What Is Technical Analysis?

Technical analysis is a trading discipline employed to evaluate investments and identify trading opportunities by analyzing statistical trends gathered from trading activity, such as price movement and volume.

Unlike fundamental analysis, which attempts to evaluate a security's value based on business results such as sales and earnings, [technical analysis](https://www.investopedia.com/terms/t/technical-analyst.asp) focuses on the study or price and volume. Technical analysis tools are used to scrutinize the ways supply and demand for a security will affect changes in price, volume and implied volatility. Technical analysis is often used to generate short-term trading signals from various charting tools, but can also help improve the evaluation of a security's strength or weakness relative to the broader market or one of its sectors. This information helps analysts improve there overall valuation estimate.

Technical analysis can be used on any security with historical trading data. This includes stocks, [futures](https://www.investopedia.com/terms/f/futures.asp), [commodities](https://www.investopedia.com/terms/c/commodity.asp), fixed-income, currencies, and other securities. In this tutorial, we’ll usually analyze stocks in our examples, but keep in mind that these concepts can be applied to any type of security. In fact, technical analysis is far more prevalent in commodities and [forex](https://www.investopedia.com/terms/f/forex.asp) markets where [traders](https://www.investopedia.com/terms/d/daytrader.asp) focus on short-term price movements.