



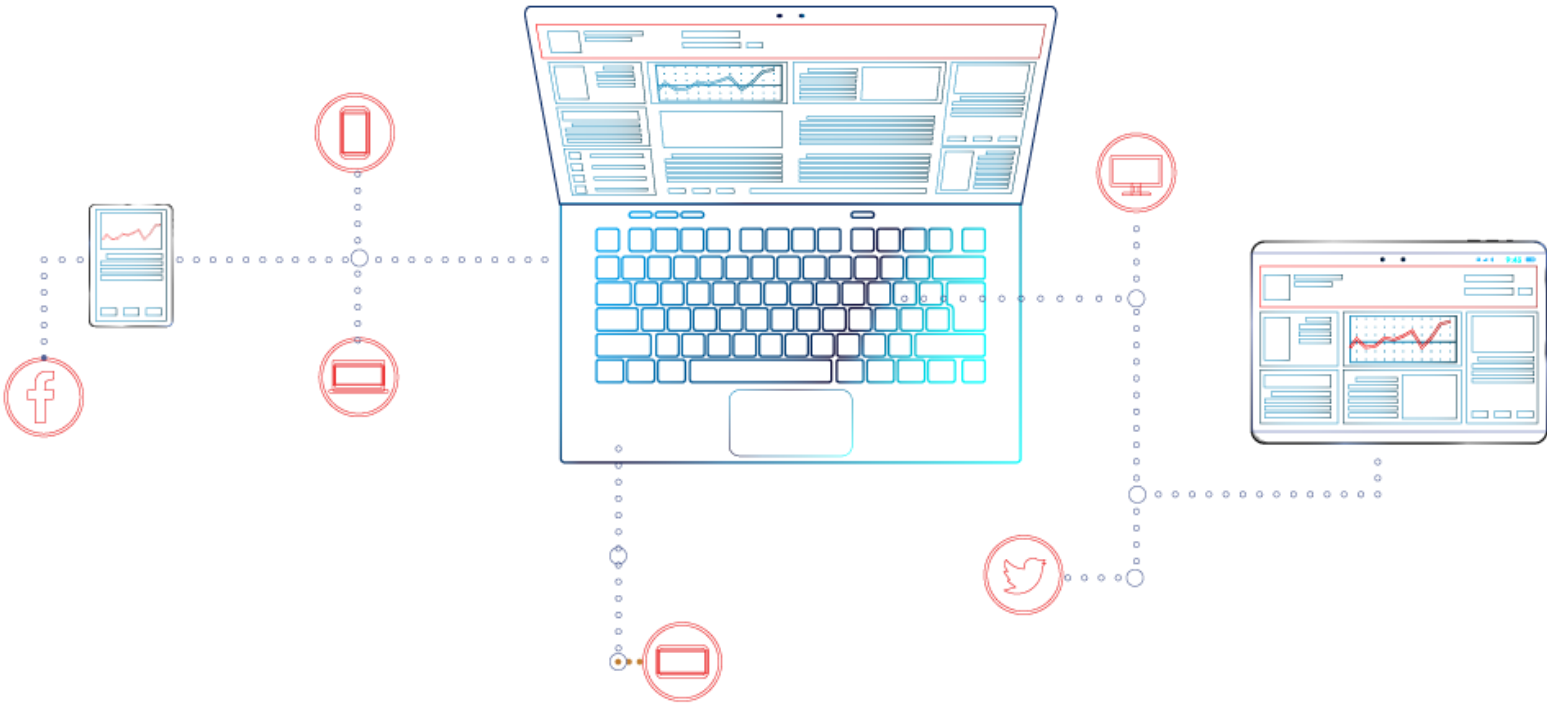
# FxGrow

Growell your Trading

---

► [www.fxgrow.com](http://www.fxgrow.com)

# Technical Analysis



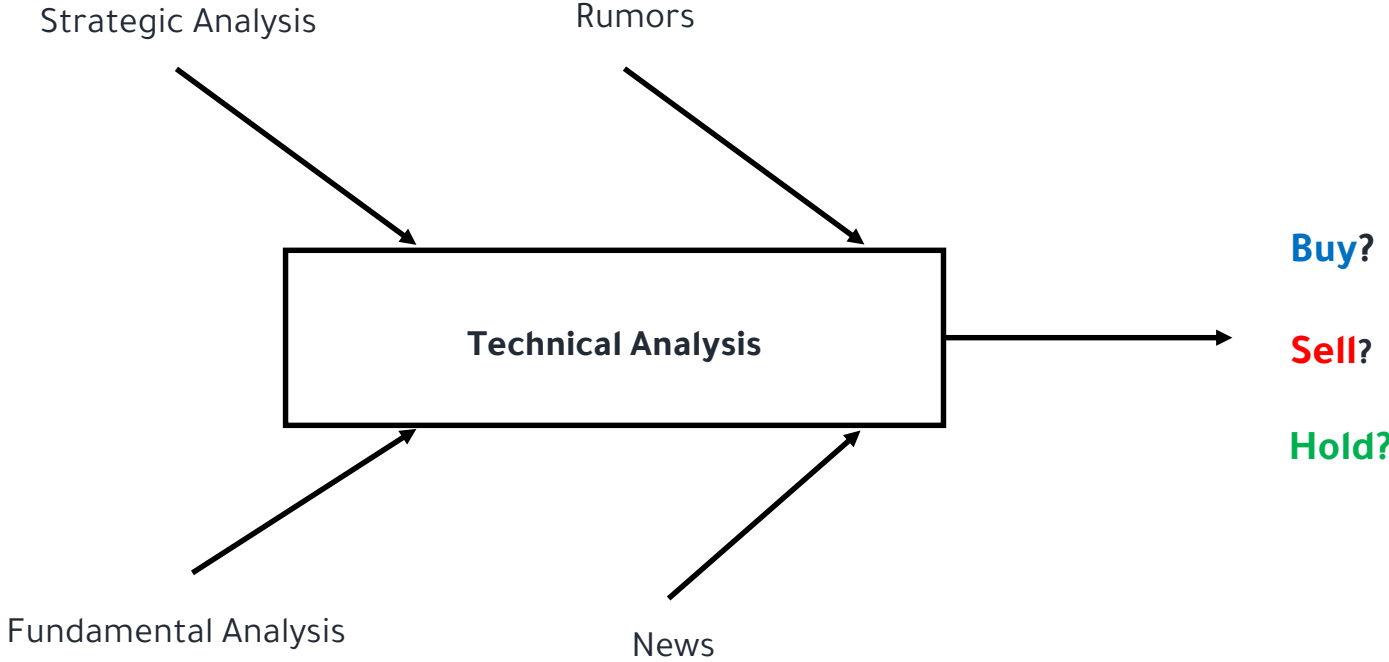
# Technical Analysis

- Helps determine probable price trends
- Helps make investment decisions
- Helps determine target price levels
- Helps explain market psychology
- Confirms Fundamental Analysis





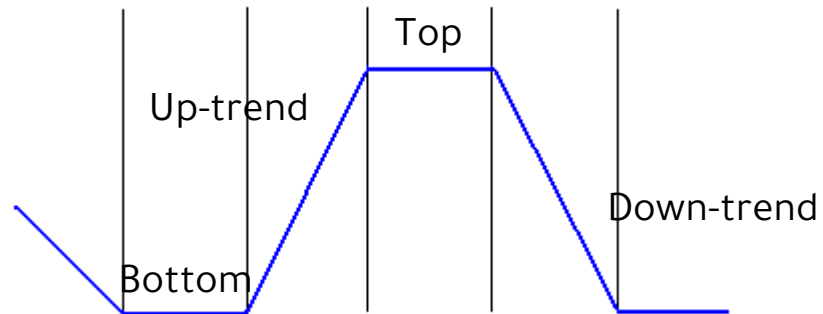
# Why is Technical Analysis Beneficial?



# Market Stages

**Markets have four stages**

No trading system suits all



Trend-trading is more popular; requires less time & generates larger returns



# Technical Analysis

| Chart Type | Point & Figure      |  |                |                |                |                 |
|------------|---------------------|--|----------------|----------------|----------------|-----------------|
|            | Line                |  |                |                |                |                 |
|            | Bar (OHLC)          |  |                |                |                |                 |
|            | Candlestick         |  |                |                |                |                 |
| Overlay    | Moving Average      | Shows average value of security's price over time  |                |                |                |                 |
|            | Bollinger Bands     | Defines price range  |                |                |                |                 |
|            | Linear Regression   | Finds best estimate of trend (line) from noisy sample of points  | <b>Bullish</b> | <b>Neutral</b> | <b>Bearish</b> | <b>Buy/Sell</b> |
| Indicators | Volume              | Provides powerful clues to price behavior  |                |                |                |                 |
|            | MACD                | Depicts +ve, or -ve trends, or reversals   |                |                |                |                 |
|            | Momentum            | Rate of change in price  |                |                |                |                 |
|            | Stochastic          | Measures security's price within its range   |                |                |                |                 |
|            | RSI                 | Compares a security's price to itself  |                |                |                |                 |
|            | Williams %R         | Shows gravitation towards mean   |                |                |                |                 |
|            | OBV                 | Points out buying and selling pressures.   |                |                |                |                 |
|            | DMI                 | Trend following  |                |                |                |                 |
|            | CCI                 | Market entry   |                |                |                |                 |
|            | Ultimate Oscillator | Combines 3 oscillators (short 7, intermediate 14 and long 28)  |                |                |                |                 |
| Formations | Bullish or Bearish  | Gaps (Breakaway Runaway Exhaustion Common), Island Reversal, Flags & Pennants, Spike, Symmetrical Triangles, Wedges ( Rising Declining), Trend Channel |                |                |                |                 |
|            | Bullish             | Ascending Triangles, V Bottoms, Double Bottoms, Inverse Head & Shoulders, Support Lines, Rounded Bottoms   |                |                |                |                 |
|            | Bearish             | Descending Triangles, Double Tops, Head & Shoulder, Rounded Tops, Resistance Lines, V Tops,  |                |                |                |                 |



# Technical Formation



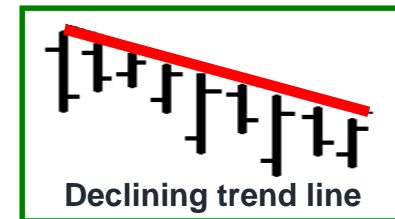
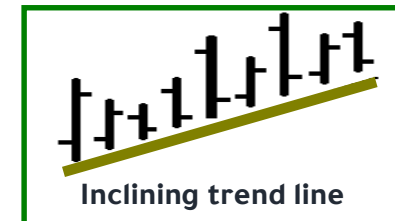
# Support & Resistance

## Definition:

- Line drawn to identify & follow price trends

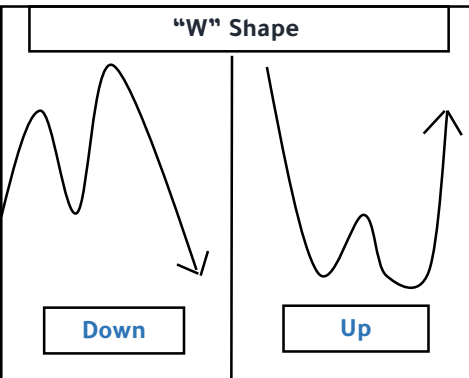
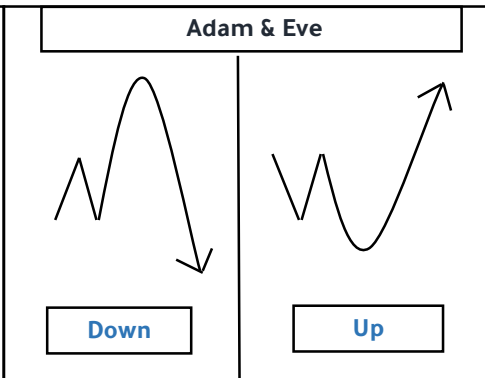
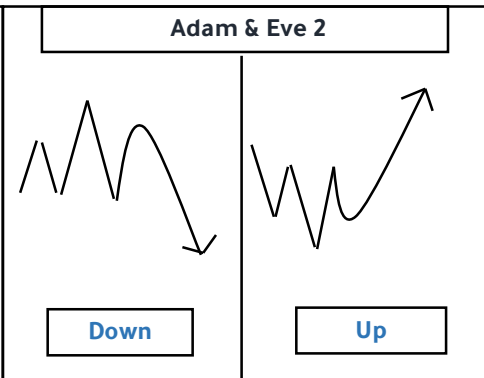
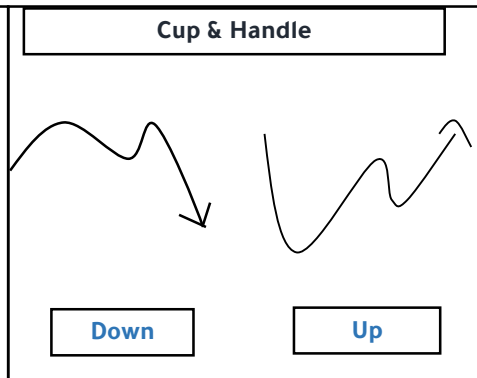
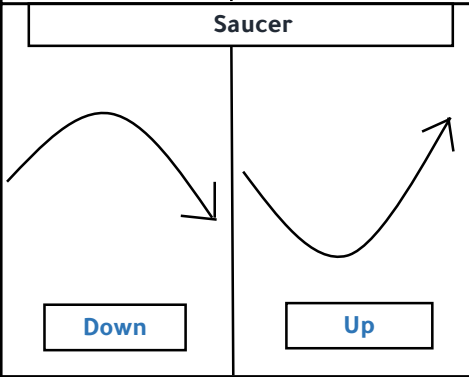
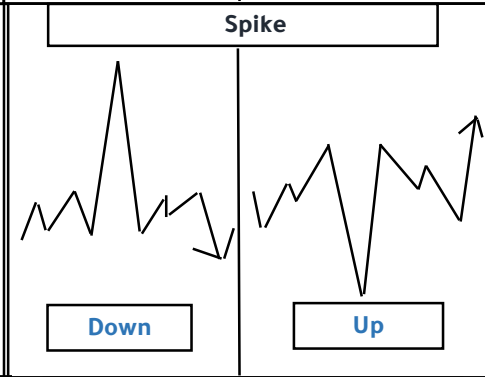
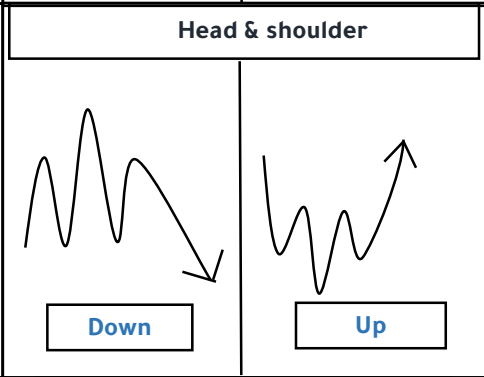
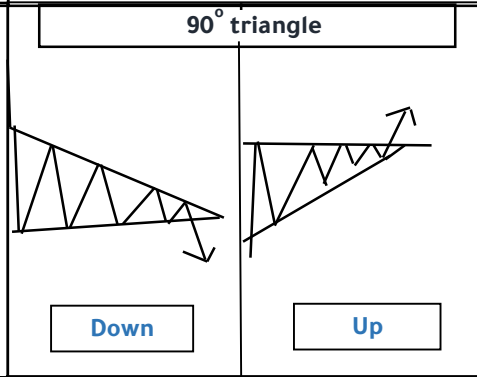
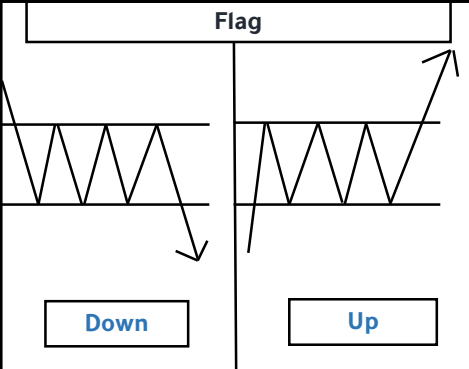
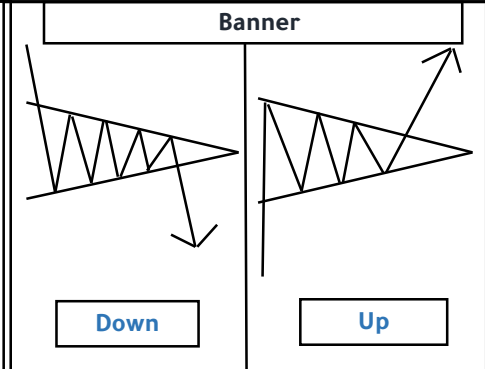
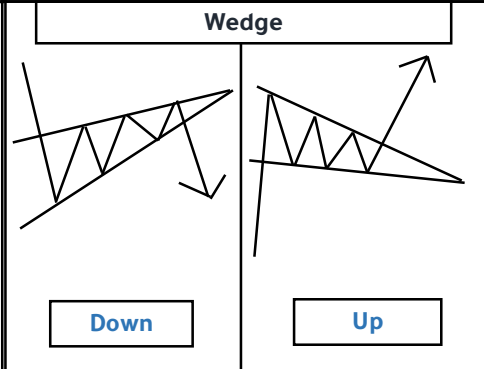
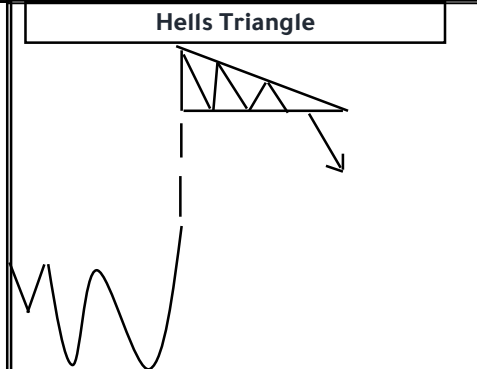
## Interpretations:

- **Support line** is area buying overtakes selling and market reacts higher
- **Resistance line** is area selling overtakes buying and market reacts lower
- **Inclining trend line** is a straight line drawn to define an up-trend
- **Declining trend line** is a straight line drawn to define a down-trend





# Technical Formations

|  |   |   |   |
|--|---|---|---|
| <p><b>"W" Shape</b></p>  <p>Down Up</p> | <p><b>Adam &amp; Eve</b></p>  <p>Down Up</p> | <p><b>Adam &amp; Eve 2</b></p>  <p>Down Up</p>    | <p><b>Cup &amp; Handle</b></p>  <p>Down Up</p> |
| <p><b>Saucer</b></p>  <p>Down Up</p>    | <p><b>Spike</b></p>  <p>Down Up</p>          | <p><b>Head &amp; shoulder</b></p>  <p>Down Up</p> | <p><b>90° triangle</b></p>  <p>Down Up</p>     |
| <p><b>Flag</b></p>  <p>Down Up</p>     | <p><b>Banner</b></p>  <p>Down Up</p>        | <p><b>Wedge</b></p>  <p>Down Up</p>              | <p><b>Hells Triangle</b></p>                  |



# Chart Types



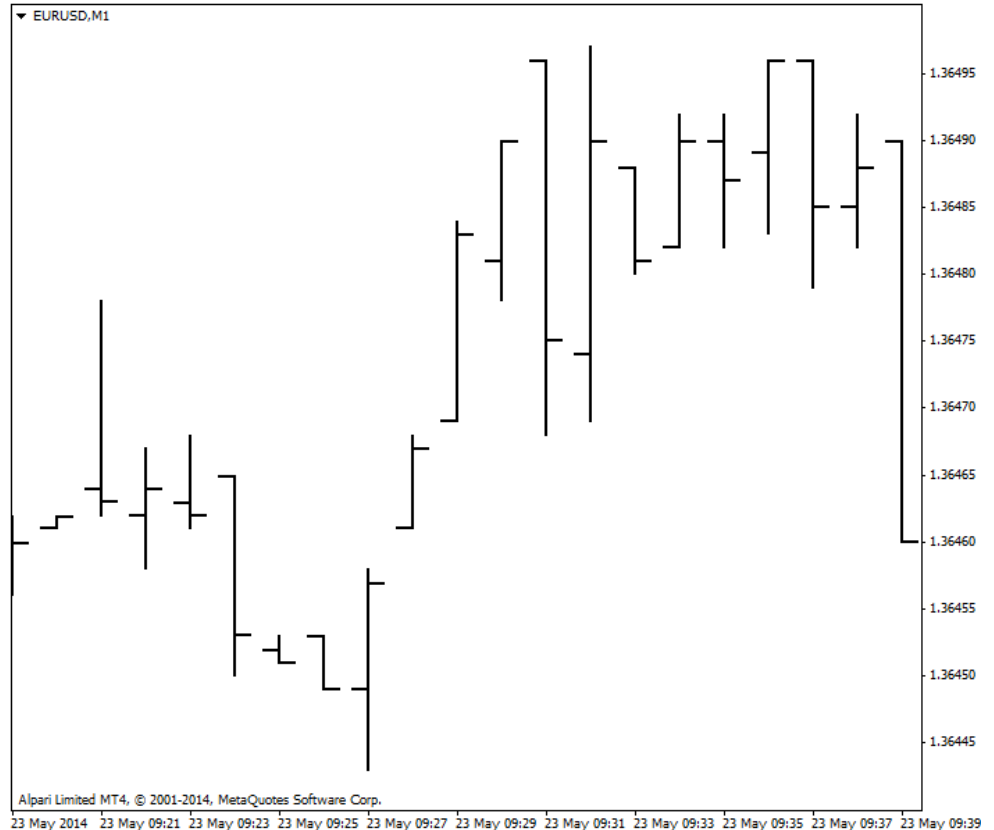
# Line Chart

- Shows overall trend
- Helps identify technical formations
- Offers information on one price typically closing
- Offers little and simple information
- Appropriate for beginners



# Bars

- Shows overall trend
- Helps identify technical formations
- Offers information on open, high, low, and close
- Offers today's sophisticated traders sufficient information



# Bars

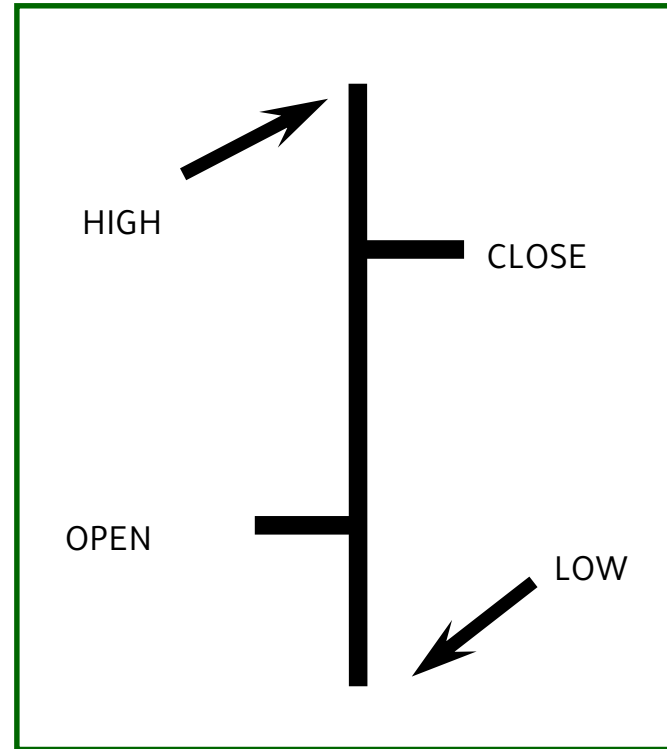
**OHLC is short for**

**“O” Open for the day**

**“H” High for the day**

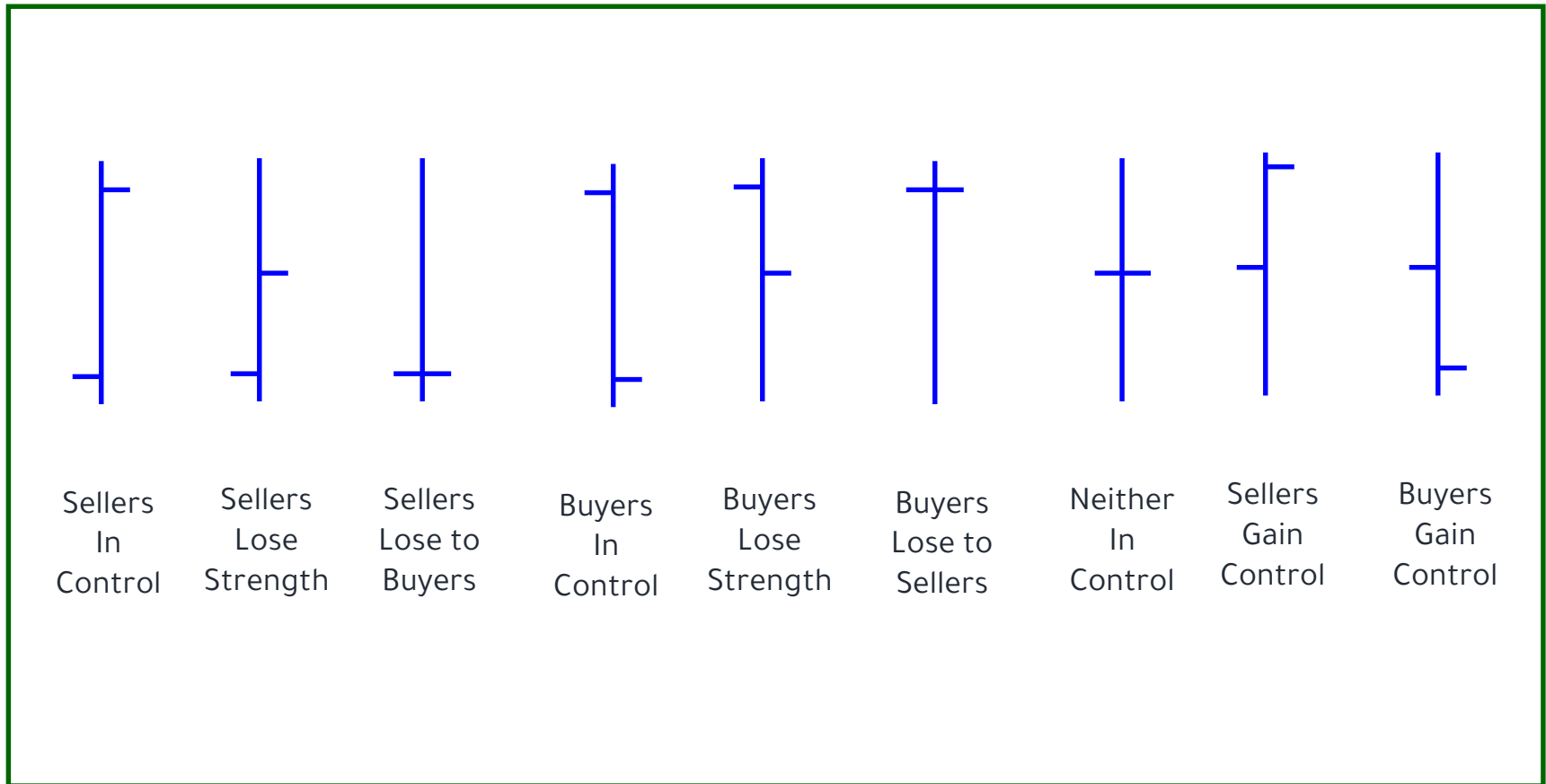
**“L” Low for the day**

**“C” Close for the day**



# Bars

Opening & closing prices compared to each other and within range



# Price Styles CandleStick

Candlestick charts show stock's high, low, opening and closing prices



# Charts Overlays



Created with  TradingView





# Bollinger Bands

## Definition:

- Lines drawn above & below moving average defining price range
- Bands widen during increased volatility and narrow during decreased volatility
- Bands are standard deviation multiplied by a given factor above/below simple MA

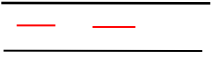
## Interpretations:

- Indicate if price is high or low
  - Two standard deviations (20 Day 2 SD) from SMA
- Sharp moves tend to occur after bands tighten to MA



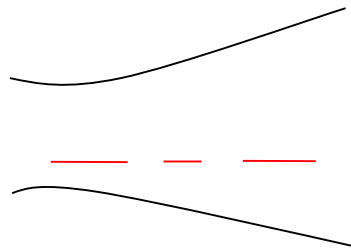
**Bollinger Bands**

**Moving average 21**



Low Volatility

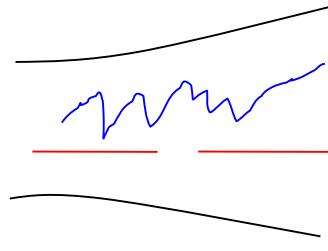
1



2

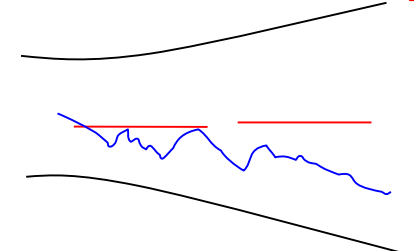
High volatility start

3



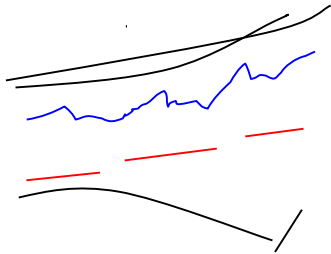
Expect a rise

4



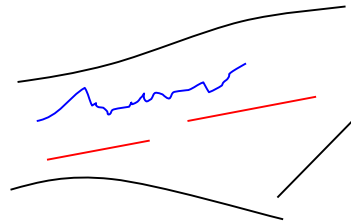
Expect a drop

5



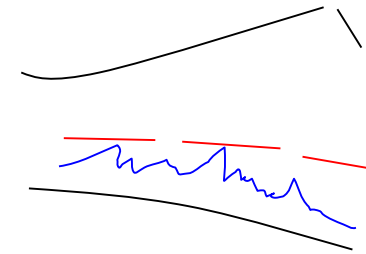
Expect a peak of the uptrend

6



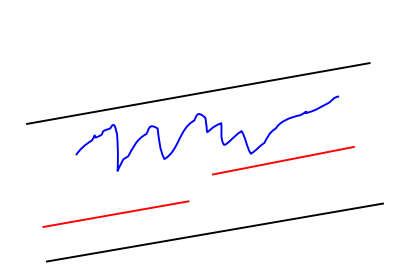
Expect a lightning high

7



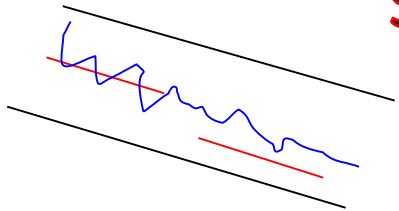
Expect a bottom for stock

8



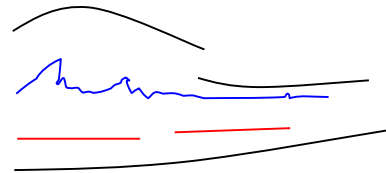
Arrow in an ascending path

9



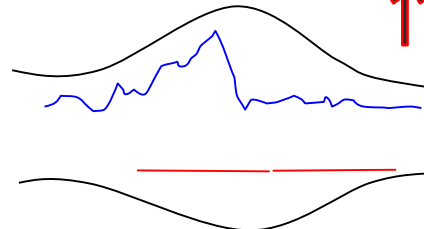
Arrow in a descending path

10



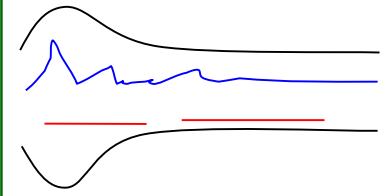
The arrow calms down

11



Pose duck ready to rise  
Or subsidence

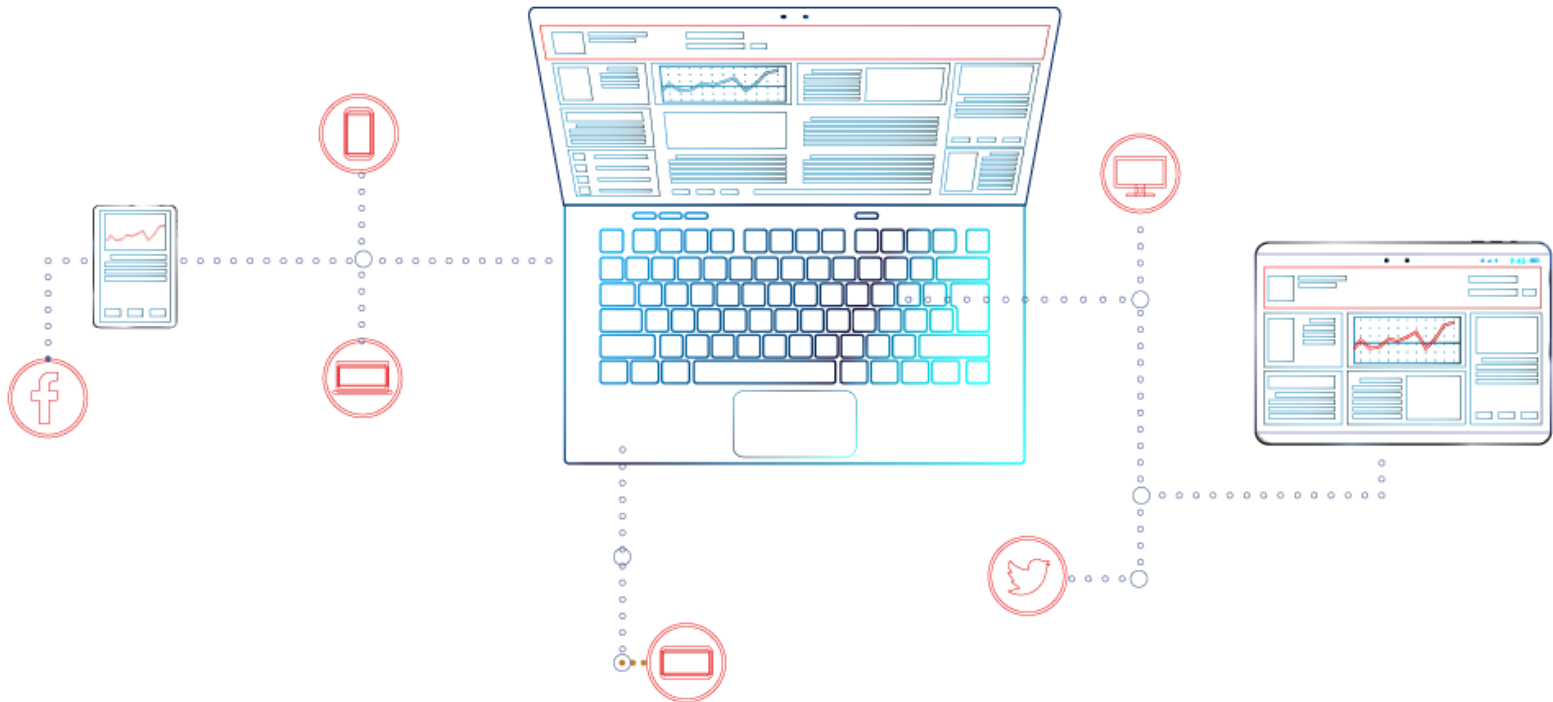
12



Crocodile pose ready to climb  
Or a strong landing



# Technical Indicators



# Moving Average Convergence Divergence

## Definition:

- Difference between fast & slow EMA (Exponential Moving Average)
- Trending, not Ranging Indicator

## Interpretations:

- Buy (sell) when MACD (Moving Average Convergence-Divergence) rises above (falls below) the zero "X" axis
- Aggressive buy (sell) when MACD crosses signal from below (above)
- Possible reversal if MACD making new highs/lows, price not making new highs/lows



# Relative Strength Index

## Definition:

- Compares security's price to itself
- Difference between average of closing price on up days Vs. down days
- $RSI = 100 - \{100 / 1 + (U/D)\}$

## Interpretations:

- Buy (sell) signals triggered when RSI dips (rises) below 20 (above 80)
- Look for chart formations in RSI itself ("W", Head & Shoulders...)
- Bullish if crosses above 50, bearish if crosses below 50

