



# Performing Technical Analysis

*Lesson 2  
presented by Arsh*

# What is Technical Analysis?

Trading discipline that incorporates trading activity, including price action and volume, to locate and evaluate trading opportunities

## Why is Technical Analysis Important?

Technical analysis is a great way to develop a significant edge in the markets, which is required for long term trading success

## Analyzing Price Charts: Tools

Commonly used methods of technical analysis include:

# Analyzing Price Charts: Tools

Multiple Timeframes

Trendlines

Moving Averages

Volume

Support, Resistance, and Pivot Levels

## Analyzing Price Charts: Tools

Incorporating the tools and price patterns listed in the previous slides will be the best way for you to place the trading edge in your favor

## Multiple Timeframes

Multiple timeframe analysis will provide you different data and more insight into what the stock may do next

## Multiple Timeframes

Incorporate 2 or more timeframes to give yourself the best edge in technically analyzing price charts



## Multiple Timeframes

The most commonly used timeframes include:

# Multiple Timeframes

Daily chart

4 hour chart (futures and commodities)

60 minute chart

15 minute chart

5 minute chart

## Multiple Timeframes

Tip: Remove pre-market and after-hours data from your charts

# Trendlines

Trendlines are one of the most commonly used technical analysis tools, making them very effective in helping to locate potential breakout or breakdown points

# Trendlines

Created by connecting 2 or more points on a chart

## Trendlines

They identify the boundaries of the price action

## Trendlines

Breakouts or breakdowns through significant trend lines can lead to substantial price moves

## Trendlines

Most significant when they have been tested on 3+ occasions

## Trendlines

Trendlines can appear across all time frames, such as the 5 minute, 60 minute, and daily charts

SPDR S&P 500, 5, AMEX O 270.88 H 271.04 L 270.79 C 270.94

Post Market 275.50









■ ADVANCED MICRO DEVICES, INC. - COMMON STOCK, 5, NASDAQ ▾ O31.38 H31.47 L31.38 C31.47







■ ARISTA NETWORKS, INC. COMMON STOCK, 60, NYSE ▾ O259.65 H261.94 L259.13 C261.62





## Moving Averages

As one of the most widely used indicators by market participants, moving averages can provide significant levels of support and resistance

## Moving Averages

Some of the most commonly used moving averages in the large cap stock market include:

# Moving Averages

20 EMA

50 SMA

100 SMA

200 SMA

## Moving Averages

The 200 SMA is arguably the most important moving average in the market, as it tends to be the most well respected technical level in comparison to the shorter length moving averages



## Volume

It is critical to observe how much volume is being traded to gain key insights into future price movements, which will help you to identify major price moves before they take place

# Volume

A few things you will want to look for when observing volume include:

## Volume

Sharp increase in volume traded at a critical breakout/breakdown point, indicating a higher likelihood that the breakout/breakdown will continue





ROKU INC, D, NASDAQ O 41.16 H 42.24 L 40.00 C 41.62

Post Market 60.00





# Volume

Sharp increase in volume traded after a stock has become extremely extended, which is a sign that the stock could be ready for a reversal. This is known as a volume top or volume bottom.







## Support, Resistance, and Pivot Levels

Support, resistance, and pivot levels help us pinpoint prices on a chart where we can expect a bounce or rejection to take place

## Support, Resistance, and Pivot Levels

Major support, resistance, and pivot levels include:

# Support, Resistance, and Pivot Levels

Recent pivot high or low

Previous all time high or all time low

A major price level that has been tested on 2+ occasions

Gap entries

**Support**















# **Resistance**











Dec

2018

16

Feb

Mar

15

Apr

16

May

15

Jun

18

Jul

17

Aug

20

Sep

Oct

1!



# Pivot





## Support, Resistance, and Pivot Levels

Major support, resistance, and pivot levels can become future breakout points once those levels have been breached





BOEING COMPANY (THE) COMMON STOCK, 60, NYSE ▾ 0381.36 H382.01 L380.20 C381.94



# Analyzing Price Charts: Price Patterns

Major technical patterns that can provide a significant edge in predicting future price movements

## Analyzing Price Charts: Price Patterns

Significant price patterns that can commonly be identified on price charts include:

# Analyzing Price Charts: Price Patterns

Consolidations

Bull Flags

Bear Flags

Trends

# **Consolidation**













# **Bull Flag**











# Analyzing Price Charts: Chart Patterns

## Bear Flag













# Chart Patterns

## Directional Trends





WAYFAIR INC CLASS A, D, NYSE ▾ O 119.00 H 122.67 L 118.74 C 121.99

WMA  
SMA  
EMA  
MA  
VMA

Post Market











# Technical Analysis Overview

Technical analysis is an art, not a science!

## Technical Analysis Overview

In order to master your technical analysis skills, you will need to dedicate yourself to viewing price charts on nearly a daily basis

## Chapter 2 Recap

What is technical analysis?

What is technical analysis important?

Technical analysis tools

Technical analysis price patterns