

Understanding Currency Strength and Weakness

Analyzing currency strength and weakness lies within the advanced and technical territory of Forex. Given how complex the market can get, a trader would do well to go in with as much information and knowledge as possible. This is one tool among many that give you information on [how to start Forex trading](#) more effectively. Here, we will talk about how to determine the currency strength as well as discuss some of the best currency strength meter indicators.

How to Analyze Currency Strength and Weakness

First, we need to understand what determines the “strength” of a currency. A currency strength or weakness is determined by how well it is doing at a certain time. With this information, you can set up your trade to take advantage of the market.

Suppose that USD right now is going strong, and that EUR is rather weak based on your currency strength chart. What does this mean? Should you take this opportunity to pair these currencies together and start buying massive volumes? That depends on the situation. It could be that the market is going through a volatile period because it is normalizing after a massive breakout a while ago. In that case, it is just guesswork.

Many experienced traders use the currency strength meter indicator simply as a confirmation. Similar to other indicators, it is not meant to be used alone. They look at the chart and some other indicators to help them make an informed trade decision.

The only problem is that there are many ways to calculate currency strength. If you look online, you will see that traders have their own currency strength formula. You can use those, but it might not be an accurate currency strength meter for your intended use.

For those generous enough to let you know exactly what formula they use, you would know how accurate it is for you. More often than not, they designed their own currency strength meter app for their needs, which may not match yours. Some trading platforms offer their own currency strength indicator, but if you do not know how they calculate it, it might not be that useful for you either.

When you are using a currency strength indicator, make sure that you are using it for its intended application. As mentioned before, the indicator would only be useful if paired with other indicators, which is something that many novice traders failed to understand. Make sure to look at the chart and other indicators in addition to the currency strength indicator to have a clear picture of the market.

The problem with a currency strength meter is a simple fact where it needs to be specialized. Many variables can throw off the calculation and your strategy altogether. Moreover, a currency strength indicator only serves to help you narrow down your focus on what currency pair to trade based on their relative strength and weakness.

Another mistake people make when using this indicator is that they compare a major currency with a weak one. Currency strength is relative. USD is strong when it is strong compared to other major currencies such as JPY, GBP, etc. Of course, the dollar would look strong compared to the Venezuelan Bolívar, but that doesn't say much about the USD performance.

Finally, there is the issue of timeframe. A more accurate indication of a currency's strength is observed over two weeks

or even months. While certain events can cause fluctuation, it is only short-term and everything will normalize after a while.

Currency Strength Meter TradingView

If you happen to be using TradingView, you're in luck. There, you can find many currency strength meter TradingView scripts created by various users on the platform. You can look through these and install the one you like. There is a sort function to help you narrow down your search.

The screenshot displays the TradingView interface for the 'CURRENCYSTRENGTH' category. At the top, there are navigation tabs for 'Trading Ideas 42', 'Educational Ideas 3', and 'Scripts 23'. Below this, the 'Indicators and Strategies' section is active. Two script cards are visible. The first card, 'Currency Strength ALT v1.0' by JustUncleL, includes a line chart and a description. The second card, 'Currency Strength Chart' by botokl, also includes a line chart and a description. On the right side, a 'Top authors: currencystrength' section lists two authors with 'Follow' buttons. A red box highlights the 'Open Sources Only' filter button in the top right corner.

To help you determine whether the script is suitable for you, the author usually provides a description of their script. They may tell you how it works and give you warnings of potential flaws within their codes. In addition, you can see the number of “likes” the script received from fellow users as well as their comments. All of these should give you a good idea of whether to use a certain script.

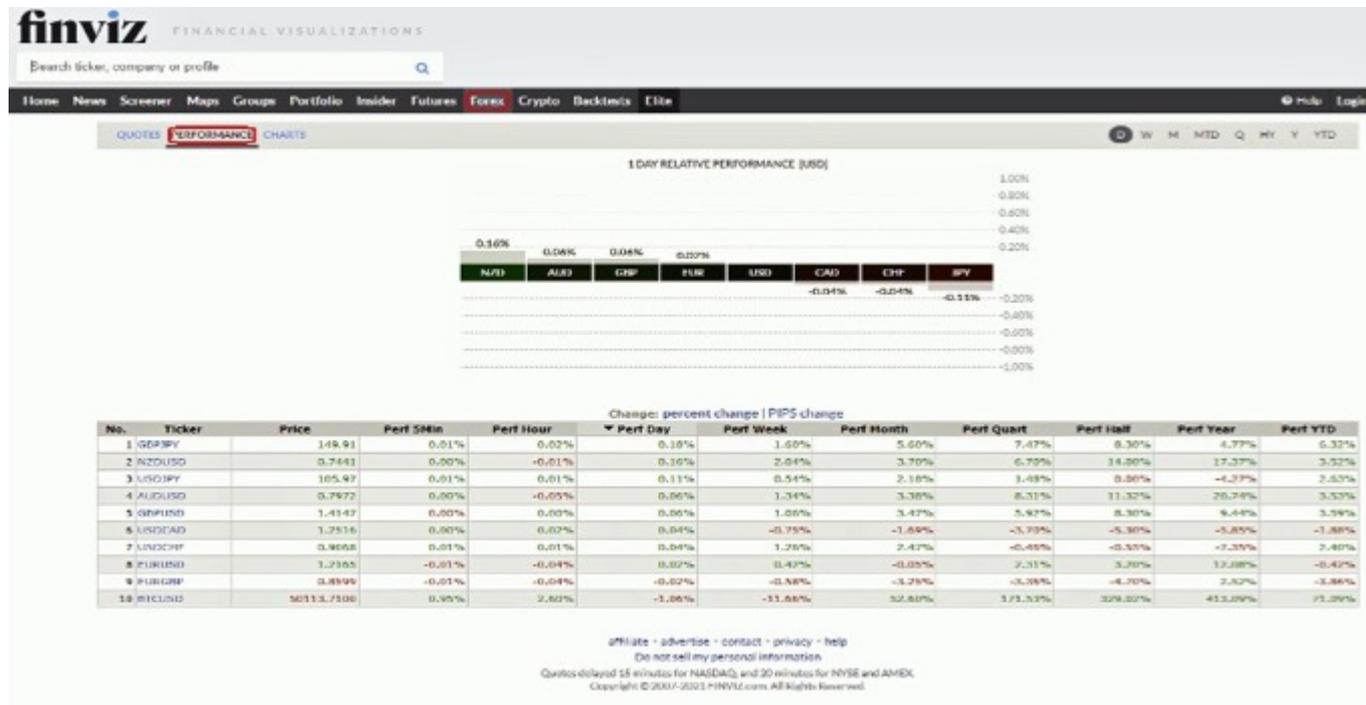
Regardless, you should start your search by looking exclusively for scripts that are open source. An open-source script means that everyone can see the inner workings of the script and you can change it and use it however you like. If

you know some coding, you can even build upon the existing script to make it a little bit better for you.

Finviz Currency Strength Platform

Finviz is considered to be an excellent platform for traders and market researchers alike. They provide a comprehensive analysis of various markets such as stock, Forex, Crypto, and more. Navigate to their website and you can see the tabs at the top, with one saying "Forex". Click on that and you will see their performance analysis of major currencies.

Click on the "Performance" subtab and you will be taken to another page with a comprehensive list of currency performance based on various time zones. They range from a 5-minute window all the way to yearly and beyond. Therefore, you should have a clear idea of what a currency pair is worth looking into. A glance is usually all it takes.



Understanding How to Trade with

Currency Strength

That said, the tools would not be of much help if you do not know how to use them. There are plenty of free online resources that can help you set up your trades based on the currency's performance. Still, that might not get you far either.

What you need is a Forex mentor to show you the ropes. They can teach you exactly how to interpret the market from the currency's performance and explain their strategy. This gives you a better insight into the market which would be invaluable later on.

One notable Forex school is [AsiaForexMentor](#). You are getting a lot more than just understanding how to set up your trade based on currency strength and weakness. They provide you with their special trading system that allows you to get a higher return on investment regardless of the market, be it Forex, stock, commodity, etc. You can head to their website and download a free PDF that can help you improve as a trader. From there, you can decide whether to try out their Forex course.