The Relative Strength Index (RSI) describes a momentum indicator that measures the magnitude of recent price changes in order to evaluate overbought or oversold conditions in the price of a stock or other asset.

This indicator should be combined with others and is only a reference data point. I would not make any decisions solely on RSI alone because it can be wrong a lot. For example:

As long as the trend continues to increase the RSI may be high but might make you sell to early. It is advisable to simply ignore the sell signals displayed by the RSI indicator on a stock that hits a peak 2 times in a row. In such cases, you can try to pick up the stock in the event of a temporary fall in the upward trend instead. And luckily you can also use the RSI for that purpose. Since it will be high but on a short dip it will go into a normal range. If you focus too much on the RSI you should focus on a more short-term trade such as 1 to 5 days. I use RSI more as a checker to estimate where a stock is relative to where it has been in the past couple weeks.

Here is my suggestion. If an RSI is below 25 this a stock that appears to be undervalued and you would want to do more research on the moving average to see if it's below. If so, that's a stock that is displaying value properties. However, I would not buy a stock that is hitting 52-week lows as that may be a sign the stock has something fundamentally wrong.

On the other hand, if a stock is hitting 80, then it is exhibiting overvalued properties. You are going to want to tread carefully. However, in the case of something like Tesla or NIO where they actually are delivering results, blowing out earnings you can ignore the RSI and purchase the stock given proper risk management. I cover risk management and have a whole document on it in the risk management section.