

FAC Summer Project '24

Deciphering Decisions

Technical Analysis



Is it possible to outperform the market?

EMH

- EMH states that stock prices reflect all information.
- It is impossible to outperform the overall market through expert stock selection or market timing, and the only way an investor can obtain higher returns is by purchasing riskier investments.
- Basically consistent alpha generation is impossible.



- The man who beat the markets.
- Also the man who spent 150m on a building just so he could smoke in it without being told off...
- Greatest counter example of EMH

<i>End of year</i>	<i>Medallion Fund</i>	<i>S&P 500 Total Return</i>	<i>End of year</i>	<i>Medallion Fund</i>	<i>S&P 500 Total Return</i>
1988	15.1%	15.4%	2005	45.6%	4.8%
1989	1.0%	27.5%	2006	61.0%	14.7%
1990	57.5%	-3.2%	2007	86.1%	5.3%
1991	43.4%	26.6%	2008	92.5%	-46.2%
1992	38.5%	7.3%	2009	55.7%	23.5%
1993	43.1%	9.6%	2010	45.4%	14.0%
1994	66.0%	1.3%	2011	53.7%	2.1%
1995	42.5%	31.9%	2012	45.0%	14.8%
1996	36.7%	20.7%	2013	63.6%	28.1%
1997	27.4%	28.8%	2014	56.0%	12.8%
1998	45.2%	25.1%	2015	52.7%	1.4%
1999	30.5%	19.1%	2016	52.2%	11.3%
2000	82.5%	-9.5%	2017	61.7%	19.7%
2001	44.9%	-12.7%	2018	56.8%	-4.5%
2002	41.3%	-25.0%			
2003	36.5%	25.2%	μ	49.0%	9.7%
2004	40.2%	10.3%	σ	18.7%	17.0%

**So it is possible to beat the markets,
but how?**


- **FUNDAMENTAL ANALYSIS**
- **TECHNICAL ANALYSIS**

Technical Analysis

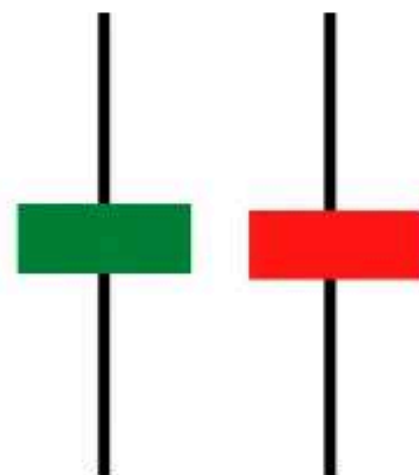
Assumptions –

- Everything is priced in.
- History tends to repeat itself or at least rhymes.

Order Book !

Order Book						50 ▼
Price(USDT)	Size(BTC)	Total (USDT)				
7500	17.355	130,162.50				
7400	0.020	147.18				
7300	4.539	33,134.70				
7250	1.000	7,249.90				
7200	269.144	1,931,154.50				
7150	283.813	2,022,520.76				
7100	314.581	2,228,138.87				
7050	229.299	1,611,627.44				
7000	395.468	2,760,509.15				
6950	159.534	1,105,208.98				
6900	166.535	1,146,065.85				
6850	257.956	1,761,894.41				
6800	598.330	4,052,466.85				
6750	960.836	6,463,149.97				
6,701.65 ↑ 6,698.28						
6700	22.594	151,392.09				
6650	447.251	2,984,777.77				
6600	457.673	3,030,868.70				
6550	158.721	1,043,469.27				
6500	182.293	1,187,954.21				
6450	181.141	1,172,942.57				
6400	364.811	2,340,689.17				
6350	350.398	2,231,186.14				
6300	368.067	2,326,286.74				
6250	213.954	1,342,399.67				
6200	345.874	2,151,905.53				
6150	97.428	603,337.66				
6100	46.585	284,168.50				
6050	0.002	12.15				





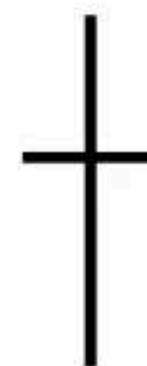
Spinning Tops



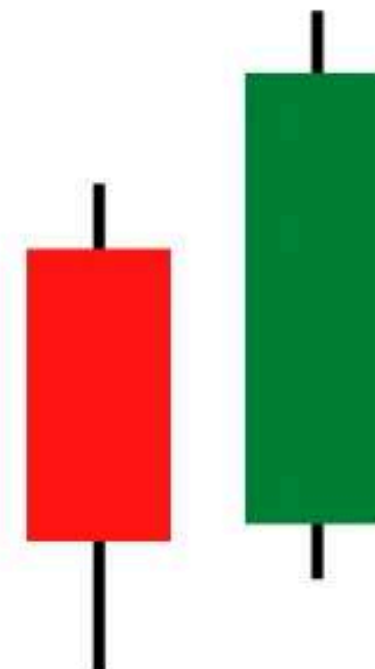
Shooting Star



Hammer



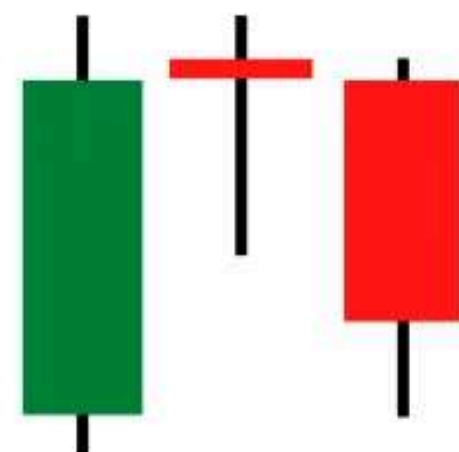
Doji



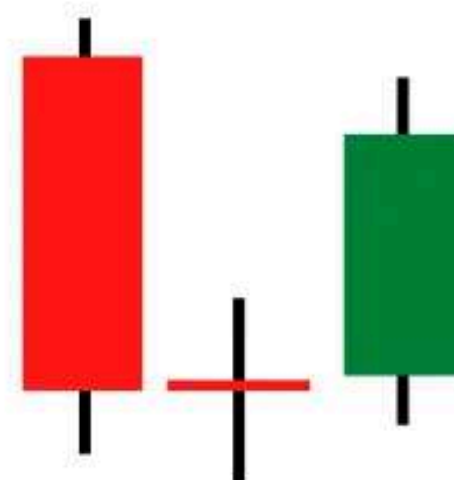
Bullish Engulfing



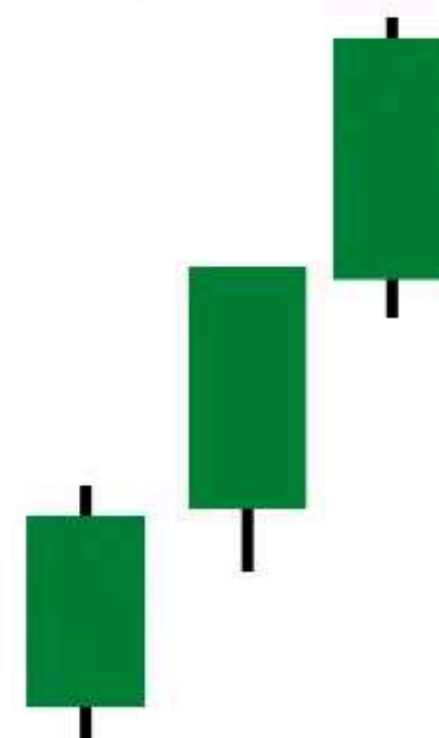
Bearish Engulfing



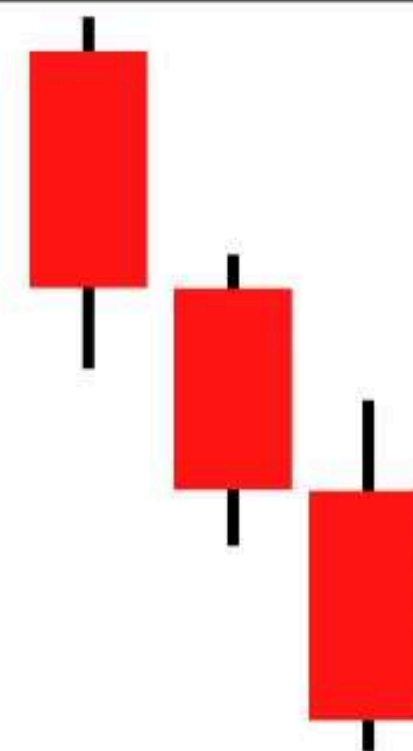
Evening Star



Morning Star



3 Soldiers



3 Crows

Support and Resistance

Regions of high demand and supply

Why do they work?

Mainly due to psychological reasons

Volume

Number of stocks exchanged /traded

Why is it important?

Indicators

Why and where Technical Analysis fails?

That's all !!

THANK YOU

