



# Stocks & Trends

## Technical Analysis

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# Technical Analysis

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## What is Technical Analysis?

Technical analysis(TA) helps you to develop a point of view on a particular stock simultaneously defining the trade keeping in mind the entry, exit and other perspectives of the same.

Technical Analysis visualizes the actions of market participants in the form of stock charts. In TA, patterns are formed within the charts and these patterns help a trader identify trading opportunities.

We aren't concerned with the reason behind the movement of a stock. All that matters is how the price and volume are moving.

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# Technical Vs Fundamental Analysis

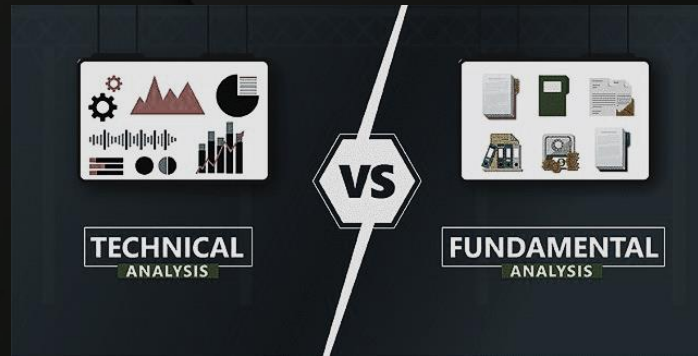
**Basic research** Technical analysis examines price movements and market psychology whereas Financial data, industry trends are important metrics in FA.

**Trades** Technical analysis is best used for identifying short term trades as opposed to fundamental analysis which is there to take care of long term investment opportunities.

**Functions and main objective** Technical analysis is basically important for trading and the objective is to find the right time to enter/exit based on the trends. On the other hand, FA is more concerned with investment and the goal here is to find the intrinsic value of the stock.

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Returns Since the trades in TA are short term, it is not reasonable to expect sky high profits in such a small time frame. However, it's important to be consistent in your approach when it comes to TA and make small profits in any promising short term trading opportunity.



Price moves in a trend Market price movements are not purely random but move in identifiable patterns and trends that tend to repeat over time.

Markets discount everything All known and unknown info in the public domain is reflected in the latest stock price.

History repeats itself In the technical analysis context, the price trend tends to repeat itself. This happens because the market participants consistently react to price movements in a remarkably similar way, each and every time the price moves in a certain direction. Hence trend is our best friend in technical analysis. (A belief not a rule).

How>Why A technical analyst is more interested in knowing how the price reacted to a market participant's action than the reason behind him buying the stock.

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O-H-L-C

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## Open

The opening price is the price at which a security first trades upon the opening of an exchange on a trading day.

## High

This represents the highest price at which the market participants were willing to transact for the given day.

## Low

This represents the lowest price at which the market participants were willing to transact for the given day.

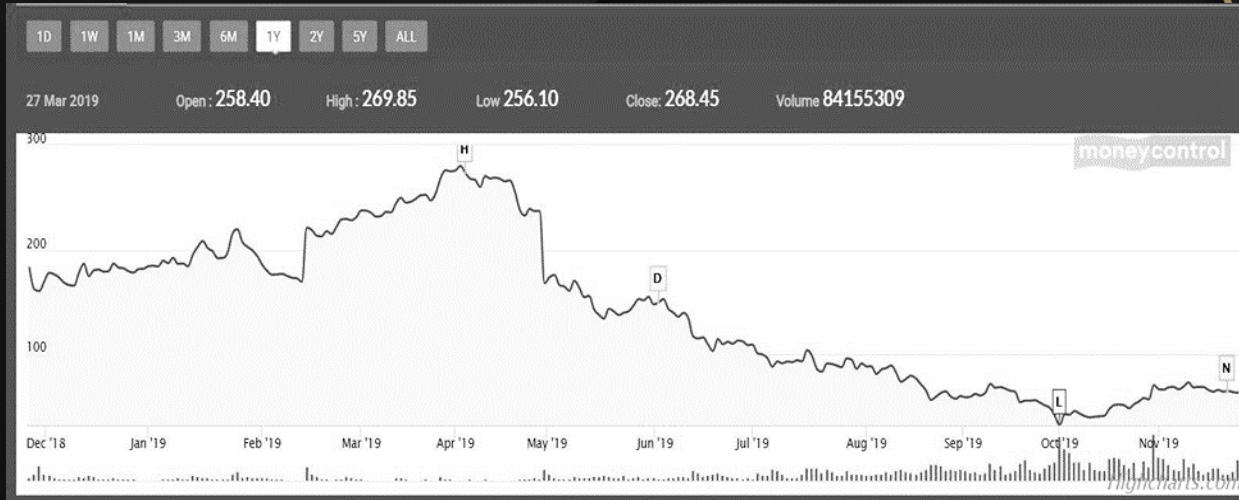
## Close

The closing price is the final price at which a security is traded on a given trading day.

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# Types of Charts

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Line Charts



# Bar Charts

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# Candlesticks



O-H-L-C

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# Trends

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**Bullish**



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Bearish



**Sideways**

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# Candlesticks

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Marubozu

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# Spinning Top





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Doji



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**Hanging Man**

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**Shooting Star**

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Inverted Hammer

# Thank You

Do you have any questions?

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