



FOREX ROBOTS

Emily grace

FOREX TRADING ROBOT

Forex trading robots are designed to help traders who want to use automated trading methods to assist with the technical analysis and repetitive elements of forex trading.

A forex robot or **automated trading system** is a method of trading forex using a computer program. It might also be known as an algorithmic trading system or EA (expert adviser).

Forex robots can automatically trade 24 hours per day and are simple enough to buy over the internet.

KEY TAKEAWAYS

- Forex trading robots are automated software programs used to generate trading signals in FX markets.
- Forex robots are designed to remove the psychological element of trading, which can be detrimental.
- While forex trading robots advertise the prospect of profits, it is important to remember that they are limited in their capabilities and not foolproof.

WHAT IS AN AUTOMATED TRADING STRATEGY?

A forex trading strategy is a set of rules a trader uses to buy and sell currency pairs. You would normally create a trading strategy and follow it manually, but many use computer programmes to implement an [automated trading strategy](#).

Sometimes referred to as FX robots or, simply, 'bots', these are not physical robots – instead, they are highly specialized computer programs which have been created to carry out many different trading functions.

These range from letting traders know when to place a trade (known as 'signals') to automatically placing and managing trades on a trader's behalf.

It could be an off-the-peg forex robot with its own built-in trading rules, or it could be a system the trader has designed themselves to follow their personal trading strategy.

AUTOMATED TRADING STRATEGY?

Buying a commercial automated trading system is much easier and quicker than creating one yourself, and if you have limited experience of forex trading then you are probably better off buying one off the shelf.

There are a number of forex robots on the market. Some of them are well respected systems but others may be below par or even scams, so it is important to do your research before making a purchase and make sure you buy from a reputable source.

You should also make sure you have a full understanding of the robot you choose and are sure that it will operate in a way that aligns with your own trading goals.

THINGS TO CONSIDER INCLUDE:

BACK-TESTING

The robot should have been back tested in different market conditions and on a range of currency pairs.

ORDER SIZE

Some robots perform best with a particular order size, so things may go wrong when the order size changes.

LIVE TRADING RESULTS

Check that the results promised are based on trading in the live markets and not just simulations.

DRAWDOWN

This refers to the difference between high and low points during a specific period. Traders have their own personal preferences when it comes to drawdown, so you should choose a robot that fits your own.

CREDIBILITY

Look for positive user reviews and testimonials.

The top-rated forex robots can offer ideas on **how to identify profitable trades** within unpredictable markets, even when the trending direction is not obvious. These robots have the capacity to choose the most advantageous trend to increase profits and reduce the risk of loss.

For most new traders, the idea of engaging a specialized piece of computer software to carry out all of the difficult aspects of trading is likely to be very tempting.

But it's not as simple as just going about your daily life, letting your forex robot do all of the work and watching your trading profits roll into your bank account.

Unfortunately, there are many scam robots on the market designed to make people believe that this is the case, but the best automated trading robots do require regular human input. Traders need to be able to distinguish between a scam robot and a viable robot that is worth spending money on.

WHAT TYPES OF AUTOMATION ARE AVAILABLE?



TWO TYPES OF AUTOMATED TRADING SYSTEMS AVAILABLE:

1. FULLY AUTOMATED

A fully automated trading system scans the market for trading opportunities and carries out trades electronically on behalf of its user, based on a set of predetermined rules.

it automatically generates stop-loss orders, trailing stops and profit targets as soon as a trade has been entered.

there are several benefits that you might consider when choosing to use a fully automated system. these include:

- speed** – a computer can spot and act on market opportunities much faster than a human
- discipline** – emotions can cloud a trader's judgement; computers do not fall prey to panic or anxiety and will always stick to the plan
- time** – using a fully automated system takes much of the work out of trading, leaving you free to do other things

TWO TYPES OF AUTOMATED TRADING SYSTEMS AVAILABLE:

2. SEMI-AUTOMATED

A semi-automated system uses a computer programme to analyze the forex markets and look for trading opportunities, again based on a pre-programmed trading strategy. it then sends the user **trading signals** with entry prices, **stop-loss orders** and profit targets, and it's up to the trader to decide whether to act on these and then enter the trade manually.

As with full automation, this system frees up the trader's time by doing much of the preliminary work for them. It is capable of scanning and analyzing the markets much quicker than a human can, and it helps to reduce emotional trading by sending alerts based only on the strategy.

This system might be better suited to a trader who has more time to spend on forex but wants to automate their activity to a certain extent. Using a semi-automated system allows the trader to retain more control over their account and to apply their own skills, experience and knowledge before deciding whether to make a trade.

A vertical image on the left side of the slide. The top half shows a white robotic hand with red joints, pointing its index finger downwards. The bottom half shows a human hand with a red glow, also pointing its index finger downwards, mirroring the robotic hand's gesture.

ADVANTAGES OF USING FOREX ROBOTS

THEY CAN TRADE 24/7

Human traders are usually confined to trading within certain periods of their waking day and will usually have other commitments such as family, work and leisure pursuits. Even the most dedicated forex traders will need to take breaks to eat, drink, sleep and get away from their computer screen.

A forex robot can work continuously with no need for breaks, which means they will be watching and acting on the market at all times, so you never miss an opportunity.

A vertical image on the left side of the slide. The top half shows a white robotic hand with red joints, pointing its index finger downwards. The bottom half shows a human hand with a red glow, also pointing its index finger downwards. The background is dark blue.

THEY ARE NOT INFLUENCED BY HUMAN EMOTIONS

Forex robots operate on a set of pre-determined rules and they will stick to this no matter what.

When humans are trading money it can be hard for them to overcome emotions, such as fear and greed, and their own biases and assumptions. This can lead them to hesitate, prevent them from taking trades, push them into making the wrong trades or hold their position for too long.

Even when traders have a firm strategy in place it can be hard for them to think critically and objectively in the heat of the moment. An automated system removes the risk that human emotions can bring to trading.



THEY CAN WORK FASTER AND MORE EFFECTIVELY

A forex robot can scan the markets, find opportunities based on pre-determined parameters and carry out trades according to its rules, all in a matter of seconds. A human trader doing this manually is likely to take much longer and may miss opportunities, or waste time making decisions or entering an order.

THEY CAN OPERATE MORE COMPLEX AND SOPHISTICATED TRADING STRATEGIES

Robots are much better at multi-tasking than humans, so using an automated system allows traders to have multiple conditions for things like entries and exits, stop-loss orders and profit targets, all operating simultaneously. Forex robots can also monitor multiple currency pairs at the same time.





THEY MAKE BACKTESTING EASIER AND FASTER

Backtesting is the process of testing out possible trading strategies against historical data and using this data to optimize a chosen strategy. Done manually, it is complex and time-consuming. However, forex robots can download, store and analyze large amounts of historical data, allowing traders to measure the effectiveness of different strategies before applying them to the live market.

ANYONE CAN USE THEM TO GET STARTED WITH FOREX TRADING

The easy availability of forex robots means you do not have to be an expert to get one up and running on your computer and start trading forex.

However, you should always thoroughly research any automated trading system that you are considering buying and try it out on a demo account before moving onto the live market. But using a forex robot can help you to dip your toe in the water, while freeing up your time to study forex and trading in more depth.



ARE FOREX ROBOTS LEGAL?

Forex robots are legal, but legal doesn't necessarily mean reliable and legitimate. Certain countries do not support the use of forex robots, and there are also a handful of brokers who frown upon this method of trading.

The nervousness surrounding robots stems from the marketplace being littered with scams; it is not highly regulated. Companies can sell useless robots and traders often have no comeback where the law is concerned. Automated robots can be bought online legally, but it is not unusual for companies to disappear as quickly as they spring up. Sellers often promote a money-back guarantee with the sale of a robot, but that guarantee vanishes with them, leaving the trader out of pocket.

Out of the many companies selling forex robots, few have legitimate software for properly assessing opportunity and risk. Many of them use tactical visual representations to trick the trader into thinking the robot on offer will generate huge profits.

DO THEY ACTUALLY WORK?

The answer to this question very much depends on your expectations of the robot. Forex robots are programmed to enter trade orders by substituting the need for a human trader. The trade orders the robot will enter are determined by a series of mathematical algorithms set by their creator.

For traders using a completely mechanical trading strategy, forex robots can offer a solution that's able to trade on their behalf throughout the day and night.

The actions carried out by forex robots are determined by the technical analysis tools they have been set up with. The best forex robot programmers use backtesting to ensure their robots are designed to maximize profits.

At best, they are a useful tool which can be used by forex traders to help make informed trading decisions. At worst, they are scams through which traders frequently end up losing money.



HOW TO DESIGN AN AUTOMATED STRATEGY

While some forex robots are customisable to a certain extent, traders may struggle to find a commercial system that exactly fits their own strategy and goals. And many robots fail to deliver the results they promise.

So, some traders choose to design their own automated trading system instead. This allows for a much greater degree of flexibility as your only limitations will be your own creativity and capabilities, and what it is possible to code. And, if you build a successful system, you may be able to sell it to other traders.

To design a system for yourself, you will need a thorough understanding of the forex market and technical analysis. If you are not able to code yourself, you will need to hire a developer to do it for you.

- Decide on a Trading Plan
- Define Your Trading Rules
- Choose Your Risk Settings
- Code Your System
- Back-test Your System
- Forward Test Your System
- Monitor and Analyze.

Ready-Made Cryptocurrency Trading Bots



BLOCKCHAINFIRM

FINAL THOUGHTS

Since the forex market conditions are constantly evolving, only the most experienced forex traders can recognize the best and worst times to enter the market. There are a whole host of forex robots available – some are free, while others can cost thousands of pounds.

The golden rule is that if something seems too good to be true, it probably is. Even if a forex robot has been marketed well and looks as though it will be highly profitable, you should always proceed with caution before spending any money.

It is tempting to believe that you can simply sit back while an automated system does all the work for you. However, if this was the case forex robot developers would be getting rich by using them themselves, rather than selling them.

Sometimes, forex robot software will react to false price spikes or incorrect data that a human trader would be able to disregard as an anomaly. There are so many different variables to take into account that nobody (not even a robot) should solely rely on historical data to accurately predict what might happen in the future forex market.

FINAL THOUGHTS

A well-chosen forex robot may have a place as part of your trading strategy but you should not depend on it entirely. Successful trading requires human skill and effort that no robot can replace.

Many experienced traders suggest robots should not be used until a trader is proficient at manual trading, so that they are knowledgeable enough to distinguish between a well-built robot and a scam.

Instead of spending money on a forex robot, new traders will usually reap better rewards by opening a demo trading account. This can be used to improve their overall knowledge, practice trading and find a profitable strategy to be used later in real-life forex markets.

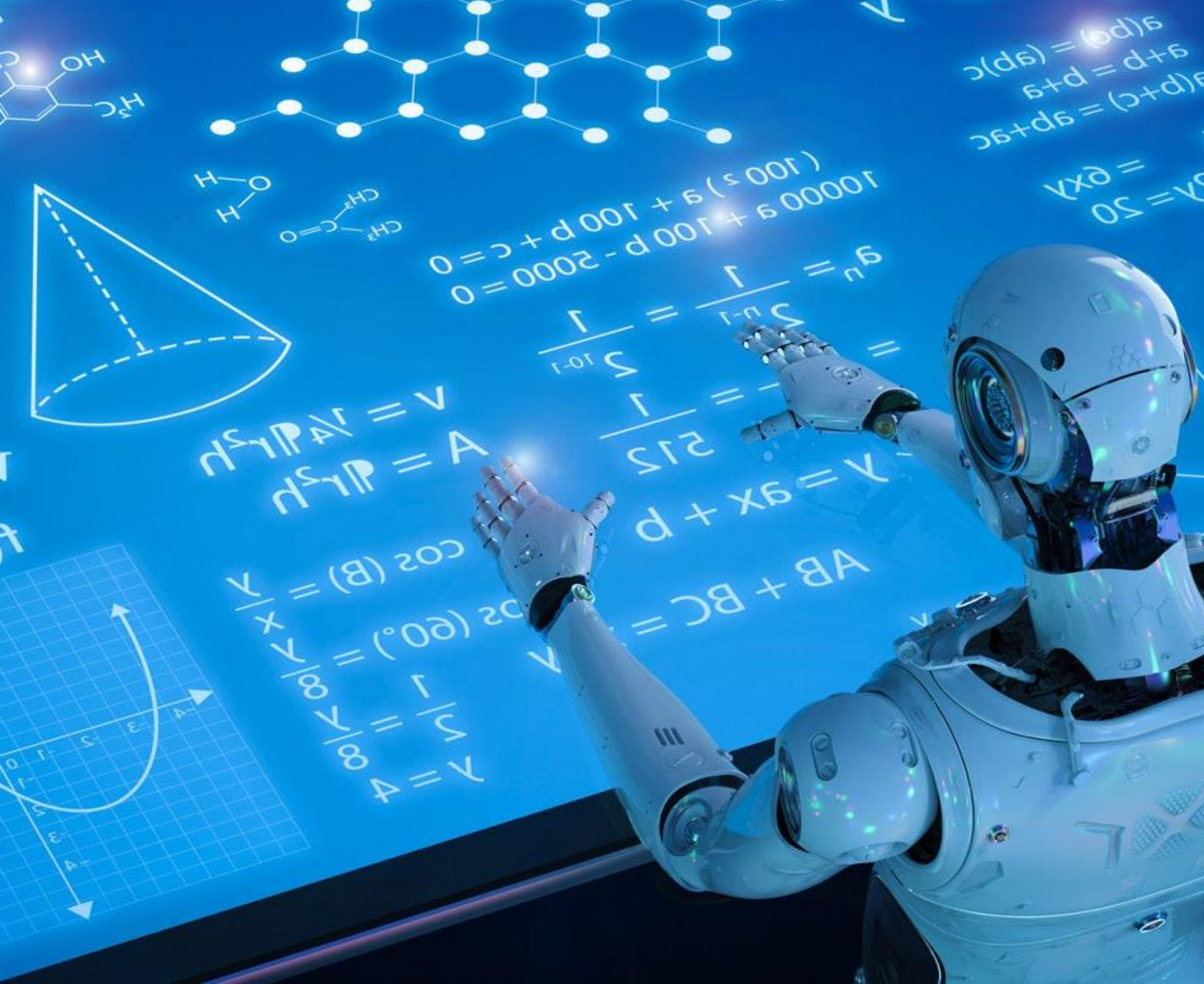
There are many benefits to forex trading but, as with any market, there are also associated risks and it should not be entered into lightly. Whilst this article has covered the main advantages of forex trading, it's also vital that you familiarize yourself with the potential pitfalls to ensure it's the right decision for you.

Forex trading is not a get-rich-quick scheme. Rather, it is a long-term strategy that requires knowledge and a keen understanding of how global events can affect the market.

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EMILY GRACE

Info@bitrobo.co

<https://bitrobo.co/>