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GRADUATION WORK
On Theme
«Trading in financial markets as a tool for financial growth in the 21st century»

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Abstract

Structure and scope of work. The work consists of an introduction, three sections, conclusions, a list of sources used, including 65 items. The total volume of the master's work is 53 pages, including 1 table and 8 figures.

The relevance of the work is confirmed by the great interest of scientists, investors and ordinary people who plan to get additional earnings, as well as the weak level of market development in developing countries.

The purpose of writing this work is to study the essence of the Forex market, to characterize the methods of its analysis, to identify and analyze the prospects of its development in our country, as well as to show by example how the Forex market works "from the inside".

In accordance with the goal, the following tasks were set:

- to define the international currency market Forex;
- consider key participants that participate and have an impact on the market;
- to investigate the procedure for opening positions and the mechanism of their functioning;
- to study methods of analysis of the Forex market;
- make a forecast using certain indicators for one of the currency pairs;
- identify problems and prospects for the development of the Forex market in Ukraine.

The object of research in the thesis was the Forex market.

The subject of the research are the peculiarities of the development and functioning of the Forex market in Ukraine and the world as a whole.

In the course of the work the following research methods were used: alternative analysis, comparative method, analytical modeling, optimization and determination of stability of functioning, as well as the method of expert evaluation - to determine the weight of indicators.

Scientific novelty. I want to say that the benefit of my work is that it is universal, that is, all the data contained in it can be used in various financial markets, not just Forex. It can also be used in relation to another market, also new for Ukraine - binary options, and all research (indicators, trading systems and strategies, as well as government regulation and theoretical aspects) are the main ones used in both markets.

Key words: FOREX, INDICATORS, STRATEGIES, FOREIGN EXPERIENCE, LEGISLATIVE FRAMEWORK.

CONTENT

INTRODUCTION

In today's economic environment, the international currency market Forex plays a significant role in the constant increase in investment. You should know about Forex that it is a huge market that specializes in exchanging currencies at a certain rate. The total amount of money circulating on it is many times greater than the volume of other markets. Daily turnover market exceeds the amount of 6.5 trillion $. Due to its scale, high liquidity and profitability, that is why this market is considered the most attractive for investors among other markets. Experts believe that this area has good potential for development and income. But at the same time I want to say that this market is not controlled by any country, and therefore does not depend on anyone, as it has no territorial ties. This is the key difference between regular markets and Forex.

Forex is a huge network, interconnected by telecommunications, currency dealers, scattered throughout the world's leading financial centers and working around the clock (5 days a week) as a single mechanism.

Previously, currency transactions were carried out only by phone, and only a certain caste of people could do it, but fortunately this has changed and now everyone who wants to have the Internet and device to join the trade.

Currency markets do not stop for a minute, working 24 hours 5 days a week. They begin their work (in the calendar day) in the Far East, in New Zealand (Wellington), then successively pass time zones - in Sydney, Hong Kong,Tokyo, Singapore, Moscow, Frankfurt am Main, London and the latter begin their work in New York and Los Angeles.

I would also like to note that the Forex has a several advantages of significant advantages:

1) market availability: in order to start to trade in the Forex, it is enough to open an account with any broker (brokerage company) that provides services in this financial sector, replenish the account and you can start trading; in addition, many brokers provide free training, as well as trading robots on preferential terms;

2) the ability to buy or sell currencies different countries, even without having the full amount of the warrant, you can use the leverage of a brokerage company;

3) opening orders in any direction (purchase / sale) in any currency or currency pair.

These advantages attract a large number participants from around the world to the Forex every year. This can be confirmed by the following fact: in 2016 the turnover every day was about 5 trillion dollars, and now this value has increased by almost 30%! Therefore, this topic can be considered relevant today, not only in terms of new areas of financial activity, but also in terms of large amounts of capital.

Another confirmation of the relevance of the topic is the significant interest not only of domestic but also foreign scientists and researchers. Among them, I'd like to highlight Gregory L. Morris, Kulikov AA, Kovalev VV, Baranov EA, Ginzburg AI, Mikheiko MV, Cherkasov VE, Mikhailov D .M., Evstafiev NN, Murphy J., Berlach AI, Bidyuk PI and many other scientists and researchers who could be added to this list.

I also want to say that the benefit of my work is also that it is universal, that is, all the data contained in it can be used in different financial markets, not just Forex. It can also be used in relation to another market, also new for Ukraine - binary options, and all research (indicators, trading systems and strategies, as well as government regulation and theoretical aspects) are the main ones used in both markets. Research on this market also needs attention from researchers, traders and the state.

The object of research in the thesis was the Forex.

The subject of the study was its features of development and functioning in Ukraine and the world as a whole.

The purpose of writing this work is to study the essence of the Forex, to characterize the methods of its analysis, to identify and analyze the prospects of its development in our country, as well as to show by example how the Forex market works “from the inside”.

When writing the work, the following tasks were set:

- to define the currency market Forex;
- consider key participants that have an impact on the market;
- to investigate the procedure of opening positions and the mechanism of their functioning;
- to study methods of analysis of the Forex;
-make a forecast using certain indicators for one of the currency pairs;
- identify problems and prospects for the development of the Forex in Ukraine.

A series of textbooks on the «Forex International Currency Market» from the ForexClub Academy, training materials from platforms such as Binomo and Binarium, a beginner's course from practicing trader Gleb Zado, Mikhail Ritchars and many other scientific and research publications were used in writing this paper. .

Work consists of 3 sections, an introductory part and conclusions on the results of this work. A list of used literature and research materials is also provided at the end.

The first section explores the key theoretical aspects and concepts of functioning market, its current state, regulatory framework governing its activities. The second section was devoted to the methodology used when working with online platforms, namely technical and fundamental analysis. In the third section, I give examples of trading indicators and strategies that use in work.

SECTION 1 DEFINITION OF THEORETICAL ASPECTS OF FUNCTIONING OF THE FINANCIAL MARKET

1.1 The essence and place of Forex in the global financial market

The world financial market has emerged on the basis of the unification of financial markets of different countries, strengthening ties and global expansion of joint activities between them. That is why it has the characteristics of a normal market, only on a larger scale, and therefore it can be said that it is a mechanism that is organized and coordinated according to certain parameters and provides continuous movement and redistribution of funds, or more generally - capital, between states that were suitable for use outside the country where they originated. Their movement is influenced by several factors, namely market supply and demand, as well as some institutions of state and international regulation.

Of course, as in any market, there are participants, entities. These include creditors, so-called primary investors, borrowers, issuers, special financial institutions that act as intermediaries, insurers and regulators.

They all play a role and each perform its function. Among which, in my opinion, the main functions are: redistributive, pricing, mediation, regulatory and information. Of course, it is impossible to say that some of them are the main and the others are secondary, but we can say that each of them has its own personal usefulness for the market as a whole.

By the way, if we talk about the market, its main function - to maintain the appropriate level of international liquidity, ie the potential to quickly attract the required amount of funds in various forms, and on favorable terms at the international level.

«The main purpose - to ensure the redistribution between countries of accumulated free financial resources for sustainable economic development of the world and to obtain a certain income from these operations.» [46]

I want to say that the entire market can be divided into several smaller, specialized markets. The main ones are: capital market, money market, securities, there are also insurance and also credit markets.

This paper will explore and analyze the money market, or rather the currency market, namely its electronic version - the Forex market.

But first I want to consider the general, basic aspects, without which the object of our study would not be possible.

Nowadays, the world market occupies a large part of the international economic system, as it includes almost all processes that take place daily in the economy: trade in goods and services, labor movement, technology exchange, etc. The global market acts as a kind of intermediary between countries that are developing quite quickly and confidently and can easily apply new financial resources, and countries that have some difficulties in terms of economy, develop, so to speak, statically, or even with reduction of activity, ie even if they have the funds, but the state in the image of the government can not use them effectively enough at the national level. That is why those countries that have a many of funds have the opportunity to invest them and make a profit from it, and countries with a deficit of funds - to attract the necessary resources on very favorable terms.

The next thing I want to point out is that the global market should be understood as a certain interdependence, I would even say a certain entanglement, integration of national markets and international, which allows money to flow between countries, regions, industries and individual, even small , business entities. As some say, «it is a global mechanism that creates a balance of world supply and demand in the market.» [17]

«The historical basis for the emergence of the global financial market was the growing number and mass of associations of national markets, The introduction of information technology in the banking and also financial spheres has given a significant impetus to the globalization markets of financial.» [17]

«The financial market is a complex, internally structured system. And sometimes, between some of its structural elements it is impossible to draw a clear line. For example, the bond market is one of the components of the debt market, at the same time, according to other criteria, it can be attributed to the elements of the securities market. The property rights market, being a structural component of the securities market, is also one of the two main segments of the capital market. But despite this, they are still different markets and they need somewhat different mechanisms and approaches, although at the same time, they have something in common. And due to the fact that they have common features, common activities and a strong intertwining with each other, it is advisable to study them all together. However, today, I would like to pay attention to the money (currency) markets.» [14]

According to some definitions, we can say that «international foreign exchange markets are an international network of official centers where the process of buying and selling foreign currencies takes place.» [16]

- The above-mentioned markets provide an opportunity to make timely international payments and settlements, insurance of currency and credit risks, their diversification. Also an important place is played by speculative transactions, which are possible due to significant fluctuations in exchange rates of different currencies.
- Foreign markets are a huge telecommunications and computer network that brings together different banks and brokerage firms from around the world. Due to this, there is a high-speed transfer of information about current, current exchange rates of different currencies, demand for them and the volume of offer, the state of banks, news in the economic and political spheres, as well as allows instant currency transactions.
- Volume of daily operations on the exchange market exceeds other parts of the world market several times. As already mentioned, the volume of daily transactions here averages more than 6.5 trillion dollars. and grows by almost 10% annually.
- Although almost all currencies are traded in in this market, but most transactions occur with the dollar. Transactions can be carried out both by partners within one country and by partners located at different points of the globe. The main part of transactions are only three cities, and these are London, New York, Tokyo. Currency trading is mediated mainly by the

largest banking institutions. In the largest financial centers, almost 3/4 of trading is conducted by 10-11% of all banking institutions.

- Financial market rightfully has an honorable place in the resource market. «It accumulates money for economic growth; redistributes them between many sectors of the economy, regions and regions; plays important roles in stabilizing the currency by regulating supply and demand for such a specific product as money; ensures their accumulation and determines the direction of economic growth. The main importance of the financial market in the structure of market relations is to provide an opportunity to postpone their current consumption, in order to accumulate and increase the amount of savings, and then direct them to business.» [17]
- Current trends in financial market development are closely related to some features of these same markets of individual states. Although, despite some differences, we can still identify the main directions of development of the market. Among them, I would highlight: increasing the concentration of financial and industrial capital; globalization of the sphere of activity financial corporations; development of international relations between countries; globalization of financial flows.
- So, having considered the general concepts, I want to move closer to our topic, currency markets.
- «The successful functioning of currency relations can exist only when there is a special market where the currency of different countries is freely bought / sold. Without this, economic counterparties would not be able to meet their needs in foreign currency, would not have the foreign currency needed to conduct their activities abroad, and would not be able to exchange income from abroad for national currency to meet their domestic needs. This market is called the currency market.» [19]
- «In economic terms, the foreign exchange market is the part of the money market where the balance of demand and supply of a specific commodity called currency.» [21]
- The history of currency trading dates back, as they say, to antiquity, or rather, dates back to the formation and development of the Ancient East, and also in the Middle Ages, when the first international banks began to appear, began to use the first exchange instruments that were valid for presentation. third parties, this is what contributed to growth level of flexibility and the number of foreign exchange agreements concluded, the final formation of the exchange market began.
- In the modern sense, foreign exchange markets began to function in the middle of the XIX century. There were some favorable factors for this, including:
  - «development of international economic relations;
  - creation of a single world monetary system, which imposed on the participating countries certain obligations in relation to their own, national monetary systems;
  - general distribution of the first funds for settlements between different states;
  - increasing the concentration and centralization of bank capital;
  - formation of correspondent relations between the main banks of the participating countries;

- promotion of correspondent accounts in foreign currency;
- development of communication tools such as telegraph, and eventually telephone and fax, which simplified the exchange of information and led to a reduction in currency or credit risk through faster transmission of data on current exchange rates, banking institutions, the status of their accounts, news in economics and politics.» [43]

«To date, the bulk of foreign exchange transactions are conducted using a non-cash form, ie current and term bank accounts, and only a small part of the market is accounted for by trading in physical coins and exchanging cash. As for the territorial location of markets specializing in currency, they can be said to be tied to large banking and currency exchange centers, such as the well-known London, Brussels, Paris, Tokyo, New York, Hong Kong, Frankfurt. - in the Main, Amsterdam and Singapore.» [24]

However, this does not mean that the economy and exchange markets do not work in other countries. It's just that some countries are just going to become as powerful financial centers as the ones mentioned above. Such countries include Ukraine.

The key sign that the development of the foreign exchange market began in Ukraine was that in 1993 the elements of the first system of its regulation began to emerge. This was manifested in the adoption of a number of important regulations of the Cabinet of Ministers on the regulation of currency circulation in Ukraine, we can say that this created the basic legal basis for the further formation of a new market for Ukraine.

However, inflationary processes have made their adjustments to the economy of our country. Due to poorly developed credit policy, legal framework and declining production, as well as rising energy prices, lack of normalized external and internal balance of money circulation, problems arising from the use of “temporary” Ukrainian currency - the ruble, led to a sharp decline the ruble exchange rate in relation to leading foreign currencies.

«Understanding of the futility of the policy of administrative regulation of foreign economic and monetary relations is reflected in the return to market methods. The Presidential Decree of August 22, 1994 “On Improving Currency Regulation”, which provided for a number of measures to liberalize the foreign exchange market in Ukraine, primarily provided from October 1, 1994 to resume the NBU Currency Exchange, develop a system of measures to approximate and unify official and market exchange rates, setting the exchange rate of the ruble based on the results of trading on the currency exchange. These measures were aimed at decentralizing the foreign exchange market, stabilizing the ruble exchange rate, and creating the preconditions for monetary reform.» [12]

Based on the above material, we can conclude that the process of formation of the Ukrainian exchange market divided into several main periods (stages):

- previous - began with the conclusion of the Declaration of State Sovereignty of Ukraine and lasted until the time when Ukraine left the “ruble zone”;
- the period of introduction of own national currency and adoption of relevant legislation;
- the period of attempt to restore the state currency monopoly;

• period of liberalization of the market and relative stabilization of the ruble exchange rate. This period ended with the final introduction of the national currency - the hryvnia.

Today the state actively participates in the regulation of market. It is carried out in order to:

• creating appropriate conditions for effective mobilization and placement of free funds on the market;

• ensuring the protection of the rights of all market participants equally;

• control over transparency and openness;

• observance by participants of requirements of the current legislation;

• preventing the formation of a monopoly phenomenon and promoting fair competition in the financial market.

It is also important to say about the areas of state regulation, which include regulation:

• procedures for issuance and circulation of various financial assets;

• differentiated type of financial activity, such as trade in financial assets, currencies, provision of monetary operations, insurance services, issue of securities;

• activities of certain financial institutions, such as commercial banks, pension funds, insurance or investment companies and other intermediary firms);

• activities of foreigners.

However, despite all the ways and methods of regulation, the experience of different countries suggests that there is still something to strive for and where to develop. One of the potentially important areas that will help in the process of improving the functioning of markets may be self-regulation. I mean that this applies to those organizations that are formed by professional participants in financial markets create and ensure economically favorable conditions for their activities, compliance with professional ethics, protection of the rights and interests of securities owners, establishing common rules and standards various market operations. Such entities include associations of brokers, stock market participants, various territorial associations of professional participants, associations of banks, investment funds. As for our country, such organizations include the Association of Ukrainian Banks, the First Stock Trading System Association, the Professional Association of Registrars and Depositories, the Association of Stock Market Participants of Ukraine, the Ukrainian Investment Business Association, the League of Insurance Organizations and others.

This list of companies could also include dealing centers - intermediaries that help traders work on Forex, but only for speculative purposes. There are currently more than 50 such companies in Ukraine, but among them there are many little-known, or dubious, or rather, those who have recently been on the market and have no history. However, there are big ones that should be noted. These are FIBO Group, InstaForex (Instaforex), OFF-Club, xDirect, Alpari (Alpari), TeleTrade (Teletrade), DC Ukrgasbank, Kyiv Dealing Center, Forex Ukraine, Kharkiv Dealing Center. These companies (centers) have confirmed their reliability with a long history, a large number of reviews and transparency of their activities. It is difficult to say which of them is better, as each of them has its advantages and disadvantages, but the key, key points in them are almost the same. I mean leverage and the minimum deposit amount. And almost every one of them provides free access to the training part for their clients.

At once I want to say a few words about the regulation of such centers. Transactions on purchase and sale of foreign currency and bank metals at the request of ordinary people, according to the resolutions of the NBU Board, namely "On Amendments to Certain Legal Acts of the National Bank of Ukraine" which entered into force on 03.08.2012 and has the number № 327. Such transactions are called arbitrage and are performed on the terms of marginal trade. Today in Ukraine access to Forex is provided by two groups of financial institutions. The first includes banks. It should be noted at once that in Ukraine there are certain restrictions for those who have the right to provide access to market. Provision was enshrined in another resolution of the NBU Board dated 03.08.2012 № 327, according to which legal entities and natural persons-business entities have the right to carry out arbitration operations only after obtaining a permit issued by the National Bank of Ukraine (it approves uniform rules conducting arbitration operations on the basis of marginal trade developed by a commercial institution) [14].

According to the above-mentioned resolution, authorized banks have the right to conduct their own arbitration operations with foreign banks and arbitration operations on behalf of clients who are residents and who are not entrepreneurs. Thus, it can be concluded that this resolution prohibits banks from providing such services to legal entities, citizens of Ukraine registered as natural persons-entrepreneurs, as well as foreigners and stateless persons. However, after this resolution, there were attempts to simplify the procedure and give access to foreign exchange transactions for speculative purposes. Among them is the Law on the Activities of Forex Dealers, which was submitted to the Verkhovna Rada in 2015, but was revoked. The same participation was waiting for the bill on the activities of forex companies in 2017-2019. Thus, we can say that the legal framework in our country in addressing this issue is quite low.

«It should be added that banks have the right to work only with those currencies and metals that are included in the so-called first group of the Classifier of Foreign Currencies, which was approved by the NBU Board Resolution of 04.02.1998 № 34 (the group includes 11 foreign currencies and 4 bank metals : gold, silver, palladium and platinum)» [12].

However, one of the key advantages of banks is that they act as a tax agent in the relationship of personal income tax (namely, the payment of income tax on arbitrage transactions), ie independently calculate the amount of tax and pay it from the accounts of their customers. This issue is governed by Art. 18 of the Tax Code of Ukraine. The tax rate on such income in accordance with paragraph 1 of Art. 167 of the Tax Code of Ukraine is 18%, and if the amount of income exceeds the statutory limit, the rate is increased [21].

In addition to banks in Ukraine, arbitration operations have the right to carry out dealing centers. According to the available data of the Unified State Register of Legal Entities and Individual Entrepreneurs, as the main type of activity, according to the Classifier of Economic Activities (NACE), their statutory documents indicate "consulting on business and management.” Their activities are controlled by the National Commission for State Regulation and Supervision of Financial Services [8].

Most of these centers are registered abroad, and their local branches have almost no legal responsibility or even no official registration. Offshore zones become the main place of formation / registration of such centers. Dealing operations are conducted on behalf of an offshore company of such centers. In most areas, financial regulation is more lenient than in more developed countries, although it should be noted that banking, investment and other financial activities in almost all offshore areas have recently become much more controlled than before.

The activities of such centers in Ukraine are mainly related to finding and attracting clients, advertising brokers and the market itself, this is most often done without obtaining a license to advertise financial services, by creating veiled advertising.

Intermediation by different companies in Forex, despite the prohibition provided by the legislation of Ukraine, is the reason for the nullity of agreements concluded between investors and them. «According to Part 2 of Art. 215 of the Civil code of Ukraine, the invalid transaction (including the contract) if its invalidity is established by the law is insignificant. In this case, the recognition of such a transaction as invalid by the court is not required» [18].

When concluding a contract with any non-bank financial institution, a person will have no or at best minimal chance to return the transferred funds and reimburse the losses he may receive in case of breach of contract by a dealing center or other intermediary.

Thus, it can be concluded that the least risky from a legal point, the only legal entity that can provide access to the Forex in Ukraine are financial institutions that have received permission to conduct such activities from the state.

Summing I want to say, that financial market is a combination of certain economic relations, which are closely related to the distribution and redistribution of financial resources, «the purchase and sale of temporarily free cash or securities. It acts as an important element of the financial system of any state. The overall efficiency of the country's economy depends on the efficiency of its functioning. In Ukraine, this new direction, currency dealing (buying and selling operations on Forex in order to make a profit by changing exchange rates) began to develop not so long ago, in the late 90's of the XX century.» [27]

So, having studied the general trends, history and regulatory framework, I propose to move on to consider the key issues that arise when when trading traders.

1.2 Forex as part of the foreign exchange market. Theoretical basis

Forex has its differences and features, which differs from other markets, such as the stock market, debt obligations, etc. The main differences are the high dynamics of cash, significant trading volumes, the minimum size of the deposit necessary for trade, and that makes Forex quite attractive and quite accessible to different participants.

Today, most experts believe that this market the most efficient and highly liquid compared to other similar markets. In this market, the currency acts as a commodity for which there are always buyers and sellers. Constant access to markets in different parts of the world, such as Europe, Asia and America, allows a trader (a specialist who manages capital in the financial markets) to trade at the best price. The provision of a brokerage loan, the so-called leverage, allows the trader to increase the amount of the transaction compared to his own deposit, which in turn increases the potential income with a small deposit and for a short period. But still the market is easy to understand, and has great potential for earnings, and because of this it is so popular and large.

As mentioned earlier, Forex Forex has the largest number of transactions, and the largest amounts of funds circulate among all markets, minimum transaction value and the fastest movement of currency. Nowadays, operations in market often become the main source of income for many banks and other organizations from different parts of the globe. However, should remember that all transactions concluded in market carry high risks. Any action in market, especially in Forex, is almost always associated with a certain risk, although the same can be said about traditional types of business. The key task of any businessman is to minimize risks - potential losses. This task can also be considered relevant for the trader.

The most difficult task for a professional trader, in their opinion, is the need to accept the fact that you work with other people's money, who transferred them to you in management, and you risk losing them. But this only applies to professional traders, Sometimes some of them even give up the profession just because they can not stand the constant sense of risk.

As in any other market, Forex has its participants; the main ones are those who enter into agreements and those who perform intermediary operations. In addition, there are other market participants:

• Central and commercial banks of different countries;
• currency exchanges;
• international companies and corporations;
• brokerage and financial companies;
• individuals (recently their number is constantly increasing).

Each of them has its own task and role that they play in certain situations.

Now I will try to briefly describe each of them. «The key function of central banks is to manage the country's foreign exchange reserves, conduct foreign exchange interventions that affect the level of the exchange rate against the national currency, as well as the regulation of interest rates on deposits in the national currency of their country.» [16]

«Commercial banks probably conduct the most foreign exchange transactions compared to other institutions. This is primarily due to the fact that other market participants hold bank accounts, and they carry out the necessary operations. Banks accumulate the aggregate needs of the market in foreign currency, as well as in attracting and placing customer funds and go with these funds to other financial companies.» [16]

«One of the main participants is the currency exchange. But it should be said that they are not in all countries, but nevertheless almost everywhere perform the same functions, namely the implementation of currency exchange and exchange rate formation. In addition to exchanges, the formation of the exchange rate is also influenced by the state.» [18]

«International companies and corporations, as market participants, include those companies that specialize in foreign trade, ie participate in international trade and have a significant demand for foreign currency (engaged in activities related to imports) and the supply of foreign currency (exporters), also make deposits in short-term deposits. However, these organizations usually don’t have direct access to the market and conduct conversion or deposit operations through intermediaries.» [12]

The next participant is the most popular intermediaries - brokerage firms. Their key function is to "bring together" the buyer and seller of currency and assist in the implementation of conversion or deposit operations between them.

They receive a certain commission for their work. Usually there is no commission in the form of a percentage of the transaction amount or in the form of a predetermined amount of funds. Traditionally, dealers of such companies carry out operations with the spread already included (ie «the difference between the purchase price and the selling price of the currency, but expressed not in monetary units, but in points» [28]), which already includes their income. Or there is another option, when the brokerage company takes a commission when replenishing and withdrawing money from your account. Usually it is 1-2% of the amount.

«Other participants that should be mentioned are financial companies that make foreign investments, examples of such companies are the Investment Fund, Money Market Funds, International Corporation. Traditionally, such companies are represented by various international investment funds that have a domestic policy of diversified management of their own portfolio of assets, and most often they invest in government securities of developed countries, or in shares or bonds of international companies. They are usually simply called foundations, the most famous of which is George Sorros' Quantum. Also, this type of firm includes large international corporations that make foreign production investments, for example, create branches, joint ventures, etc.» [26]

The last type of participants I want to talk about are private individuals. «Individuals have a significant range of non-trading transactions conducted through the market, such as foreign tourism, the transfer of wages, pensions, or any other financial income in the form of fees or something else, from abroad to their country, buying or selling foreign currency.» [17] In addition, it should be noted that individuals are considered to be the largest group that conducts various currency transactions for speculative purposes. The last point, or rather its analysis, became a key object of study.

«Summarizing what has been said before, we can note the following. Forex is an association of various participants in the market, which enter into agreements on the exchange of these amounts of money from one country to the currency of another at the current market rate. It should also be mentioned that Forex should not be perceived as a traditional market. It has its own specific features and key differences. First of all, it does not have a specific place where trading takes place, such as a stock exchange. Today, a laptop or a phone with the Internet connected to them is enough to trade.» [24]

I would also like to mention a few key aspects and concepts used in market. The first thing I want to say are types of quotes on the market. Direct quotation reflects how much national currency can be obtained for one piece of foreign currency. In Ukraine, one US dollar will be equated to some amount of hryvnia, and it will look like this: USD / UAH.

The reverse quotation - on the contrary, shows how much foreign currency can be obtained per unit of national, and is written as - UAH / USD.

«Another ratio that should be mentioned is the cross-course. This expression should be understood as a certain ratio between any two currencies, which is obtained from their correlation in relation to the price third currency. In practice, transactions often use this ratio with the US dollar, because it is not only the main reserve currency, it's also used in most foreign exchange transactions.» [26]

All cross-rate settlements related to the $ are calculated by dividing:

EUR / CHF = USD / CHF: USD / EUR

All cross-rate calculations that are related to the pound sterling are calculated by multiplying:

GBP / EUR = GBP / USD: USD / EUR

I want to note that the lion's share (almost 90% of turnover) of all currencies used in the market is accounted for by five main ones: «the US dollar, the euro, the British pound, the Japanese yen and the Swiss franc. Among them, the leader is the US dollar, trading in which accounts for about 80% of market turnover.» [44]. «Among currency pairs, most euro / dollar currency pair transactions account for approximately 28% of the market, the dollar / yen for 17%, and the pound / dollar for 14%.» [41].

Another key aspect to mention is the procedure of how Forex trading takes place. First, an account is opened in a in the brokerage company. These can be banking institutions, dealing centers or traditional brokerage companies, such as AMarkets. To date, there is a fairly affordable amount to enter, mostly $ 100. Although some bring the minimum deposit to $ 10,000. Thus, brokers weed out "small" clients with whom it is not profitable to cooperate due to additional operating costs that are necessary for normal operation.

A brokerage company has access to its clients' accounts and can to some extent control its status, for example, it can take into account insurance deposits, calculate the so-called margin call situation, withdraw its commission deductions and losses, add profits from transactions to the account client, and some other transactions. Most foreign companies are registered in offshore zones, in order to ensure the ease and confidentiality of capital movements.

It should also be noted that almost every company allows its customers to use the entire information system. With its help, users can observe real-time changes in the price of an asset in the market. The system also contains a news section that allows you to keep track of all the key political and economic developments around the world. The same systems provide an opportunity to perform technical analysis of price charts. Next, in the second section, I will talk in a little more detail about technical indicators and tips, as well as the economic calendar, and how to use it effectively.

After conducting a fundamental or technical analysis market and research of economic news, a forecast is made and important decisions are made:

• «buy or sell an asset (currency) or wait better and not open new positions:

• how much lot to buy / sell, how confident you are in your own forecast, what are the potential risks;

• at what price it is necessary to open and close the position;

• At what level should the Take Profit / Stop Loss be set, to automatically close the position and fix the income or to prevent potential significant losses.» [29]

«Entering the market is a procedure of buying / selling a certain amount of a financial asset. In this transaction, one currency is bought against another, ie it means that when you buy one currency, you immediately sell another. There are several ways to open a position: You enter the market immediately after its analysis, or with the help of a pending order, ie when the value you need is established on the market. Although in fact there is a third option. This is trading robots, which have recently become popular. Even traders with a more conservative view began to study and compare the effectiveness of robots from different developers. I will talk about this in more detail in second and third chapters of my work.» [32].

The next thing to know – «a market order - instructing a broker to buy or sell the financial asset you specified at the current price. The purchase is made at the demand price (Ask), and the sale - at the supply price (Bid)» [28].

About the pending order, which I mentioned a little earlier, I want to say that this is «a certain order to the broker to buy / sell a financial asset (usually a currency) later, but at the price you specify» [28]. The position will be opened only when the market value reaches the level specified by you. There are 4 types such orders:

• «Buy Limit - an order to buy the specified amount of money in a certain currency when the “Ask” price becomes equal to the value you set. At the time of concluding this agreement, the current price is greater than the specified value. Buy Limit is set expecting that the price, having fallen to the specified level, will start to grow;

• Buy Stop - an order from a company providing brokerage services to buy a certain amount of money at a time when the future price of “Ask” will be equal to the value you specified in the oder. At the time of this agreement, the current price is lower than the one you set. These orders are opened when you expect that the price of the asset (currency) will rise to the level you specified and will continue to grow;

• Sell Limit - the broker's obligation to sell the currency when the “Bid” price becomes equal to the value you predicted. At the moment, the price is lower than the one you specified. These orders are opened in the hope that the price level, after reaching the level you specified, will change its movement to the opposite;

• Sell Stop - the broker's order to sell a certain amount of money as soon as the “Bid” price reaches the set value. The price level is higher than the value you specified. They are opened when they expect that the price will continue to fall after reaching the level you specified.» [31]

Additionally, we should mention such concepts as Stoploss and Takeprofit.

The first minimizes losses, ie if the price does not move in the direction indicated - the position closes automatically.

The second - records the profit as soon as the specified level is reached.

Another important point is spread - difference between price Ask and Bid. The smaller its value, the better for the trader, this is due to the fact that the moment you buy one currency, you immediately sell another, therefore you get a certain amount of loss, it’s called spread. Recently, most brokers use a spread of 2 points for the EUR / USD, and for other pairs it is usually 3 or more points.

According to one interpretation, point in Forex is a unit of change in price of exchange rate of a particular currency in relation to another. Accordingly, for EUR/USD 1 point = 0.0001 price, and for JPY - 0.01.

The value of 1 point calculated by multiplying the lot by one point and dividing the result by the exchange rate of the quotation to USD.

Only 3 words are needed to explain the meaning of the word “lot”. The lot is the size of transaction. One lot = 100,000 currency units, but the lot can be much smaller, even per unit. For example, 0.05 lots = 5,000 currency units. To understand the price value of one item, I will give an example of one of the most popular currency pairs - EUR / GBP. If the lot is 100,000 - one point will be 10 $.

Also an important aspect to remember is margin lending or in the language of traders - leverage. Margin lending is a loan by a broker's loan to a client of a certain amount of money to increase the amount of the position. Usually the size of the shoulder for “small” investors who have an amount of 300 to 10-15 thousand dollars - 1: 100. This ratio means that by investing one unit of currency, you can get 100 times more. Consider how this works by example. With 1,000 $ in account, you can trade for 100,000 $. Of course, other leverage is used in different ratios, such as 1:30, 1:50, 1: 200. But it should be remembered: more leverage = the greater the risk, but with the risk increases and potential income. It is thanks to the leverage that middle and small investors have the opportunity to trade.

Almost to the end I want to add about such an important concept as a margin call - a level at which the dealer (broker) can close the position in order to protect himself from possible losses. If someone uses leverage 1: 100 and there is a change in the exchange rate a little less than 1 percent in the other direction from the forecast, it may cause forced closure position.

Going to the results, I will summarize and clarify a bit. To record profits or loss (to prevent even greater drawdown) received due to changes in exchange rates, your position must be closed yourself, if there are no appropriate orders.

So, summing up the first point, I want to add that the foreign exchange market has some differences from other markets, as it has a high dynamics of funds, record trades, the lowest collateral required for transactions, and thus makes Forex attractive for participants of various kinds. However, despite all the advantages of the market, there are certain nuances without the knowledge of which it is impossible to even imagine an efficient and profitable trade.

SECTION 2 USING DIFFERENT APPROACHES TO DECISION-MAKING IN THE FOREIGN EXCHANGE MARKET

2.1 Influence of fundamental factors on Forex transactions

Probably most important and at the same time the most difficult component of trading is the ability to quickly and efficiently analyze the changes, because it has a direct impact on the success of trading. The change in quotations includes potential opportunities for both high income and large losses. And the final result of this or that operation depends on the trader, his abilities and skills, attentiveness and concentration.

Many tips such as indexes, values, graphical images and much more come to the aid of market participants. The ability to notice these tips also distinguishes successful traders from beginners and those who treat Forex as a lottery.

All these “hints” can be divided into 2 groups, and depending on the methods and techniques that include these hints distinguish between fundamental and technical analysis. There is some confrontation between analysts who say that only fundamental analysis contains the necessary information about the market and it allows you to properly investigate the reason why the price changes, and so-called technicians who say that price changes themselves reflect the preferences of market participants. correct decisions when opening positions, and you do not need to pay attention the reason why the price changes. Against those who agree that market analysis is a great research work to find their vision of the market, individual ways of analyzing the prediction of its behavior. I would like to add that it is better to combine and use 2 types of analysis, this will allow you to more accurately determine the points of entry into the market and work on the side of “bulls” and or of “bears”. That is why I propose to get acquainted with the key aspects of each of the analyzes.

So, the first analysis includes reliable reports on economic, monetary and financial events in the world, phenomena in political and economic life, both individual countries and the world community, which may in some way affect the development of the foreign exchange market or economy the world; an analysis is made of what changes in exchange rates they may lead to. It should be noted that important information to pay attention to are reports on the work of stock exchanges and global companies, discount rates of central banks, the government's economic rate, possible changes in political life (today a clear example is the US presidential election, which observed the whole world), and all sorts of rumors and expectations. Typically, all key events are reflected in “economic calendar”, which is available on almost all platforms that provide access to trade. You can also find such a calendar on the Internet. It contains all the key events that may have an impact, and immediately reflects the strength of the impact and the time when this economic event will occur. Most often it is an announcement of some indicator. But I will tell in more detail about this later.

I would also like to add that, to a greater extent, fundamental analysis comes down to the study of macroeconomic news and indicators. Traders usually distinguish two types of news.

• «News is accidental and unexpected - it can include news of political and natural origin, rarely economic. An example of such news is the terrorist act of September 11, 2002. In the United States, it led to a sharp fall of the US dollar against other world currencies.

• News, planned and expected - usually economic news, although sometimes political. For example, the date and time of the announcement of important macroeconomic indicators are known in advance. More details about these news and examples of them will also be given later in the course of the work.» [27]

It should be noted that the market reacts to unexpected news quite brightly (strong and rapid change of course), just as a person perceives unexpected news more emotionally, whether negative or positive. By the way, there is even a special method of "trading on the news", which allows you to earn an attractive amount in minutes, as after the news comes out, the market immediately responds to it. The reaction usually lasts several hours, although sometimes it lasts for days, and in rare cases for weeks. It all depends on the type and importance of the news.

But you also need to remember that waiting for this or that news, market participants are already preparing their positions in accordance with their expectations. If bad economic indicators are expected, then the price decrease occurs even before the release of such indicators.

By the way, the impact of economic news on the exchange rate is the most significant, compared to other events, data on macroeconomic indicators are published regularly, at certain times, and much more often than, for example, changes in discount rates, changes in government, natural disasters, etc.

«Most indicators are published every month. In December, for example, economic indicators are published for November (November is the reporting period). In addition to the indicators themselves, the report also includes the value of the same indicator, but for the previous month. This is because by the time the indicator is published in November, the data collection agency receives more complete information for October. This information is important for all market participants. It is thanks to her that most decisions are made regarding a particular currency. Although it is fair to note that usually the most influential are data from the United States, which leads to an increase or decrease in the dollar against other currencies.» [34]

So, to summarize, we can say that fundamental analysis is the most difficult parts - and at the same time, one of the key parts of trader's job. It is rightly considered difficult, because the same events have different effects on currency quotes, it often depends on environmental conditions.

All fundamental factors should be assessed from two points of view:

• How this news will be reflected in the official discount rate of country;

• What is the general state of the national economy at the moment.

I propose to go in more detail to the indicators themselves, which are used in the fundamental analysis.

«The first indicator, gross domestic product - litmus paper of the general economic condition of the country. GDP gives an idea of the overall material well-being of the nation, as the higher the level of production, the higher the welfare of the country. Represents the value of goods and services produced domestically at market prices, both by residents and non-residents.

This indicator is very important for the economy as a whole. It is used to characterize the results of production, the level of economic development, economic growth, analysis of labor productivity in the economy, etc. It is often used in combination with other indicators.

GDP is reflected not only in the form of an index, relative to the previous period, but also as the absolute value of the sum of prices for manufactured goods and services. This indicator is a general indicator of the strength of the economy (or, conversely, its weakness during the recession). Its connection with the exchange rate is obvious, the more GDP grows, the stronger the national currency becomes.» [29]

«The next indicator is the Gross National Product. It can be called the main indicator of the state of the national economy, it includes smaller economic indicators, such as consumption, investment, government spending, exports, imports. There is a direct relationship between changes in this indicator and the exchange rate. If this figure increases, it means a good state of the economy as a whole, namely the increase in industrial production, foreign investment in the economy, growth in exports. The last two indicators lead to an increase in demand for the national currency, which leads to an increase in its exchange rate. It should also be noted that with long-term growth of GNP (for several years) can cause overheating of the economy, rising inflation, which in turn can serve as an indicator of possible interest rates (as the main anti-inflationary measure), it also increases demand for national currency.» [29]

«Another indicator I want to mention is Purchasing Power Parity Rate - the exchange rate at purchasing power parity. It can be called an ideal exchange rate, which is calculated as the weighted average ratio of prices of a standard basket of industrial goods, consumer goods and services of the two countries (those whose currency we track). The method of determining and adjusting the exchange rate according to this indicator is inherent in the system of fixed exchange rates (gold standard, Bretton Woods system).» [57]

«Next is the indicator of Real Interest Rates. It reflects the level of real interest rates. Many experts rightly consider this indicator to be extremely important, as it determines the overall return on investment in the country's economy (interest on bank deposits, return on investment in bonds, the level of average rate of return, etc.).

It should also be noted that the change in the interest rate and the exchange rate of the national currency are also directly related. I want to clarify that when talking about rates, we should keep in mind real interest rates, ie rates less inflation. However, if nominal rates rise more slowly than inflation and GNP, the exchange rate may fall. It should also be mentioned that the difference in interest rates between these countries plays a key role in shaping the exchange rate of the two currencies. There are situations when the level of interest rates in two countries is approximately the same level, then an increase in the discount rate in one country may lead to a shift in profitability in favor of investments in this currency, and this will increase demand for this currency and increase its exchange rate.» [43]

The next fact that plays an important role is the level of inflation, it is measured in the growth rate of prices, which includes 2 indicators:

• «Producer Price Index - index of change in producer prices. It is calculated as a percentage of the previous period, it is considered the primary sign of inflation, as producer prices are included in consumer prices.

• Consumer Price Index - consumer price index - the direct level of inflation. Inflation rates and exchange rate fluctuations are inversely related.

Another indicator to look out for is the stock index. This number, which in generalized form expresses the state of a particular group of shares. By the way, it should be noted that usually the absolute values of indices are not as important as their changes over time, because these changes allow us to draw conclusions about the general direction of the market, even if the prices of the selected group of shares change.» [34]

The main stock indices include the American Dow Jones industrial index and the English FTSE (Financial Times Stock Exchange).

«Traditionally, the index is defined as the average of the values included in the stock index (components of the index). For example, the S&P 500 is the weighted average share capitalization of 500 leading US companies, divided by some fixed ratio. It is chosen so that at the time of the historical beginning of the calculation of the index, its value is equal to some convenient number. Adding stocks of different weights to the index is done so that larger companies have a greater impact on the value of the index, but this is not a mandatory rule.» [36] To understand the role and importance of the S&P 500, one can recall how the market reacted to Tesla's share price after it became known that it would be included in this index. In a week, Ilona Maska's capital grew by $ 9.8 billion.

I also want to say a few words about the labor market, or rather about its state. It plays an important role in development of economy the whole country, which is why employment indicators are considered the most important macroeconomic indicators, and they will never go unnoticed. A clear example of a country that clearly monitors and records this indicator is the United States. They have a clear and coordinated number of departments for processing statistics on this issue.

The unemployment rate shows the ratio of the number of unemployed to the total working population. It is also considered one of the main indicators, used as an indicator of possible inflationary pressures through wage increases. The high level of this indicator indicates unfavorable trends in the economy, contributes to social tensions and a decrease in the net mass of real incomes, which leads to a depreciation.

To understand the importance of this indicator, it is necessary to mention Japan, where if this indicator rises to 9%, a political crisis is unfolding in the country.

«Another important indicator is Industrial Production, an indicator of industrial production. It reflects the total output of national plants, mines, total utilities. Has a direct impact on all indicators of economic growth. Increasing the level of IP means the strengthening of the economy as a whole, including the strengthening of the country's position in the world economy, which should lead to increased competitiveness of goods in world markets, and thus increase its trade balance and strengthen the national currency.» [26]

«Recently, indices of business optimism have become popular. Such indices reflect the view of the business community on the present and their expectations for the future. These indicators are regularly published in the United States, England and Germany, where they are created by the relevant business associations. They are used to assess the direction of public opinion and to measure the dynamics of objective indicators. An example of the use of such indicators, again, is Japan, which is similar to the PMI index in the US Tankan index, which was adopted by the Central Bank as a tool for analyzing the dynamics of economic processes, which is used for monetary policy decisions.» [26]

These indices can be perceived as follows: usually, an increase in this indicator strengthens confidence in the national economy, and therefore contributes to the strengthening of the country's currency.

Their use makes it possible to make a more accurate forecast for a month, two or even a quarter.

Thus, we see that under the expression of fundamental analysis lies a lot of pitfalls in the form of economic and political news, the release of which in one way or another may affect the change in exchange rates. Only experienced traders can skillfully and quickly use the information obtained to generate income on Forex. This is where the expression “time is money” really works and is confirmed many times, as decisions after the news should be made quickly, but carefully, because even a few minutes after the news may be too late to open a position. But the fundamental analysis mainly gives only a general direction, and to determine the point of entry is still better to use technical indicators. And only in time will you be able to combine these two analyzes in your work.

2.2 Technical analysis of the market

As mentioned earlier, for proper, ie profitable work in the market, it is necessary learn to analyze and predict further price movements. Usually used several types of analysis in forecasting. This is primarily a fundamental analysis that indicates the main direction in which need open the transaction, technical analysis helps determine entry points, and last analysis is a psychological, ie the internal state of trader, confidence in their own forecast . We have already talked about first type, and the last kind depends entirely on the trader, there is no universal advice, because each situation, each entry point is special, and decision to open a position must be made independently. It is to determine entry point using technical analysis.

The history of the use technical systems to determine the future price dates back to the time when trading in stocks and commodities began; traders and investors began to notice certain trends and some patterns in price behavior over time.

Now almost the same thing is happening. Almost all market participants use graphical and analytical tools to identify changes in supply and demand. With the help of these tools, a forecast is made regarding the future price.

We can say that «technical analysis is a method of predicting price changes by studying the graphs of historical changes in the market.» [39]

«As with any other analysis, the technical has both strengths and weaknesses. The strengths include the following:

• technical analysis can be used for a large number of tools in almost all markets;

• graphical indicators cover for analysis the period from an hour (and less) and almost to a century.» [43]

«Weaknesses are manifested in the fact that:

• technical analysis has a certain element of subjectivity, because of this sometimes even experienced analysts can find themselves in a situation where there is a discrepancy with reality. This situation is most often encountered by novice traders. They often see what they want, not what they really are;

• Technical analysis reflects the degree of probability that something may happen, but it does not state that it will inevitably happen.» [43]

Main role of technical analysis manifested in determining direction of price movement, as well as the optimal point of entry, the conclusion of agreements. It is based almost entirely on two key concepts, price and volume.

Usually the concept of price means consent of the buyer and seller (according to which one person agrees to buy and other - sell). The level of price at which a person wants to buy or sell depends primarily on the expectations of that person. If she expects the price to rise, she needs to buy now; if the investor predicts that price will fall, it will be more profitable to sell. These 2 statements can be considered as the main reasons in the forecast of courses as they concern human expectations.

The work of any technical analyst is primarily based on the definition of "trend" - the main direction of price movements. They are of 3 types:

• «bullish (ascending, ie the price is moving up more),

• bearish (descending or descending, ie the price on the contrary, moves more downwards),

• lateral (it is difficult to identify any specific direction of price movement). A long sideways trend can also serve as an indication that a strong price movement will start in one direction or another.» [44]

Usually price does not move clearly in a straight line up or down. It is moving ups and downs, and depending on which movement prevails, we can conclude what is the current trend.

With an upward trend, each subsequent peak and each subsequent decline is graphically placed higher than the previous one. That is, we can say that the upward trend is followed by a graph with consistently increasing peaks and troughs. There is an expression that bulls control the market and it is they who push prices up.

The same can be said about the bearish trend, but vice versa, ie each subsequent peak and decline is lower than the previous one. Determining the main direction is the basis of technical analysis. The bearish trend in this situation is said to be that bears now control the market and they are pushing prices down.

Lateral, or sometimes called horizontal trend, can be characterized by the absence of a clear bullish or bearish price trend. Prices during this trend are within their average value. Trading within a sideways trend is considered one of the easiest, as to enter the market it is enough to define the boundaries of this channel (trend), and wait until the price reaches one side of this trend, open a position in the opposite direction, as there is a high probability that the price will be reflected from the trend line and will start moving in the opposite direction.

The next basic element of technical analysis is the Japanese candle. It was developed in the XVII century, but it is used by all leading traders. Candles show all the basic elements as modern bar graphs, namely the opening, closing, highs and lows, but in contrast to the latter in a simpler form. Candle charts are just one way to monitor price dynamics; they do not require any additional calculations, but nevertheless play an important role in the work of the trader. It should be said that each candle reflects one time period chosen by the trader.

With regard to candles, it is also necessary to say about its structure. The vertical lines at the top and bottom of the main part of the candle (body) are called shadows. The body of the candle is of different colors, it depends on the location of the price of opening and closing the candle. Traditionally, white is used if the closing price is higher than the opening price, ie the price has increased. If on the contrary, the candle will be black. Although on some platforms the color may be different, but understanding how it works on one platform, with another there will be no problems. By the way, during the period when the candle will be formed, it will also pulsate, ie the body will change size and color, and the shadows will appear or disappear. This is especially true when some important economic or political news is published. That is why during the fundamental analysis it is necessary to check the economic calendar before starting work.

I also want to say that some traders believe in the candlestick analysis that the main role is played by the body, and color and shadows can be neglected. But I do not agree with this, as there are many clusters and patterns in which the shadow and color play a much larger role than the body of the candle, so the forecast is not only on the candles themselves. Examples of such candle clusters will be given below.

Undoubtedly, it can be argued that Japanese candles probably play one of the most important roles in determining the reversal of the trend. In this case, special importance is given to the so-called Dodge candles, or they are called defective (the body of the candle is small in size compared to the shadows of the same candle) or other small candles, as they indicate signs of indecision of market participants, it is most often observed when the market is approximately equal to the number of bulls and bears.

Usually the prediction is based on a combination of three candles, where the first two are a figure, and the third acts as a confirmation signal. For example, here are some ways to use candlestick analysis to predict future prices.

Strategy “3 candles”. Its main essence is that if the beginning of the second candle is the end of the first, and their body size is almost the same, then it can be argued that 3 candles will also move in the same direction as the first two.

Another strategy is to trade at Pin-bar, or as it is called by domestic traders - “Pinocchio”, and in the American version the name “Pinocchio” is more common. The point is that on the chart you need to find a candle in which the body is much smaller than the shadow (one). And the shadow is long, and is higher than the neighboring candles. This indicates a change in trend, and you can open a position.

The next strategy with the use of candles is a “domino” strategy. For her trade is as follows. On the price change chart you need to find the alternation of bull and bear candles in the amount of 8 pieces, ie that they change through one. Once you find such an alternation - you can open the position in the opposite direction from the extreme candle.

After understanding the basic elements, you can proceed to the analysis itself, using special methods, strategies and indicators.

The main method of analysis is graphical. It provides an opportunity to determine the behavior of the market over a period of time. Every second there are sales transactions on the market. Someone buys, someone buys, and someone just waits for the best moment. The latter, by the way, the largest number, and they put some pressure on bulls and bears. Based on this, we can conclude that the price is the result of the interaction of these 3 groups of traders.

Also should add a few words about the trend. As mentioned earlier, the trend is like a corridor within which the price moves. In this corridor there is a floor and a ceiling, which restrain the price and do not allow it to fall below the floor and do not allow to rise above the ceiling. In the language of traders, these are lines of support and resistance. They are also the basis of trend analysis, and all trend lines, models and figures are only combinations of the first two.

Now let's look at each of them in more detail. Thus, the lines of resistance connect the main peaks of the price movement. They arise in a situation where buyers no longer have the opportunity or desire to buy this product at higher prices. In this situation, sellers put pressure on buyers, and as a result, price growth stops and changes to fall.

Support lines also connect key points, but already market lows. They occur when sellers cannot or do not want to sell goods at lower prices. At this price, there may be a strong desire to buy and it can withstand pressure from sellers. Accordingly, the price decline stops, and it begins to rise again.

However, there are cases when the trend changes and the so-called breakthrough occurs, and when it does happen, the support line can turn into resistance line and vice versa.

That is why it's necessary to remember that it's better to build such lines through zones of accumulation of prices, and not only because of their maximum values at a point, on tops and bottoms. The accumulation of prices confirms that in this place the behavior of most traders has changed direction, and maximum points indicate the panicked behavior of the weakest, those who hastily close their positions.

It's important to pay due attention when conducting a trend analysis, as not treating it properly can result in losses. If you don't catch the breakthrough price in time through the line of support / resistance, then all subsequent analysis can be based on false impressions of the market, and this will result in large losses for the trader. It's the breakout points that indicate the reversal of the trend or its acceleration.

At the same time trend lines and models conceal a certain subjectivity, and the analysis performed using technical indicators and systems is considered accurate and objective.

Indicators - the main analysis tools that help to accurately determine the time of purchase / sale. There are many of them, but in most cases they only duplicate each other, ie signal the same thing.

All indicators divided into 3 main groups: trend indicators, oscillators and others. The former perform well when market in motion, but at the same time often give false signals if market doesn't have a clear trend. Some traders call them lagging indicators, because they move when the trend has changed.

«Oscillators help to identify turning points in a stationary market, but can give premature and sometimes dangerous signals as the market begins to move. These indicators are synchronous or advanced, ie they often change before prices. Indicators belonging to the group of "others" give a better idea of the psychological mood of market participants. They can be both synchronous and advanced.» [45]

I propose to consider only a few of them, namely those used more often than others.

Quite famous are simple averages, they are quite comfortable and more reliable to use. However, their use has certain nuances. The first nuance is a problem of choosing the order when constructing the average. If you make a mistake when choosing the order, the average may not give the desired signal.

You should also know:

• «A longer period of time on which the average is built requires a smaller order of the average. As for short averages, they can be used without restrictions;

• Longer averages are less sensitive to price changes;

• To avoid pseudo signals, you need to avoid using a medium of very small order;

• To avoid delays - you need to avoid very large averages;

• When using averages on a sideways trend, it is better to use averages with a larger order than usual.» [64]

Among the simple averages exude 3 main types:

• «Simple moving averages. They usually provide the most accurate signals, the delay is insignificant.

• Weighted moving averages. Each price is assigned a certain “weight”, which increases in the direction of the current price, due to which the trader gets more informative.

• Exponential moving averages. Similar to the previous ones, a certain weight is assigned to each price, and the greatest weight is assigned to the last value of the price. The key feature is that the averages of this type include all prices of the previous period, not just the analyzed period.» [64]

Most traders use last kind, as it provides more opportunities to open a position and does so almost without delay.

By the way, «there is a certain rule of trading using moving averages, namely to buy at a time when the price is above average (on the “bullish” trend), and sell on the contrary, when lower (on the “bearish” trend).» [37]

The next important point is deviation of the price from moving average, ie analysis of volatility, which forms the so-called channel of price changes.

«The main indicator in this case are Bollinger Bands (Waves). They characterize an abnormally sharp deviation of the price from the trend. In this case, the trend should be understood as a moving average. Graphically, this indicator is depicted as 2 lines that limit the price dynamics at the top and bottom, respectively. To some extent, we can say that they act as lines of support and resistance, which are at a certain distance from the price. About the construction of this indicator, it should be said that about 5% of prices should be outside these lines, and the rest - inside. An indicator before entering the market will be the breakthrough of the price of the upper resistance line, or lower support line. But most often there is just an oscillation between these two lines, and this means that at the moment there are no reliable signals. It should be clarified that the decision to enter the market is made only if the price chart crosses the Bollinger line to return to normal.» [49]

The following indicators that are often used in this type of analysis are the Relative Strength Index (RSI), Stochastic Lines (Stochastic) and the Convergence-Divergence - Convergence-Divergence (MACD) method.

«Traditional technical analysis techniques work best with RSI than with other indicators. Trend lines, support and resistance, “head” and “shoulders” - they all work well with RSI. This indicator often completes the formation of these figures a few days earlier than the price, while giving a clue about the possible dynamics of prices. For example, RSI usually crosses the trend line one or two days earlier than prices

If the RSI is higher than the upper reference line, it indicates the strength of the “bulls”, ie that the market is overbought, and most likely there will soon be a change in trend. The opposite situation indicates the strength of the “bears”, ie the market is oversold, and is also preparing to change the trend.

By the way, it should be noted that it is best to open a purchase order on the basis of daily RSI signals if the weekly trend is upward. And it is better to sell, in the event that the weekly trend is declining.» [64]

As for stochastics, the main principle by which it's calculated is the theory of probability. Based on this, it is possible to draw a conclusion that price level can not rise or fall indefinitely.

«Another thesis on the application of this index is the knowledge of the psychological component of human behavior, this is due to the fact that the decision to open positions is made by people. People tend to be excited at a time when there are significant changes in price. This is manifested in overbought or oversold goods, which will lead to a rollback of prices to a lower / higher level.» [36]

Next indicator was developed many years ago by Ch. Line, but gained popularity only with the development of computer technology.

«The main purpose of this indicator is to determine price trends and reversals by observing the location of closing prices within the last series of peaks and troughs. This method is based on the analysis of the following fact. At a time when prices are rising - their daily closing levels are usually closer to the maximum value, which ends their last series. In the event that prices continue to change horizontally, or increase, and the price level of closing daily trading begins to decrease in the last series, this may indicate an internal weakness of the market and future reversal.

The opposite situation occurs when the market falls: downward trends are confirmed if the level of the closing price is within the bottom of the last series of local lows. If they rise higher in the series, it indicates the internal strength of the market.» [44]

The last of these indicators is the method of convergence-divergence - convergence-divergence (MACD).

«It refers to oscillators, but the construction is based on averages. In essence, it is an analysis of the two averages, but visually improved, and this is what played a key role in the popularity among traders. The main recommendation for this indicator is as follows: MACD performs best when working at intervals of a day or more. Of course, it can be used in the analysis for periods of less than a day, but you need to be very careful. Short periods can give false signals. On the graph, the indicator looks like two lines, the intersection of which indicates the entry point.

Variation of this indicator - MACD-histogram gives a deeper understanding of the strength of bulls and bears than the classic MACD. It shows not only who controls the market situation, but also whether they become stronger or weaker. We can say that this is one of the best tools available in the technical analysis of the market.» [44]

Best results of using oscillators can be obtained in a quiet market, when trend is sluggish or completely absent.

But this does not mean that you can not trade with a strong trend. The negative result of the oscillator analysis is also good news, as it will confirm the trend. When the trend is growing, the oscillators are most of the time in the overbought zone. If on the contrary, they will most likely be at the bottom of the chart. But when trend changes oscillator can both help and mislead.

The main rule to keep in mind when using them is that as soon as the oscillator passes the point of intersection with a given limit and displays a point following the local maximum or local minimum of the oscillator values, it indicates that you can open a position in the direction of movement oscillator.

Graphic tips deserve special attention. The first such hints can be attributed to the group of reversal figures.

Among the figures of the trend change, the most important are “double top and bottom” and “head and shoulders”. They can be found quite easily on most charts, and if they are identified correctly, you can easily predict the point of trend change. Of course, there are other figures, but most of them are only variations of these figures. Let's start with the figure “Head-shoulders” (GP).

This figure is considered the main in determining the reversal of the trend, and other models and reversal figures - only isolated cases of this model. The figure below shows an example of this figure on a bullish trend.

Fig. 2.1 - Figure “Head and shoulders” [43]

«Among the main features of the figure are the following:

• if the figure “inverted head and shoulders” appears on the bearish trend, and the other shoulder is higher, it amplifies the signal that is given;

• if on a bullish trend the second shoulder in “Head and shoulders” is lower than the first, it also serves as confirmation of a signal;

• to recognize the figure “Head and shoulders” it is necessary to compare it with the volume;

• the potential for movement of the course after breaking the neck line is usually equal to the potential of the “head”.» [43]

«The next figure is the “Double Top”. If the chart on the bullish trend after the peak forms the next peak, it will be the same level as the previous one. Usually the figure is defined by means of classical elements:

• support line;

• line of resistance;

• height of the figure;

• direction of breakthrough;

• the magnitude of the stroke after rollback.

The figure is considered complete only in the event of a clear break in the support line. There is a similar model - a double bottom. It is formed at the bottom of the market and is evidence that there is a reversal of the downward trend.» [54]

It should be said that you need to work carefully with the figures, as there are often false signals, so you need to combine and use several indicators at the same time to be more confident in their actions.

The next type of figures that should be mentioned are those that indicate the continuation of the trend.

A triangle is a price area whose boundaries intersect on the right (Fig. 2). This figure is a sign of reversal or, most often, the continuation of the trend. We can say that the market is shrinking, and the energy of the players is compressed to then spill out of the triangle.

«When working with a triangle, keep in mind the following:

• in a classic triangle there should be 5 lines from the point of entry into the triangle (three down and two up or vice versa);

• if the price is included in the triangle at the top, then stronger positions to continue the downward movement of the price;

• provided that the price is at the bottom, then stronger positions to continue to increase the price up;

• the angle of the triangle indicates the direction in which the price is likely to go;

• a large number of lines in the triangle and approaching the top of the exit, it indicates a strong and significant dynamics of prices at the exit, but if the exit occurs in the last quarter, the further movement is likely to be sluggish and unstable;

• breakthrough most often occurs between 1/2 and 3/4;

• the vertex of the triangle will in the future act as a level of support - resistance;

• the volume decreases as the triangle is formed, but increases sharply after the breakthrough;

• after the breakthrough, the price will go in the direction of the breakthrough, at least a distance equal to the height of the triangle for the most part;» [43]

Fig. 2.2 - Figure “Double top”, and figures of continuation of a tendency [43]

«The “Flag” figure is usually formed after a rapid previous trend. Graphically, it looks like a rectangle facing the direction of the trend. It usually occurs in the middle of the movement. The volume, as the formation of the “flag”, falls, but then increases sharply after the breakthrough. The formation in most cases takes from 5 to 15 candles.

The next figure - “Pennant”. It looks like a small symmetrical triangle. Volume behaves similarly to the previous case. The figure in the “Triple and double top-bottom” section shows two examples of this figure.

Another graphic image that is worth paying attention to is the “Wedge”. It looks like a small triangle that is tilted against the direction of the main trend. When the slope is towards the trend, it may indicate a possible change in the trend. The breakthrough usually occurs between 2/3 to 1.

In the study of these figures should be borne in mind that after the breakthrough, the potential for price movements, in most cases equal to the value of the so-called “shaft”.» [61]

Of course, there are other indicators, figures, and strategies, but the main ones, which are used by almost all analysts - I mentioned above. The only thing I want to add is that despite the efficiency, simplicity and clarity they need to be used in the system, ie to make a single decision to enter the market, it is better to use several indicators and strategies. In addition, I will say that I have given only those indicators that help to understand and determine the direction of price movements, but there is still the question of determining the level of TakeProfit and StopLoss, ie where to record profits and losses, which lot to enter the market and many other issues that need solution.

So, summarizing the above, I repeat that working on Forex can be a good main way to earn income, but you should keep in mind the existing risks. After all, market movements do not always work on the side of the investor, sometimes he is against it. But at the same time it should be noted that the risk that arises when working in the foreign exchange market can be insured (hedged) through transactions in the futures and options markets. We can also say that successful trading will be only when the trader will use a set of different methods that will allow you to choose the right tactics and strategy for the market. Proper understanding of the results of fundamental and technical analysis allows a trader to earn on Forex, rather than lose, as is the case with almost 90% of players.

To do this, the latest software and information tools will help, which allow you to effectively use all available indicators and strategies.

SECTION 3 PROBLEMS AND PROSPECTS OF FOREX MARKET DEVELOPMENT IN UKRAINE

3.1 Using different strategies and tools on the example of the euro / dollar pair

For a better understanding of the methods, strategies and indicators mentioned in the previous paragraph, I propose to enter the main elements of each of them in one table. But at once I want to note that it is best to use several indicators at the same time, because the joint use of several indicators serves as a confirmation of reliability and confidence in decision-making in trade.

Table 2.1 - Comparison of indicators / signals on trading (Constructed by the author on the basis of materials listed in the list of references)

The name of the indicator	**How to build**	**Easy to use / understand**	**Reliability / efficiency of use**	**Which indicator is better to use**
Candle chart / candle patterns	On the platform, select the option to display the graph “Candle”	The easiest of the existing analyzes, as most patterns are known and described in the available literature	Candle patterns are considered one of the most reliable indicators in trade. Proper use of them - the key to successful trade	Suitable for use with all other available indicators
Trade “on news”	Almost all platforms have a section with news, in addition, many sites on the Internet provide access to the “Economic Calendar”	Understandable for most traders, as the calendar indicates the importance / strength of the impact on the market	Checking the news before trading avoids a false impression of the market and warns against possible sharp changes in price movements	It is recommended to use all traders before starting work
Lines of support and resistance	They are built within the limits of local highs and lows, it is better to build in the area of accumulation of such points	It is built in 2 minutes. It is better to build on different timeframes, for a better understanding of the trend	In most cases (70% or more), the price moves within these lines	Suitable for defining a “corridor”, but is not a mandatory element of trade
Bollinger waves	Most indicators on platforms that open access to Forex have already set optimal	Due to automation and standard / optimal values of the indicator (which is	To a greater extent, it serves as an indicator of confirmation of future price movements	Best used with support and resistance lines

	values, so the construction of such indicators is reduced to a few clicks	better not to change for novice traders) it is very easy to build		
Convergence-divergence method - convergence-divergence (MACD)	Similar to the previous one	Similar to the previous one	It can be used as a confirmation indicator, but is also used as a stand-alone indicator that helps determine the entry points into the market. Reliability of use is about 70%. In combination with other indicators - reliability increases	Optimal to use with Bollinger Wave indicator and Relative Strength Index (RSI)
Moving averages	Depending on which slider was chosen, the ease of construction and use also changes. But it is quite clear indicator that can be dealt with in 3-5 minutes	Depends on the slider, as some of them need to be customized yourself, and you need to know exactly how to do it. But there are no special difficulties	Acts as a separate indicator, reliability - about 60%	Can be used with MACD histogram and graphical prompts
Relative Strength Index (RSI)	Usually use an indicator with already set values	It is quite easy to understand, although it still needs to be studied	Strong indicator, reliability over 70-75%	Used with lines of resistance and support
Stochastic lines (Stochastic)	Similar to the previous one	It is necessary to take some time to study and understand certain nuances	Often used as a confirmation indicator	Similar to the previous one
Parabolic SAR	It is built on standard, already established values	Easy to operate, perceived even intuitively, without deep study	The main indicator, reliability over 70%	Can be used with any other indicator
Graphic indicators-hints	Quite easy to build	To understand the basic graphic elements you need	It is better to use in combination with other indicators, although	Can be used in combination with other

		to spend about 15-20 minutes	often give the correct predictions. Reliability about 70%	available indicators

Having structured the basic indicators which are used at trading activity I suggest using them to make the forecast on one of currency pairs. Among traders, the most popular pair was the euro / dollar. First of all, this pair usually behaves quite predictably, but at the same time quotes change quite dynamically, and this is why it ensures the popularity of this pair. In addition, most economic news is related to these currencies in one way or another, and this greatly simplifies the process of fundamental analysis and forecasting in general.

But at the same time, despite these factors, it is still difficult to make a long-term forecast, and most traders work with medium-term forecasts, namely from a few hours to several days. But the general trend can be identified for a slightly longer period of time.

In addition, I want to add a little about these currencies. The base currency in this pair is the euro, the dollar is the quoted currency. That is, the phrase “a couple of euros dollar” indicates how much dollars you have to pay for 1 euro.

It is necessary to say a few words about the forecasting of the change of course.

If you publish positive economic news in America, which can strengthen the currency, you need to open a position for sale.

If the euro is forecast to rise against the dollar, you need to buy.

I will try to make a forecast for the week, namely on November 23-27, 2020. The forecast itself is built on November 21. But since this is not a working day on Forex, you should not miss the start of trading, as quotes can change quite quickly. And the forecast which is actual now can cease to be so in some hours, and can and earlier. By the way, for subinsurance, can separately examine the price change for each of the currencies separately, and not in any particular pair. That is, if the price of the dollar decreases separately, and the price of the euro, for example, increases, you can use this to open a position.

So, first step is to explore what economic or political news will be next week that may affect the trend. The first event that has a high degree of impact is the publication of the consumer confidence indicator in the United States. The indicator is calculated by Conference Board experts on the basis of a survey on the economic confidence of households. The acceleration of the indicator indicates consumer confidence in the future, which is favorable for the currency. But since it is projected to decline, it could negatively affect the exchange rate. The next event also applies to the United States, the minutes of the Fed meeting will be published. The minutes of the meeting of the US monetary regulator are published within two weeks after the announcement of the results on the interest rate and the volume of the asset purchase program. Of particular interest to market participants, as they reflect the views of FOMC members on the timing of the quantitative easing program and the timing of the decision-making process. After the publication, high market volatility is expected. No more high-impact news is planned for next week. There will be events that have a medium impact. Most events that affect the United States and Europe and have a medium or low impact on the market have a positive outlook, ie should strengthen currencies. This means that the probability that there will be a sharp change in course under the influence of such events is minimal.

The next step is to consider the course schedule and apply the main indicators for the future forecast. We work in the order in which the indicators are listed in the table. That is, we immediately adjust the candlestick schedule and build support and resistance lines, we do it on a daily schedule, but just in case you can view larger timeframes to see the general trend and the average time.

You can immediately build Bollinger Waves to understand the potential direction of movement. Graphically, it looks like this.

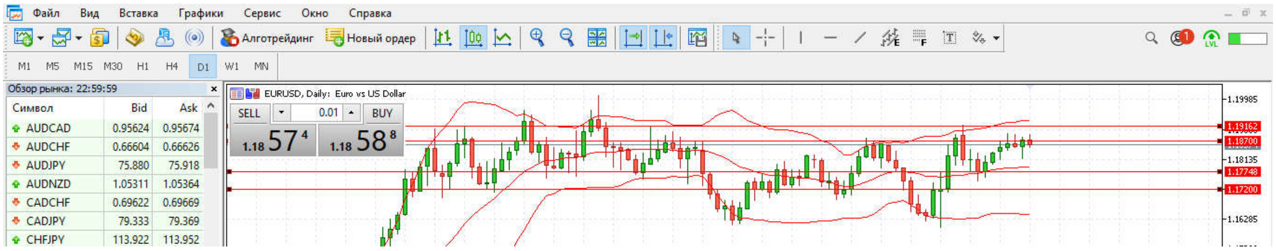

Fig. 2.3 - Construction of lines of support and resistance in combination with Bollinger Waves

In the global time interval, we see a rapid future correction within a wide side channel. This can be seen both within the lines of resistance and support and within the Bollinger Waves, although they indicate a possible slight increase in the exchange rate, this may need to be addressed. We also see that the price is approaching the resistance line, which means that we can expect a rapid reversal and a change in the trend next week. But it is not desirable to draw a conclusion only on these two indicators. It is better to add a few more technical indicators that can better reflect the true picture of the market. As part of the forecast for next week, we have the following corridor:

Resistance levels: 1.18700, 1.19162.

Support levels: 1.17200, 1.17748.

Having determined the basic points of the analysis, you can go to the technical indicators. Usually I use RSI, MACD, sometimes I add moving averages or Stochastic lines (Stochastic). Also quite often, if possible, I use graphic tips.

Therefore, we add the RSI and MACD indicator to the graph and analyze the obtained results.

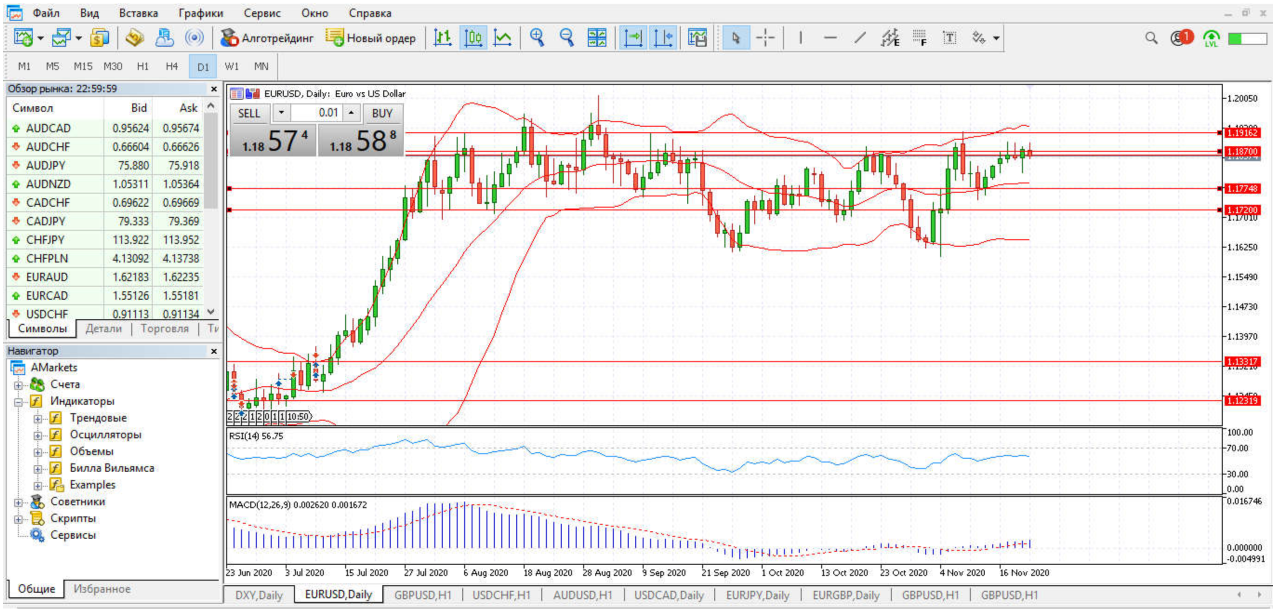

Fig. 2.4 - Use of RSI and MACD indicators

So, as we can see, the new 2 indicators reflect the following. MACD is above 0.00, which indicates an upward trend. But since this level is insignificant, it is impossible to say with confidence that the price will increase 100%. At the same time there was an intersection with the signal line, ie the signal for sale. As we see there is a contradiction. This often happens when the price approaches one of the levels (support or resistance). As for the relative strength indicator, on the daily chart it is in the neutral zone, the development of upward movement to the resistance level is expected.

Therefore, with the help of these indicators it was not possible to draw final conclusions, so we add more stochastic lines and graphical clues, namely trend lines to determine the presence of divergence or convergence. The schedule changed as follows:

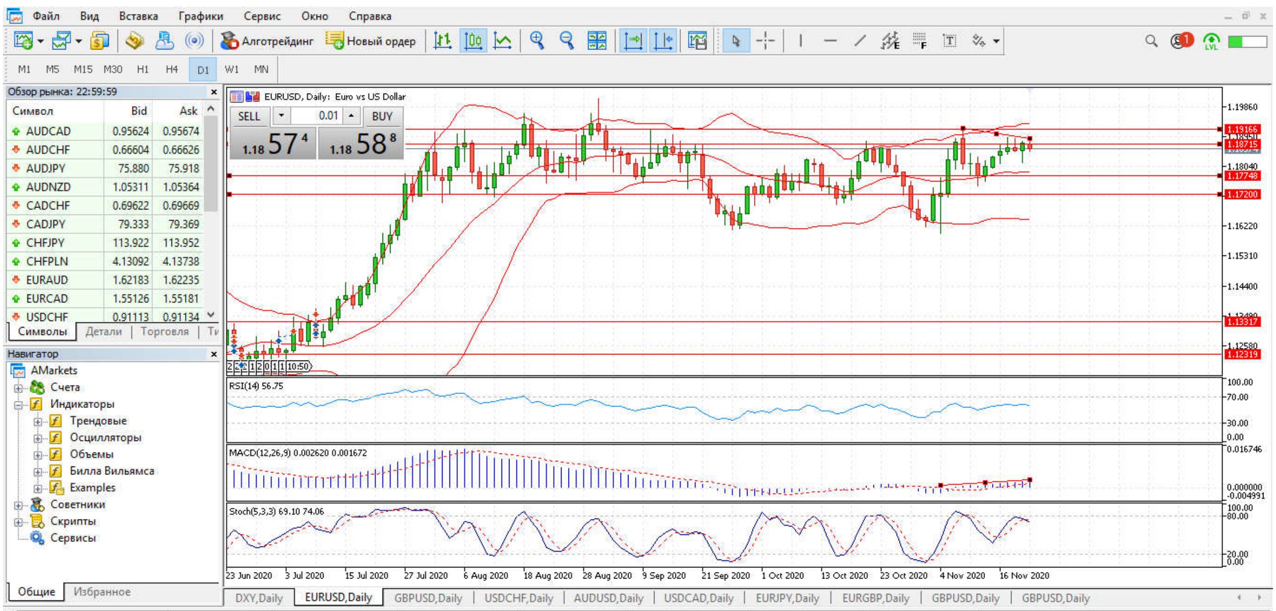

Fig. 2.5 - Use of stochastic and trend lines

As we can see, there is convergence on the daily chart, which indicates a possible change in the trend, but at 4 o'clock - it is not. In stochastics, the main line crosses the signal from top to bottom, this indicates overbought, and accordingly, it is necessary to open a position for sale.

Again, there is a contradiction. In this case, there are 2 options. The first is not to enter the market for a while, but to wait for confirmation signals of reversal, namely from the line of resistance. Or take a risk and enter the market. For the final decision, you can add another, last indicator, which is also popular. This is a Parabolic SAR indicator. It allows you to estimate not only the movement of quotations, but also the moment when they make a U-turn.

Finally, with all the indicators, the Euro Dollar chart is as follows.

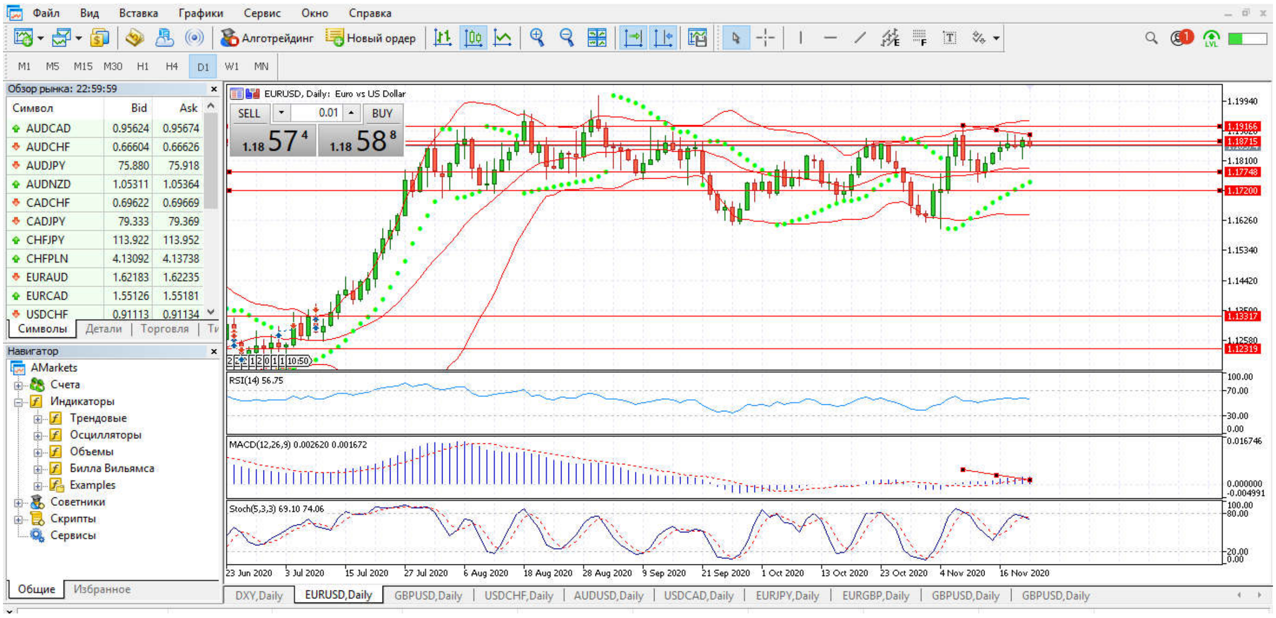

Fig. 2.6 - Schedule before deciding to enter the market

Thus, the last indicator indicates that there should be no reversal in the near future. That is, after all, if you open a position, it will be a purchase. It remains to determine the levels of Take Profit and Stop Loss and the size of the lot which we will enter the market.

If you follow your chosen purchase plan, I would recommend setting the following values:

Take Profit - 1.19000

Stop Los - 1.18500

In this case, the lot is minimal (0.01 lots), because in this currency pair I am not 100% sure, because there were ambiguous signals from various indicators and a possible reversal.

There is also a version of the pending order. That is, if there is a reversal and the price decreases, as well as fixing below the local support at 1.17800, you can open sales items with a target of 1.16100. The stop loss should be set at 1.18500, above the local resistance. Implementation period: 7 days or more.

In the case of continued global growth, as well as consolidation above the global resistance at 1.19300 will be the current position to buy in the area around 1.21600. The stop loss should be set at 1.18900.

Since there is considerable uncertainty in this currency pair, I would choose not to enter the market or make a pending order. But since the analysis has already been carried out, and it is done on a demonstration account, ie my funds will not be affected, we still enter the market. Since now the goal is to make sure that the indicators are effective, I will not close the position ahead of time, although I will monitor them. In addition, I will mention that you could connect a trading robot, but I said that good trading work is expensive, and therefore it makes no sense to buy them with a small deposit (up to $ 2000 -3000 $), and cheap usually do poorly (ie a small% of income, or even completely working at a loss, so they must first be tested).

In addition, to hedge and to confirm the effectiveness of the indicators, I will perform all these actions in relation to the currency pair Pound Sterling - Dollar, as it is also quite a popular pair, and at the moment it has quite good indicators that give more confidence in the forecast.

Graphically, this currency pair looks like this:

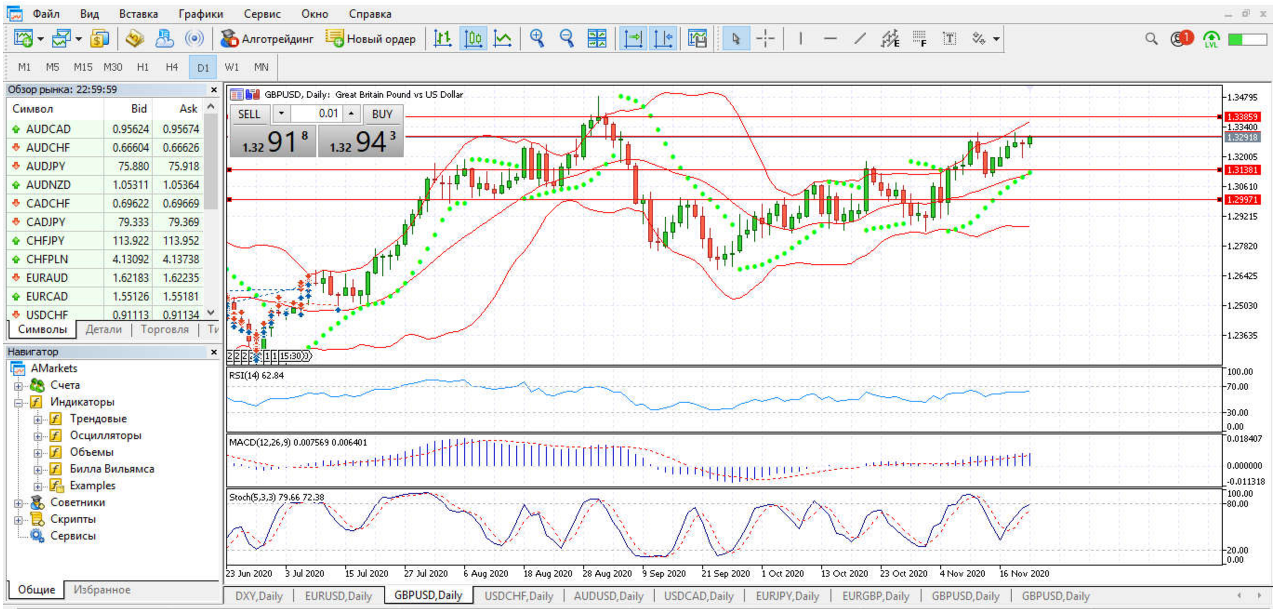

Fig. 2.7 - Currency pair Pound sterling – Dollar

So, as we can see, graphically this currency pair looks more attractive, namely, Bollinger Waves are expanding upwards, the Relative Strength Index (RSI) is at a higher level, the situation is similar with the MACD. The stochastic, by the way, is approaching the moment to cross the signal line from the bottom up, it indicates oversold, so you need to open a position to buy. There is also a so-called pin bar (Pinocchio), which also shows the potential for price increases. That is, all indicators work in one direction, and there is still room to “grow”, ie to the line of resistance is still far enough.

Regarding the definition of points of fixation of profit and loss, they will be at the following level:

Take Profit - 1.33600

Stop Los - 1.33100

As for the lot volume, you can use 0.03 lots in this operation.

Confirmation of the effectiveness will be a screenshot with the results of two operations.

But first I want to note that due to technical issues it was not possible to open positions on the priority analysis in time, so it was necessary to make some adjustments taking into account the current price at the time of the transaction. But still, the key points of the analysis were lost. Namely, the direction of position opening, volume and levels of profit / loss fixation. The result is shown below.

Время	Символ	Тикет	Тип	Объем	Цена	S / L	T / P	Время	Цена	Прибыль	Изменение
2020.11.23 04:26:36	gbpusd	2129125	buy	0.03	1.33243	1.33050	1.33600	2020.11.23 10:31:29	1.33600	10.71	0.27 %
2020.11.23 04:25:14	eurusd	2129123	buy	0.01	1.18760	1.18500	1.18950	2020.11.23 12:58:22	1.18955	1.95	0.16 %

Fig. 2.8 - The results of operations on 2 currency pairs

So, as we see the total result from the two transactions is almost 12,5 dollars. Of the two operations, 2 closed successfully, ie our prediction came true. That is, we can assume that the indicators worked well, and their reliability was confirmed in practice.

No more than 20 minutes were spent on analysis, taking into account economic news. In addition, if the position had been opened immediately after the analysis, the amount of income could have been slightly higher.

This indicates that the issue of Forex development in Ukraine has a future and needs further study and interest from the state, which it unfortunately does not have now.

3.2 Regulatory framework for Forex regulation in Ukraine

The foreign exchange market has a long history. The initial goal of creating a world monetary system was the need to fill the void created by abandoning the gold system. In other words, currency market is a complex system that creates favorable conditions for different countries. The abandonment of the gold equivalent opened up new possibilities.

«The world currency market is not just a field of activity where there is a lot of money in circulation; the foreign exchange market facilitates international trade and investment by ensuring currency conversion. It also supports direct speculation and valuation of currencies and transfer speculation based on a differentiated interest rate between two currencies.» [54]

Based on this, we can conclude that the possibility of income in market based on the fact that each national currency is the same commodity as, for example, wheat or sugar, is the same medium of exchange as precious metals such as gold or silver. Given that world is changing faster and faster every year, the economy and indicators of each country (labor productivity, inflation, unemployment, etc.) increasingly depend of development other countries, in turn, affects the value of national currencies relative to the currencies other countries, and this can be called the main reason for the change in quotations.

Like any market, it has own rules and procedures that allow it to function effectively. However, development is impossible to imagine without the appropriate, high-quality infrastructure. The infrastructure of the financial market can include a system of institutions that are created to serve the financial market, as well as to ensure its proper functioning. It also includes the following main elements: trade organizers - usually exchanges (stock, currency, commodity) and trade information systems; professional participants who act as intermediaries in trade agreements, they are also securities traders (brokers or dealers); other financial institutions, commercial banks, non-bank depository institutions, credit associations, unions, insurance companies, pension funds, investment companies, funds; depositories; settlement and clearing banks; information-analytical institutes, etc.

Speaking of infrastructure and development, it is necessary to name the main features of the developed financial market. «These include: stability and efficiency of the regulatory framework, transparency and availability of information on transactions and market participants (issuers and investors), a significant range of participants and high-tech infrastructure. The presence of these features allows commercial organizations to quickly and efficiently raise funds for their needs from the financial market. In countries with developed market economies, there are highly efficient financial markets that support the mechanism of redistribution of financial resources among market participants at a high level, and contribute to the efficient allocation of savings among economic sectors. As for Ukraine, and in principle other CIS countries, the markets of these countries are at different stages of formation and development. However, it should be noted that the development of financial markets is facilitated by certain actions of the government and the people, namely mass privatization, overcoming the crisis and positive changes in the economy.» [36] Usually, this is accompanied by the formation of an appropriate legal framework and a mechanism that will ensure its implementation.

Operations in this market are not regulated by the legislation of a specific country, as the work is not carried out in a specific place and not with a specific currency. However, there are certain rules and laws of the market, which are followed by most intermediaries and participants in market relations. As for our country, it is most convenient for Ukrainians to work through an offshore company, using a bank account in countries with fairly liberal banking laws, as well as with unimpeded access to Ukraine, such as Hungary or the Czech Republic.

Speaking about the situation in Ukraine, we can mention several problems that need to be addressed in the first place. First of all, it's the creation of an existing legal framework to regulate this market at the macroeconomic level; formation of such legislation that would allow enterprises, commercial banks and individuals to become active members of the market; creation of an effective domestic system that would regulate the activities of intermediary companies within the country, dealing departments of commercial banks, which would create not only additional budget revenues, but also additional jobs for the population. The creation of such an infrastructure involves the coordination of important and urgent information, facilitating its receipt for traders; formation of new effective methods that would be used to forecast trends in the global market; control over potential risks and minimize the likelihood of their occurrence.

«According to the legislation, the implementation of any operations on foreign exchange market remains the prerogative of the NBU. Commercial banks, private companies and ordinary individuals are deprived of the right to participate in the international foreign exchange market. At the beginning of September 2012, the National Bank of Ukraine issued Resolution № 327 prohibiting companies and individuals - entrepreneurs engaged in trading on the Forex market, to conduct non-cash transactions of purchase and sale of foreign currency in order to earn on the exchange rate difference, stating that such services can only provide authorized banks.» [12]

«However, according to some experts, when this resolution was adopted, the NBU went beyond its direct powers, which are defined by current legislation of Ukraine, in particular Article 21 of the Law "On Financial Services and State Regulation of Financial Services Markets". Resolution 327 also looks somewhat questionable in terms of constitutional rights and freedoms of citizens, in particular Article 42 of the Constitution of Ukraine, which guarantees everyone the right to entrepreneurial activity not prohibited by law (and the activity of forex brokers is not prohibited by law, although there were attempts to equate trading gambling activities). Such actions lead to some economic isolation of Ukrainian enterprises from the international foreign exchange market, to forced activity in a closed space, to the state budget not receiving the part of money that could potentially be obtained as taxes from such transactions, only if they are legalized ie withdrawal from the shadow sector. Therefore, we can say that the sooner domestic entrepreneurs come to the world practice of using financial instruments that have long been used among Western counterparts, the sooner Ukraine will be fully integrated into the world community, as well as increase the welfare of middle class citizens to world standards. However, in order to achieve this, it is first of all necessary that the state and its representatives show interest in this issue. But at the same time, it should be remembered that regulation and interest on the part of the state should be healthy, ie it should help market participants, and not create obstacles and temptations to hide this type of activity.» [17]

A good example of trading regulation is America. Citizens are not afraid to invest in the market, as confident in its reliability. Speaking of reliability, we should mention the insurance of risks that can be in developed countries. This direction can also be developed in our country. However, the main direction should be change and create an appropriate legal framework that would support and help traders and financial intermediaries to ensure the effective operation of the market.

Having settled the legal aspects, it would be possible to move to online trading - the ability to make transactions from anywhere in the world, via the Internet, ie a system that allows investors to access all types of stock information, as well as enter into securities purchase and sale agreements. or currency online, only through a special certified program provided by the state or commercial intermediaries in the form of a special Internet platform.

Recently, this method of trade is widely used around the world. In Ukraine, this trend emerged with the creation of the "Ukrainian Exchange", the official launch date of Internet trading is March 26, 2009. The latest technologies and the Internet have opened access to trading on the stock exchange, making it very real for all people.

Of course, there are some disadvantages to online trading, including institutional risks, which include the potential depreciation of the real value of the asset in which the investment was made, as well as the reduction of real return on investment (inflation risk); the next problem is relatively weak protection against technical failures and virus attacks; the lack of a clearly defined list of documents at the legislative level, this may lead to the development of unscrupulous intermediaries; ignorance of citizens in electronic trading and insignificant interest in trading in government securities. However, all these problems can really be solved. I propose to start with solving legislative problems, ie creating appropriate laws and regulations to regulate the activities of all financial market participants. The next step may be to create an appropriate Internet platform (base) where bidding would take place. This can be done by placing a request / creating a grant at the state level, where the best option would be selected, or creating a single product based on several proposed, which would be an impetus to create new jobs, IT development (writing appropriate programs, such as trading, system interface design, creation and protection of user database, etc.), after creating a platform (base) where trading would take place, you can run training courses that would help future traders to trade effectively and make money on their actions, and due to this, I mean successful trade, taxes would be paid (would go to the state budget) and commissions, which would ensure the operation of the platform. Since it would be a state platform, it would immediately serve as a guarantor of reliability, and facilitate the arrival of new traders. In addition, this platform could act immediately as a tax service, ie all income received by the trader was taxed directly at the withdrawal of funds, and people would not need to perform any additional actions to pay taxes, and the state would receive in full all revenues , without any deviations and increase of the gray sector of the economy.

However, despite the promising opportunities that would open up through the implementation of this project, there are still a number of problems. The main negative factor hindering the development of Ukrainian Internet trading is the lack of state support and legislative regulation of this issue. Of course, there were attempts to legalize the activities of Forex dealers, but unfortunately these laws were not adopted, they were returned for revision several times, but unfortunately in 2012, 2015 and even in 2017 they could not be adopted. The last attempt in 2019 (revised project in 2015) was also unsuccessful. After the project was finalized, it was withdrawn.

In addition, the development of e-commerce is also significantly influenced by the private sector. To date, there are a sufficient number of domestic companies that are willing to invest their own funds in this area, including the “Ukrainian Exchange”, which was the first impetus to create this type of activity in our country.

Because, investing in Forex instruments can be considered as one of the alternative forms of investing, which can take one of 2 forms: online trading or trust asset management. However, despite the fact that some regulations have separate clauses governing this relationship, there are still no separate special laws and other regulations to regulate this issue, and that is why we have so many gaps in the current legislation. In this regard, investors have many legal risks.

Norms governing the relationship of Internet trading can be found in the Tax and Civil Codes of Ukraine, Laws of Ukraine “On Banks and Banking”, “On the National Bank of Ukraine”, “On the procedure for settlements in foreign currency”, “On private international law” and some bylaws.

Therefore, we can conclude that in Ukraine, Forex trading is almost not regulated by law. And the services provided by forex dealers take place almost underground. That is why the task of creating clear rules of the game for all participants in this relationship remains paramount when talking about this area of activity. As mentioned earlier, the vast majority of intermediaries are legally registered and managed outside our country, and branches of these companies operating in Ukraine often operate without even the appropriate licenses and permits, and formally provide only information and consulting services with access to terminals, analytics, etc. There are even such companies that do not have a physical office in Ukraine at all, but work only virtually. And quite often the money from such companies is simply transferred to various accounts offshore. Profits - and therefore taxes - are deposited abroad, although the funds earned in Ukraine are used for this purpose. Such conditions indicate the need to regulate the legal aspects of all transactions in the market.

«In Europe, the entire financial market is closely monitored and controlled by governments and their central banks. And thanks to this, namely transparency and high requirements for financial transactions, Europe has become a big hub for Forex. First of all, we are talking about such regulators as the FCA in the UK and CySec in Cyprus. Banks in the FOREX market act more as liquidity providers. Not all Forex brokers can afford to work fully with liquidity providers. A company wishing to cooperate with such suppliers must first obtain the appropriate licenses issued by the relevant regulators (CySec (Cyprus) and FCA (UK)).» [24]

By the way, the creation of such licensed companies is quite expensive. If the company holds clients' funds in financial instruments, the initial capital at the request of CySec must be at least 200 thousand euros, and if the company provides investment services - at least 1 million dollars. In addition, you will need a special trading platform, such as MT4, which also costs at least $ 1,000,000. USA. In addition, we should mention the creation and promotion of the site, renting a physical office, staff salaries and huge advertising costs. In addition, there will be additional costs for the purchase or rental of trading robots, which will help traders increase their income, and thus increase tax revenues to the state. But not all robots sell equally well. Before using them, or providing them to traders (for example, for a month for a certain amount of money, or buy forever, also for a certain amount), they, ie robots, must be tested for at least 2-3 months to identify any potential shortcomings , and avoid them on a large scale. To test their effectiveness, it is also necessary to raise a certain amount of money.

In addition to financial investments, there are also strict requirements for conducting such business:

• Clients' funds are separated from the company's funds, ie stored in separate accounts;
• Protection of clients' funds from non-trading risks;
• Audit of annual and interim reports.

All investment costs can be covered by several areas. The first, but less attractive for the state may be the option of raising funds from the state budget, or obtaining the required amount through a loan from the European Union or the International Monetary Fund. But you need to consider all the terms of such a loan. Another option is to raise funds by investing ordinary individuals or legal entities within the country. This option also has its pros and cons. Nevertheless, the potential budget revenues that will be received after the implementation of this project will be able to easily cover all current and investment costs. Yes, of course it will happen in more than one day. But this will lay the foundation and the beginning of a new stage in the development of the country's economy. Although it should be noted that I do not believe that these actions should be the only and priority to stabilize and strengthen the country's economy, as there are currently much more important issues such as Covid-19 and military action in the east, and they really need to be addressed already now, and I propose to solve this issue in the near future after overcoming the first two problems.

Thus, further changes in the legal framework, adequate competition, as well as support from the state - will lead the market to a state that could be called developed.

CONCLUSION

«The international foreign exchange market is a set of transactions for the purchase and sale of foreign currency.» [21] This is how you can briefly describe the Forex. It can rightly be called the largest market in the world, as the daily turnover is many times higher than the GDP of some countries. Thousands of participants of various kinds work on it every day. These include banks, brokerage firms, investment funds, financial and insurance companies, as well as individuals who buy and sell different currencies within 24 hours a day, concluding transactions within seconds from anywhere in the world. They are united in a single network, creating an annual turnover of foreign currency, which by some estimates exceeds almost 10 times the total annual gross national product of all countries.

The need to move such huge money masses through electronic channels is that foreign exchange transactions provide economic links between participants in different markets on different sides of state borders: interstate settlements, settlements between firms from different countries for goods and services supplied, foreign investment, international tourism and business travel. The money that serves as a tool here, themselves become a commodity, as supply and demand for transactions with each currency in different business centers changes over time, and, consequently, the price of each currency changes. Forex is based on the regime of floating exchange rates: the price of the currency is determined primarily by the market.

I also want to say that the current situation in the world shows that only by going online can you maintain your financial independence if there is no so-called financial airbag. That's why trading can be a lifeline for most people who are left without their permanent income. I do not encourage everyone to plunge headlong into this market, because even having a lot of its advantages, such as openness, accessibility, great potential for earnings, it also has a number of negative points that should be mentioned. The first is financial risks, as the trader risks losing all the money invested, the second, no less important, is the legal component, as the Forex market is currently poorly regulated, and there are many fraudsters on it who promise to make quick money without any effort. . But still, I recommend paying attention to this market as one of the ways to achieve financial independence.

But for this you need to thoroughly approach the study of the market, ways to predict price changes and take into account a lot of factors that may affect your forecast. But not everything is so scary. Due to the huge number of transactions that take place on a daily basis, the Forex is best suited for technical and fundamental analysis, which is used to determine future price movements / currency quotes. We can say that the fundamental analysis is mainly reduced to the study of macroeconomic news and indicators that change daily, although most of these indicators are published monthly, yet almost every day there is news that can affect the exchange rate. Such key macroeconomic indicators most often include: GDP, central bank interest rate, consumer and production price index, industrial production index, unemployment rate, business activity index in the manufacturing sector, trade and balance of payments and many other indicators.

Fundamental analysis helps only to determine the main direction, but often this is not enough to determine a specific point of entry into the market, for this purpose it is better to use technical analysis, ie to study the market with graphical objects and technical indicators. According to experts, graphical analysis allows to determine the behavior of the market crowd over a period of time, its disadvantage is that it suffers from subjectivism, analysis based on technical indicators more accurately and objectively reflects the current market situation. The following indicators are most often used: Bollinger waves, support and resistance lines, simple averages, RSI, MACD and Stochastic oscillators, and of course candle patterns.

In my work, I described the main indicators and strategies that I use personally, although in fact there are many more, and they all deserve attention, as each of them is unique and useful in its own way, so their use depends on many factors, although mostly this is the current market situation and the preferences of the trader.

It should also be noted that only a comprehensive approach, compliance with all rules, such as mania and risk management will maximize profits and reduce the likelihood of recording losses. Also, it should be said that it is not easy enough to master all the indicators and techniques, and effectively use them in practice, especially if several indicators contradict each other. Although some traders, especially new ones, often resort to tricks, such as subscribing to trading signals of experienced traders or using trading robots. But both of these options have significant drawbacks. Subscription does not guarantee that the trader who gives you signals, ie their predictions that they will actually work, that is, you entrust your money to a stranger who may be a fraud or just not him and an experienced trader as he claims. The situation with the works is a bit more pleasant, some of them are really good, for example, there are good works from the VAT company. But they are usually expensive, and those that are inexpensive, less than $ 200-300, usually just slowly “merge” the deposit. Therefore, I recommend that you first deal with trade and forecasts, and only as a supplement, and under your supervision and control to use proven robots.

After understanding the forecast, you can move on to the second problem faced by traders. Since we are interested in Ukraine, let's consider its example. Ukraine is actively developing the Forex market. The number of private investors is growing steadily. Since there is no single register of all participants in market relations on Forex, it is very difficult to even estimate how many people have ever traded in the market. The number of intermediaries that provide the opportunity to work on Forex is also increasing, the number of such companies in Ukraine is currently measured in the dozens, but most of them are unreliable. In Ukraine, in contrast to Western countries, the market, unfortunately, is virtually unregulated, and this creates many problems, not only for traders but also for dealing centers (intermediaries). For traders, the main risk is not making a profit, for brokers - the risk of losing customers and as a result - bankruptcy.

In the future, it is necessary to create a reliable regulator of the foreign exchange market in Ukraine, more precisely the regulator of the Forex market. And also to develop an industry standard, as it already exists today in almost all developed countries, which companies work for. But first, it is necessary for the government to show interest in Forex, namely the aspect that it is not fraudulent and the situation is under control.

So, summing up we can say that as a result of this work were considered features of the Forex, voiced key market participants and the role that each of them plays in this relationship, were also considered and analyzed methods used for analysis and forecasting, trade works and recommendations used when working in this market. The legal component of regulating the activities of market participants in Ukraine was also considered. In addition, an option for the development of the legal sector was proposed, which could regulate the relations and activities of market participants, which will have a positive impact on the country's economy. That is why I believe that this vector should be developed, because it has a promising future, not only for individuals but also for the state as a whole.

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