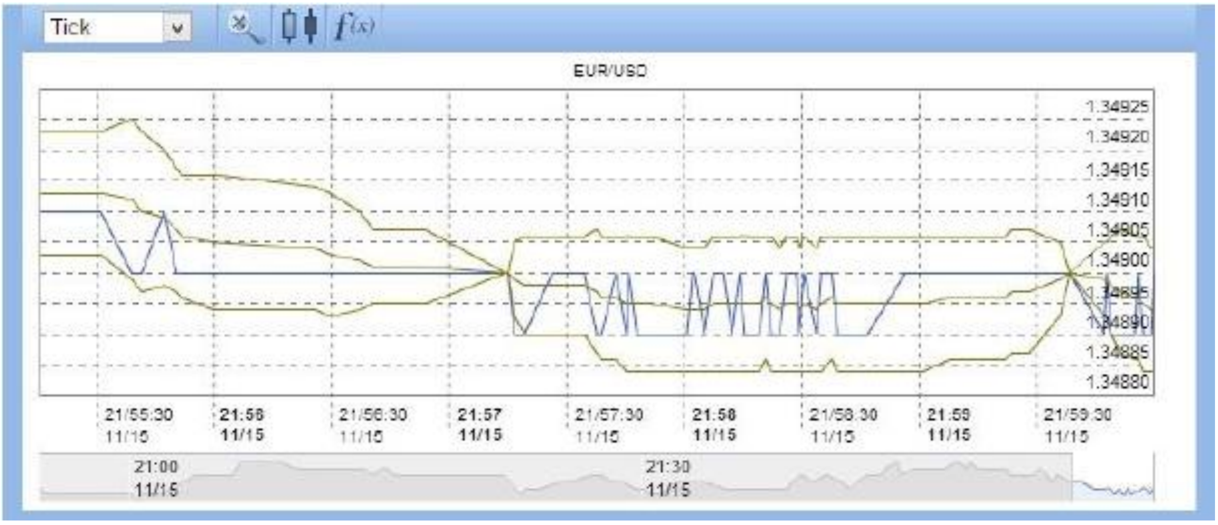

Figure 9 The Bollinger Bands

The biggest temptation in a casino or at a poker table is to bet more money when you are losing all of the stakes. Usually this leads to more losses, just like in trading the stock market where the traders thinks he read the charts well. To think about and determining the exit points can prevent this.

A Bollinger Bands Exit Strategy is for example the rate touching the opposite band. So in an uptrend touching the lower Bollinger Band means to get out. A trend movement which is not strong enough to stay above the opposite band is not worth taking the risk for. As a poker player would say: "know when to release a shitty hand".

The exit point for taking a profit in Bollinger Bands can be the same as for accepting a loss, with the extra variation that you can also take a smaller profit when the rate hits the middle line. Maximising profit is not ideal now, but to some traders it is enough to take a little profit instead of losing it.

Using the Bollinger Bands in the correct way not only increases the chance of recognising a trend (and follow its success) also compels the trader to think about the exit points to accept loss or take profit. This makes you aware of the trades you make and clears the road to develop a winning trading strategy of your own.

The Commodity Channel Index (CCI)

Another often used indicator in technical analysis is the commodity channel indicator. This indicator is specialised in in momentum changes in price rates. The advantage of pointing a change in the momentum is kind of obvious: it is a strong signal that the current trend is coming to an end. Just like the stochastic and the RSI the commodity channel index indicator is looking at the deviation of the price of its statistic average. Rates move usually between 70 and 80% of the time in the same bandwidth (think of Bollinger Bands) and when they are moving away from this the trend is changing.

How does the commodity channel index work?

The commodity channel index makes use of the word *typical price.* This is the average of the highest, lowest and the closing price over a certain period. The typical price is representative for what exactly happened in the given period than only the closing rate.

It is important to know that the commodity channel index is actually the deviation between the prices of the asset in relation with the simple moving average. When the deviation increases or decreases the commodity channel index will show that. That is what traders using the CCI are looking at: spotting a change in the movement, which tells the change in the rate trend.

Figure 10 Commodity Channel Index

How to read the commodity channel index

Traders and investors can use the CCI to help identify price reversals, price extremes and trend strength. Again, the commodity channel index indicator is not an indicator that should be used stand alone. The combination of more than one indicator using at one time is a strong one.

The Commodity Channel Index is an indicator almost similar to the Bollinger Bands. Where the Bollinger Bands are looking at the overbought or oversold levels, the Commodity Channel Index can be used in this way too, but is rather used as a trend pattern detector.

The commodity channel indicator typically moves below and above a zero line. When the line is crossing the +100 line the asset is overbought and it is likely that there will be a down trend very short. When the line hits the -100 line the opposite is expected, but that is quite obvious.

Despite the name this indicator can perfect be used for more than just commodities.

Because about 70 to 80 percent of the time the values are between +100 and -100 the trends will be seen in about 20 to 30 percent of the time.

Using the CCI

There are two ways of using the Commodity Channel Index.

1. When the value hits +100 you can take a buy position and close it when the value starts to move to the zero line.
2. When the value hits the -100 line you can take a short position and keep an eye on it to close is at a the desired profit percentage.

Bottom-line: you can use is to go either long (buy) or short (sell), but preferably in conjunction with other indicators.

DeMarker Indicator

This indicator (or oscillator) called DeMarker is another member of the technical analysis family. The DeMarker indicator is used to determine an overbought or oversold stock, assess risk levels and time when the price exhaustion is inevitable.

Since the results of the DeMarker fluctuates between 0 and 1 we call this an oscillator, although some variants of the DeMarker have a scale from -100 to +100.

Figure 11 The DeMarker Indicator

The warning signals a traders should beware of are when the line crosses the 0.30 and 0.70 values. When the value deems one of these boundaries the trade gets risky, while values within these values are considered low risk. Overbought and oversold trends occur when these lines are crossed by the value.

Reading the indicator

The DeMarker indicator is using a single fluctuating curve. It is best to be used with another indicator like a moving average or equal, as above in red, to enhance the value of the trading signals. In the example to your left, the "Green" line is the DeMarker, while the "Red" line represents an "EMA" for the same period variable of "14". The DeMarker is viewed as a "leading" indicator, in that its signals foretell that a change in trend is imminent. The weakness in the indicator is that timing is not necessarily a product of the DeM, the reason for attaching a "lagging" moving average to confirm the DeM signal.

Figure 12 Source: Forextraders.com

The DeMarker indicator picks major bottoms better than tops. A shorter period setting will create a more sensitive indicator, but will also increase choppiness and the potential for increased false signals.

Envelopes indicator

The envelopes indicator is used in technical analysis and is a moving average indicator. The moving average can be a simple or an exponential moving average. Although the envelopes indicator can be used in trend following, the indicator is not just limited to that. It can also be used for detecting overbought and oversold levels when the trend is relatively flat.

Figure 13 The Envelopes Indicator

An indicator based on bands, channels and envelopes is designed to encompass most price action. When there is a move above or below the envelope it should trigger your attention. A trend often starts with a strong move in one direction or another. A surge above the upper envelope shows a strength where a surge below the lower envelope shows a weakness. Moves like this can signal a trend end or the beginning of one.

As with moving averages, the envelopes will lag price actions. The direction of the moving average shows the direction of the channel.

Let's kick in an open door: a downtrend is present when the channel moves lower, while an uptrend exists when the channel moves higher.

After a consolidation period, a strong envelope break can signal the start of a trend. Once an uptrend is visible the chart reader can turn into a momentum indicator and other techniques to identify oversold readers and pullbacks within that trend. Overbought conditions and bounces can be used as selling opportunities within a bigger downtrend.

Figure 14 Source: stockcharts.com

KAMA indicator

The KAMA indicator is a relatively unknown part of the technical analysis, but can certainly lead to an interesting insight. You can use the KAMA to receive a buy signal when the price will show a positive trend and you can make a serious profit from that.

KAMA makes use of the mean and the volatility. There are two important factors in itself, based on which you have the opportunity to make the development of the rate. The KAMA will correct the average with the volatility to come to a better prediction of the development of the rate. Based on the development of the rate a prediction can be made using the average of the KAMA.

Figure 15 What the KAMA indicator looks like

The average of the KAMA is called the "saucer". This gives an interesting insight in to the development of a specific rate or value. The indicator is a parabolic line, based on raw data which the indicator is processing.

The indicator line will be above or below the given value of the asset and based on that you will receive a buy signal or a sell signal. It is quite interesting to watch the rate in relation to the indicator line within the different markets in which you would like to discover a trend.

When the rate gets above the KAMA then there is a buy signal. This has to do with an up going trend, if the corrections are going over the saucer. Based on this you can determine whether the rate will go up or down. Obviously the KAMA can be used in both directions meaning you can also use it to take a short position.

The KAMA indicator is part of the technical analysis, but actually it is more part of the quantitative analysis. Its calculation is based on different factors which make the visual information visible with the development of a certain value. Predicting the future rate is not always 100% right, but it makes you predict certain patterns in the recent history. This usually gives a good idea of what you can expect and to deal with that the right way.

Linear regression

For many investors the linear regression is the standard to keep at their disposal, with respect to the technical analysis. This has to do with the fact that is an important technical process, which is statistically interesting information.

You can draw a line on a trading chart that goes through the centre of the price series with which you can analyse to identify a trend in the price. This line is called the linear regression line. Although you can't technically draw a line through trading chart bar, the linear regression line minimizes the distance from itself every time a price closes along the line and provides a way to evaluate trends.

Figure 16 A Linear Regressions Line

In Figure 16 a lot of bars are quite far away from the line. But if you look more closely you can see that no other line gets as close to point A and point B at the same time. Only one linear regression exists for any set of prices on the chart.

A linear regression line is the true and pure trend line. Traders who accept the core concept of technical analysis, that a trend will continue in the same direction (for a while), then you can extend the trend line to obtain a forecast.

Does your online trading platform support the linear regression indicator? Then this is tremendously useful in creating a high probability forecast in price trend.

Depending on where to start to draw the line, the linear regression can also be useless. It is usually better to use more than one indicator to base your buying or selling position on.

Figure 17 Plus500 CFD Service screenshot with linear regression support

MACD/OsMA

The Moving Average Divergence-Convergence indicator is a member of the oscillator family of technical indicators. This indicator is also called a “lagging” indicator since it is mostly used to confirm a stock trend after it has formed.

The MACD makes use of two lines in different colours and can give a lot of information despite its concise format. The indicator oscillates above and below a centre zero line and is a good indicator for showing the direction of the dominant trend.

MACD can signal:

- An uptrend when the MACD line crosses above the centre line;
- A downtrend when the MACD line crosses below the centre line.

Day trader, who try to make money in a short term, use the signal to trigger:

- Buy signals when the MACD line crosses above the signal line;
- Sell signals when the MACD line crosses below the signal line.

Day trading with a lot less risk can be done when you open a position when the indicator is as close to the zero line as possible. The trend has then just begun.

Figure 18 The MACD/OsMA indicator

Like almost any other indicator, the MACD is not used as a standalone indicator to base the position on.

In this capital title is the term MACD/OsMA mentioned. The OsMA part means: Oscillator – Moving Average. This is used to represent a variance between an oscillator and its moving average over a given period of time. The signal line is acting as moving average where the primary line of the MACD is serving the oscillator.

Typically the oscillator is useful for indicating a trend and relationship between data, which can signal when an asset may be overbought or oversold.

Bottom line: the MACD draws an average over a period of a given time and extracts another average from that.

The Momentum Indicator

Momentum is a well-known technical indicator and is almost standard part of the technical analysis. You can calculate it yourself on a relatively simple way but, on the other hand, it is common to do this within the trading software provided by your broker and to assess the Visual information yourselves. The Momentum is a relatively simple indicator and assists you in assessing the strength of a trend.

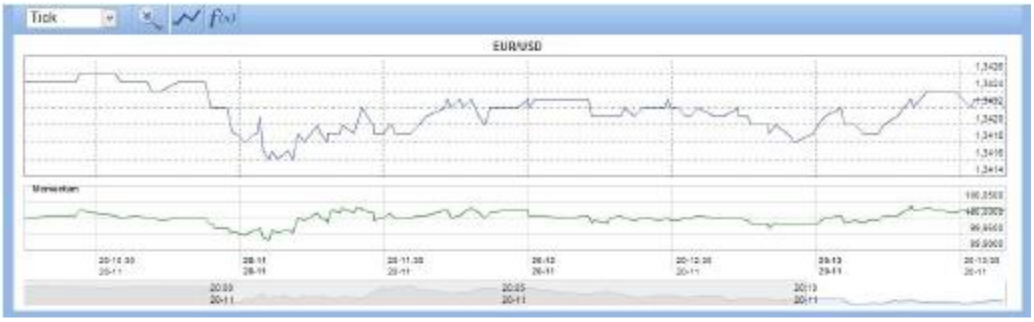

Figure 19 The Momentum Indicator

The strength of a trend indicates the extent[1] which is a good chance of continuing development, or that there will be a debate on the other side of a trend reversal.

The Momentum indicator is a single fluctuating curve. To enhance the value of the trading signal, traders often add another moving average bar to this indicator, for example the Smoothed Moving Average. In the figure below the SMA is colored red (14 periods) and the Momentum Indicator is blue. The blue momentum indicator is the leading line indicating that a change in the red line was present.

Adjusting the period time displayed can give you a more sensitive indicator but will also increase 'choppiness' and potential bad signals.

Figure 20 Source: forextraders.com

[1] Extent = The period during which a variable has a particular value

Simple Moving Average Indicator

The simple moving average is an indicator providing a very good image of how a trend develops. Basically the simple moving average is nothing less than the sum of the values over a certain period and dividing it by the number of the period to get the average.

The Simple Moving Average is also called the Moving Average or MA. This is the most basic version of the moving average which you can also calculate by yourself.

The simple moving average has only two variables in its computation:

- Period
- Price

The period van be chosen, but values over 20 are normally better when you have to deal with longer trends lines. Prices can be set as open, close, high or low.

Since the SMA is so popular, it can often form a support or resistance line, depending on the type of trend.

Figure 21 Simple Moving Average Indicator

The simple moving average indicator is usually placed alongside the Japanese candle stick chart. Second, the SMA is also used with the RSI indicator and can give extra trading signals.

The SMA indicator has a very visual simplicity. Because the indicator is lagging its information you should take care when using it. Despite that, traders can quickly access the prevailing trend or price behavior.

The Best Combination Of Indicators

Using one indicator is not good enough. Like stated on the previous pages the accuracy of a single one is too low to rely on. A combination of indicators is what you need. But what combination is the best?

There are a lot of possibilities in combining indicators. But there are four main types in which we can divide the indicators.

1. A trend following indicator

The simplest trend following indicator is the Moving Average – or SMA – and should always be enabled in your favourite trading platform.

2. A trend confirmation indicator

Following a trend indicator is one thing, but to know if the trend displayed was correct a confirmation indicator is also necessary. Examples of these is the MACD indicator.

3. An overbought/oversold indicator

Traders often trade in the direction the trend goes but must still decide whether he or she is more comfortable jumping in as soon as a clear trend is established or after a pullback occurs.

Examples of overbought/oversold tools is the RSI indicator with a three day period

4. A profit taking indicator

The fourth type a traders needs is one to determine when to take profit on a winning trade. A powerful and well known tool is the Bollinger Bands indicator. This indicator adds and subtracts the standard deviation of the price data changes over a period from the average closing price over that same time frame to create trading bands.

If you are hesitant to get into the forex market and are waiting for an obvious entry point, you may find yourself sitting on the side-lines for a long while. By learning a variety of forex indicators, you can determine suitable strategies for choosing profitable times to back a given currency pair. Also, continued monitoring of these indicators will give strong signals that can point you toward a buy or sell signal. As with any investment, strong analysis will minimize potential risks.

Review: Plus500 CFD Service

History and Background

Plus500 is an online brokerage service specializing primarily in the forex market. Headquartered in the UK, they are also authorized and regulated by the Financial Conduct Authority. The company is registered under the name Plus500UK Ltd with registration #07024970.

Plus500 is a CFD service. Your capital may be at risk. Authorized and regulated by the Financial Conduct Authority.

Please note that Plus500.com does not accept U.S. clients. Therefore, if you are located in the United States, we suggest choosing another top rated broker.

Visit Plus500.com now and get a free demo account or start trading with a live account right away.

Account Types

The broker offers two account options, consisting of a demo account, which has no time limit and can be opened free of charge, and a live account that requires a minimum deposit of $100. Plus500.com offers customers a $25 "welcome" bonus on all accounts, including the demo account and generous bonuses of up to $7,000 for initial funding. Leverage for forex accounts is a maximum of 50:1.

Trading foreign exchange on margin poses a high risk level and it may not be fitting for all types of investors. The elevated degree of leverage can cause positive and negative outcomes.

Trading Software

The broker offers a comprehensive and easy to use proprietary trading platform and technical analysis software for their clients. The trading platform allows the trader to trade in multiple markets from the same screen and provides real time quotes for all of its products.

In addition to forex, Plus500.com clients can also trade commodities, stocks, indexes, ETFs and CFDs from the same trading platform, a significant advantage to using Plus500.com as a broker.

Besides its ease of use, the main advantage of the Plus500.com trading platform consists in an all-inclusive trading screen with clearly labelled tabs on top for details on past trades and current positions, as well as multiple market trading capabilities. Charting software is included with the trading platform, but charts appear individually, since the charting software does not allow for multiple graphs on the same screen.

The Plus500.com trading platform comes in three different versions: a downloadable version, which can be copied to your laptop or desktop, a web-based version, which allows the trader to access the platform from any other computer, and a mobile version for use with cell phones and other mobile devices.

Deposits and Withdrawals

Funding an account at Plus500.com can be accomplished through a Visa or MasterCard credit card, MoneyBookers or through a wire transfer. The fastest way to begin trading is by depositing through a Visa or MasterCard. The customer just has to go to the Plus500.com cashier screen and fill out their credit card details to begin trading immediately.

Funding an account through Moneybookers is just as easy. The customer must navigate to the "Funds Management" window in the trading platform, select the Moneybookers option, and enter the Moneybookers e-mail address. A new pop up window will open where the Moneybookers transfer can be confirmed.

Deposits made to Plus500.com through a wire transfer are generally straightforward but take up to three days to show up in the account. For a wire transfer deposit, go to the "Funds Management" window, click on "Wire" and then click on the "Send me Wire Details" option. Plus500.com will then email the customer with the wiring details.

The Plus500.com email will give the customer the details for wiring funds to their bank and also state the minimum and maximum deposit amounts allowed through a wire transfer. The minimum deposit is £300.00, while the maximum deposit amount is £100,000.

Due to FSA regulation, withdrawals from a Plus500.com account require that the customer present an official photo ID. The ID must be a current passport, driver's license or other official document and must be presented before being allowed to make a withdrawal.

This information can be sent via e-mail or by uploading a pdf, tiff, jpeg or doc type file with the upload function provided on the Plus500.com trading platform. Clients should allow up to 24 hours for the files to be reviewed. If the identification document cannot be scanned, the client can photograph the ID with a digital camera or a mobile phone.

Risk disclaimer: Forex trading involves substantial risk of loss and is not suitable for all investors. You may lose more than your initial investment.

Customer Support

Plus500.com offers excellent e-mail and fax support in multiple languages 24/7, nevertheless, they do not offer online chat or telephone support, which can be a disadvantage if the customer loses internet service or their computer crashes while trading.

Safety

Plus500.com is authorized and regulated by the Financial Conduct Authority

Conclusion

Plus500.com makes a good choice for non-U.S. traders with an easy to use trading platform which offers multi asset trading capability. New traders can take advantage of the unlimited time to use the demo account, while seasoned traders can take advantage of tight dealing spreads and the generous bonuses offered when initially funding the account. Also, the Plus500 Web Trader trading platform offers traders the possibility of integrating their trades in other financial markets, all on one screen. Overall, Plus500.com makes an excellent choice for an online broker.

Plus500 Review – Platform Highlights

1. Offers a browser-based trading platform for trading anywhere.
2. Including smartphone and tablet device compatibility.
3. Also a fully featured, downloadable trading platform.
4. Extensive stop-loss and limit orders available for more control over profit and loss
5. Can actually receive dividends on some positions just as if you owned the stock
6. Plus500 Review Bonus Highlights
7. $20 Plus500 No Deposit Bonus Available!
8. Free, Unlimited Use demo trading platform!
9. Plus500 Deposit Bonus Up To 30%!

Take care and Happy Trading!!

Risk warning

Risk Statement: Trading Foreign Exchange on margin carries a high level of risk and may not be suitable for all investors. The possibility exists that you could lose more than your initial deposit. The high degree of leverage can work against you as well as for you.

The possible risks arising from trading the global financial markets are rather considerable. For that reason you must be perfectly aware of your financial potentiality to take part in that kind of trade operations. Please consider the following information before you start:

- You can lose the initial capital deposited to your trading account (however, the level of your possible profits is not limited in any way).
- High degree of volatility within the financial market together with low margin requirements can bring you either considerable profit or significant loss, i.e. volatility can be both profitable and unprofitable.
- You must be clear of that both the broker and I are not responsible for the losses directly or indirectly caused by restrictions imposed by the government, currency and market laws, suspension of trade operations, military operations and other unforeseen circumstances, which we cannot prevent or control.

GENERAL

This risk disclosure cannot and does not disclose all of the risks associated with trading in, but rather describes the major risks involved.