

Technical Analysis

? What Is Technical Analysis

Technical analysis uses historical price data and chart patterns to predict future market behaviour. Unlike **fundamental analysis** (which evaluates a company's intrinsic value), technical analysis is all about **price action, momentum, and timing trades**.

[Introducton-to-Technical-Analysis.pdf](#)

? Reading Candlestick Charts

Candlestick charts provide **5 key data points**:

- **Open**
- **Close**
- **High of Day (HOD)**
- **Low of Day (LOD)**
- **Direction of movement** (bullish or bearish)

Each candlestick represents a fixed time (e.g., 1 day, 1 hour, etc.). Longer timeframes usually offer more reliable trends.

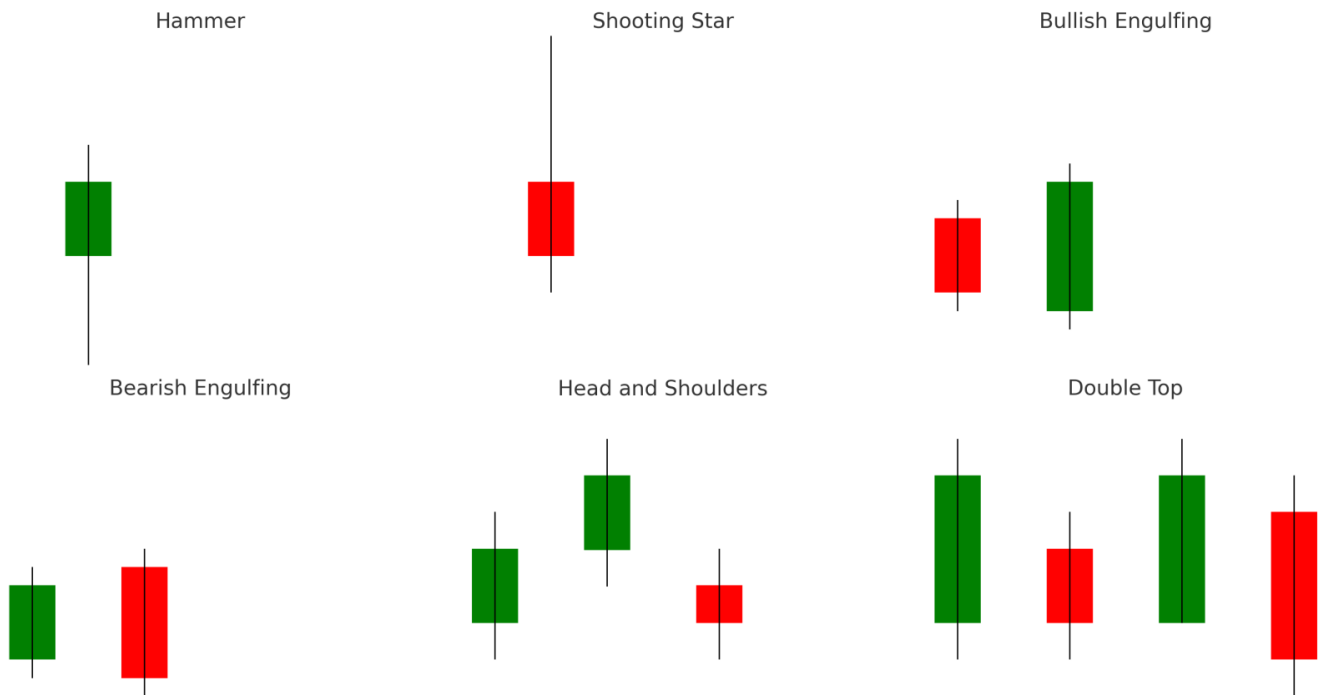
? Recommended Tool:

tradingview.com for real-time candlestick charts.

? Support and Resistance

- **Support** = historical buying zones (price bounces up)
- **Resistance** = historical selling zones (price bounces down)
- Once broken, these levels often flip roles.

?? Common Candlestick Patterns



1. Hammer

- Green candle, long lower wick
- Indicates bullish reversal

2. Shooting Star

- Red candle, long upper wick
- Indicates bearish reversal

3. Bullish Engulfing

- Large green candle completely engulfs prior red candle
- Signals buyer dominance

4. Bearish Engulfing

- Large red candle completely engulfs prior green candle

- Signals seller dominance

[📖 More patterns here](#)

? Common Chart Patterns

1. Head and Shoulders

- Indicates trend reversal from uptrend to downtrend
- Inverse pattern signals reversal into an uptrend

2. Double Top & Double Bottom

- **Double Top** = Bearish (two peaks)
- **Double Bottom** = Bullish (two troughs)

[📖 Learn more chart patterns](#)

? Key Technical Indicators

1. RSI (Relative Strength Index)

- Measures momentum (0-100 scale)
- Overbought: above 70
- Oversold: below 30
- **Divergence** between RSI and price can signal trend reversals.

2. MACD (Moving Average Convergence Divergence)

- Uses EMAs (12-period & 26-period) to track trend momentum
- Crossovers indicate potential buy/sell signals

3. Bollinger Bands

- Based on SMA and standard deviation
 - **Bands contract** = low volatility
 - **Bands expand** = high volatility
 - Best for identifying breakouts or "squeeze" conditions
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? Final Tips

- Combine **3-5 indicators** for higher probability trades
- Always use **stop-losses**
- Patterns are **not always reliable**, use confluence
- Technical analysis works best when **multiple signals align**

[Further reading](#)

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