

LESSON 4

Technical Analysis

How to recognize price patterns and incorporate trading tools to gain an edge over the market



Today's Topics

- What is technical analysis?
- Candlestick price charts
- Performing technical analysis
- Common price patterns



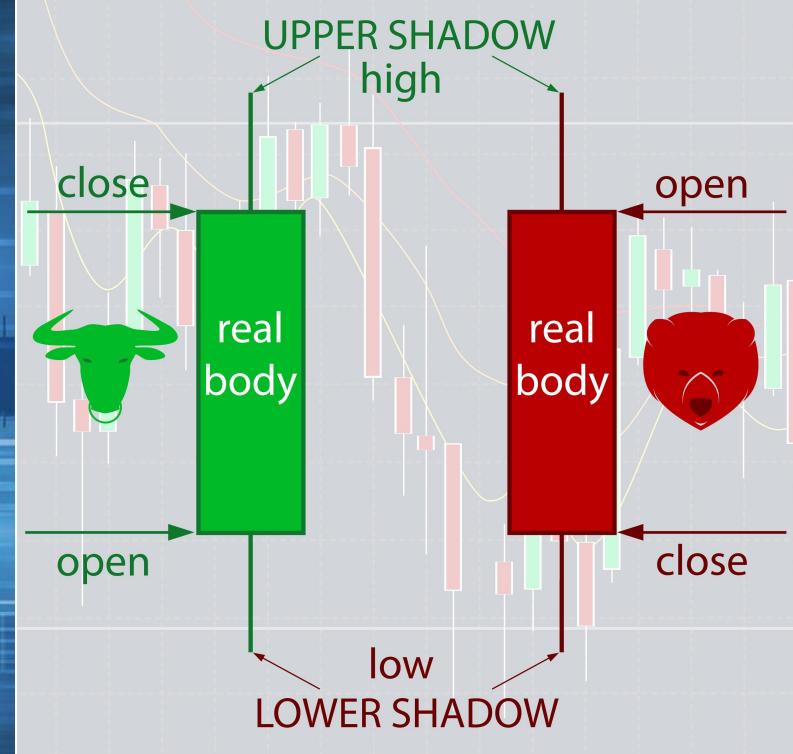
What is Technical Analysis?

- Technical analysis is a methodology that analyzes historical price data to predict future direction of prices
- Various forms of technical analysis that incorporate a wide library of tools and indicators
- Becoming a skilled technical analyst can provide a significant trading edge by helping you to locate major trading opportunities
- Technical analysis can be performed on any price chart, whether it is a cryptocurrency, stock, or commodity



Candlestick Price Charts

- Candlestick price charts help us understand what the price of a cryptocurrency has done
- You can view the price charts on various time frames, such as:
 - 15 minute
 - 1 hour
 - 4 hour
 - Daily
- Order of importance: Daily, 4 hour, 1 hour, 15 minute



O 8902.8 H 8952.9 L 8313.5 C 8558.9

BTCUSD Daily Chart



O 8613.3 H 8737.0 L 8512.0 C 8558.9

4 Hour Chart



■ O 8551.0 H8576.0 L8512.0 C8558.9

1 Hour Chart



■ O 8536.3 H8576.0 L8536.0 C8558.9

15 Minute Chart



Performing Technical Analysis

- Price charts can be analyzed using a wide library of tools and indicators, including:
 - Trend lines
 - Support and resistance levels
 - Volume
 - Moving averages



Trend Lines

- Connecting and extending two points of significance on a chart can help you identify major price trends
- When the price comes in to test the trend lines, there is often support or resistance provided
- Trend lines can help locate major breakout and breakdown points, where the price may surge past on volume





■ O 8613.3 H8737.0 L8512.0 C8537.1

20000.0

19000.0

18000.0

17000.0

16000.0

15000.0

14000.0

13000.0

12000.0

11000.0

10000.0

9000.0

8000.0

7000.0

6000.0

5000.0

4000.0

3000.0

2000.0

1000.0

0.0

BTCUSD 4 Hour Chart



1d | 5d | 1m | 3m | 6m | YTD | 1y | 5y | All | Go to...

ext | % | log | auto | settings | 24h

Support and Resistance Levels

- Support and resistance levels can be identified as areas where price is likely to hold or reject, such as:
 - Previous major breakout or breakdown points
 - Extreme highs and lows
 - A price point that has been tested and successfully held or rejected on 2+ occasions
- Support can become resistance, and resistance can become support







O 864.40 H 867.48 L 826.00 C 838.29

ETHUSD Daily Chart



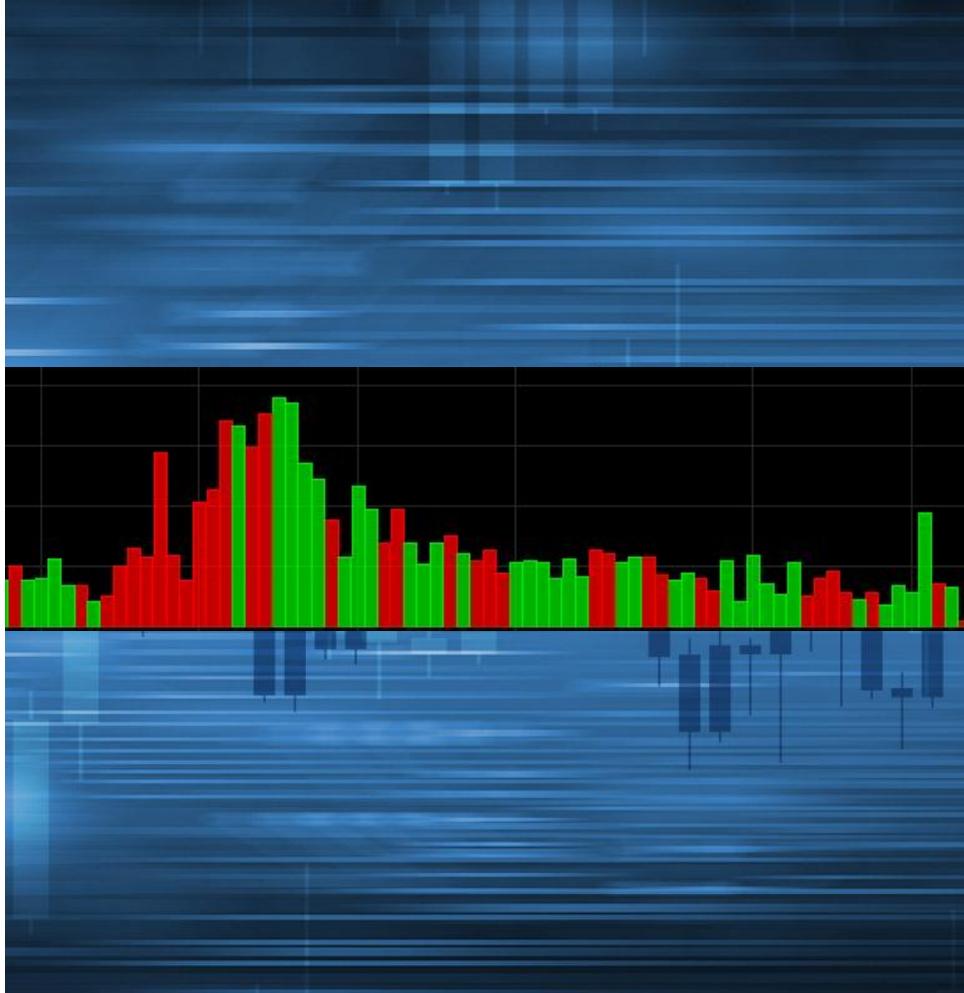
O 841.12 H 848.33 L 838.28 C 838.29

ETHUSD 4 Hour Chart



Volume

- Volume helps you understand how many coins are being bought at a certain price point
- Low volume means there is not much trading going on
- High volume means there is a lot of trading taking place
- When you buy a breakout pattern, you want to see a spike in trading volume, which means other traders are also acting on the same price pattern



■ O 8902.8 H 8952.9 L 8313.5 C 8542.3

BTCUSD Daily Chart





O 0.104190 H 0.104830 L 0.096180 C 0.098900

3.40000
3.20000
3.00000
2.80000
2.60000
2.40000
2.20000
2.00000
1.80000
1.60000
1.40000
1.20000
1.00000
0.80000
0.60000
0.40000
0.20000
0.00000
-0.20000
-0.40000
-0.60000
-0.80000
-1.00000
-1.20000
-1.40000
-1.60000
-1.80000
-2.00000
-2.20000
-2.40000
-2.60000
-2.80000
-3.00000
-3.20000
-3.40000

XRPUSD Daily Chart





Moving Averages

- Moving averages help you understand the overall trend of a price chart, and they can act as major support and resistance levels
- The most popular moving averages are:
 - Simple Moving Average
 - Exponential Moving Average
- They are commonly used with the following lengths:
 - 20
 - 100
 - 200



O 8902.8 H 8952.9 L 8313.5 C 8518.0

BTCUSD Daily Chart

20 EMA

100 SMA

200 SMA



1d | 5d | 1m | 3m | 6m | YTD | 1y | 5y | All | Go to...

15:32:32 (UTC-8) ext % log auto

Common Price Patterns

- The most frequent price patterns include:
 - Consolidation
 - Bull Flags
 - Bear Flags
- These price patterns can help us locate the beginnings of major breakouts or breakdowns
- If one of these price patterns is not present, then the price is much more vulnerable to random market fluctuations



Consolidation

- When a cryptocurrency price chart tightens its range for an extended period of time, it can be described as a consolidation
- A consolidation means that buyers and sellers are evenly matched
- When price moves out of the consolidation range, it means that the price is gaining momentum in the direction of move
- Consolidation can turn into a bull or bear flag



Bull Flags

- Common trading pattern that indicates consistent or growing demand, and it usually foreshadows a strong breakout
- The pattern begins with a bullish consolidation, and the breakout higher of the consolidation can lead to a significant move in price
- They usually take place after a strong breakout has happened, which may lead to lots of profit taking and a momentary consolidation in price. Once the price is ready to go again, it will tend to travel in the form of a bull flag pattern
- A bull flag is most significant if there is a spike in volume past the breakout point



□ O 866.45 H 869.28 L 821.11 C 838.59

ETHUSD Daily Chart



■ O 866.45 H 869.28 L 821.11 C 838.46

1400.00

1300.00

1200.00

1100.00

1000.00

900.00

800.00

700.00

600.00

500.00

400.00

300.00

200.00

100.00

0.00

ETHUSD Daily Chart



May 15 6m YTD 1y 5y All Go to...

14:07:09 (UTC-8) ext % log auto

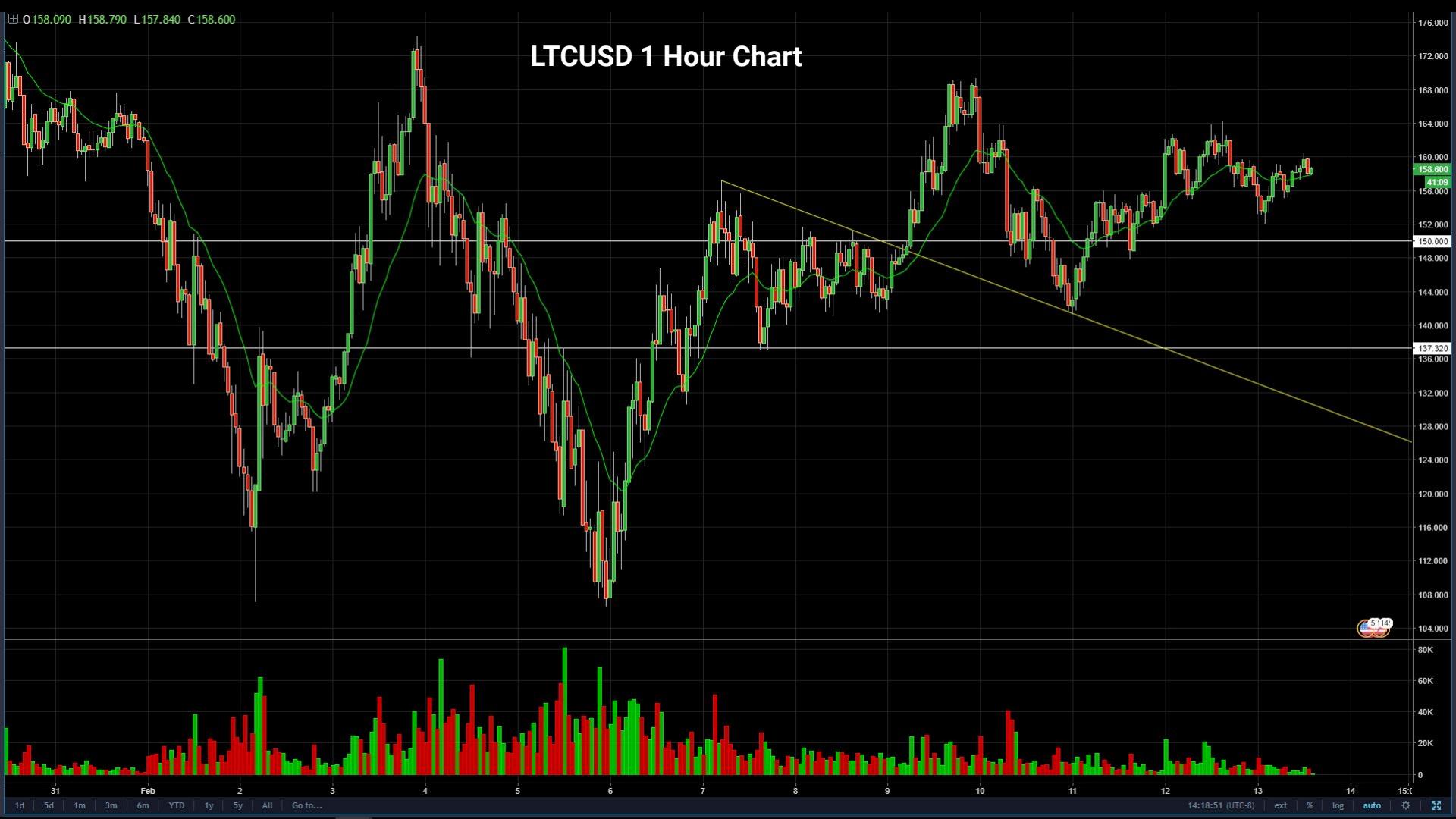
⊕ O8551.0 H8572.8 L8551.0 C8562.3

BTCUSD 1 Hour Chart



O 158.090 H 158.790 L 157.840 C 158.600

LTCUSD 1 Hour Chart





Bear Flags

- It is the opposite of a bull flag
- Fundamental trading pattern that indicates consistent or growing supply, in the form of a bearish consolidation.
- It tends to result in a strong flush lower through the consolidation, as sellers recognize the lack of buyers and rush for the exits
- A bear flag is most significant if there is a spike in trading volume past the breakdown point



O 8902.8 H 8952.9 L 8313.5 C 8527.1

BTCUSD Daily Chart



1d | 5d | 1m | 3m | 6m | YTD | 1y | 5y | All | Go to...

15:54:32 (UTC-8) ext % log auto ⚙



END OF WEBINAR