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F.S. Comeau

Short stories, articles and independent research



Why Technical Analysis is 100% Bullshit

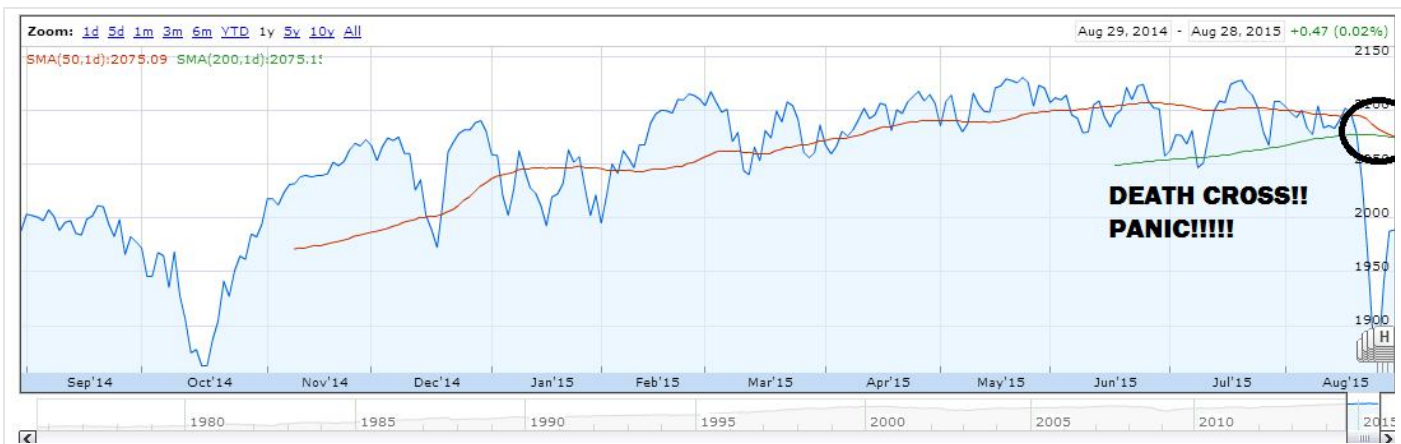
by F.S. Comeau on August 29, 2015 in Finance, Technical analysis

Before I go on, let me explain what “technical analysis” is for me. Technical analysis is the art of looking at this graph and thinking:



“THIS ONE IS GOING UP TO SKY, BABY!!!”

Or looking at this:



And thinking, “THE MARKET IS GOING TO CRASH.”

I like how they added “analysis” to “technical analysis” as if it had some kind of validity

Hey, there’s fundamental analysis, then there’s technical analysis, so both are equally valuable, right? Just two form of “analysis,” two ways to see the market.

Hint: hell no. Technical analysis has ZERO scientific value. It’s exactly the same as someone playing a slots machine and thinking, “I’ve gotten a 7 on the left side six times in a row, now I’m due for a jackpot any second now.” It’s the same as playing roulette and thinking, “This roulette has returned seven red in a row, it’s due for a black anytime now!” or “this roulette has returned 22 red out of 30 spins, it clearly is defective and gives out more red than black! Therefore, I should bet on red!”

IT’S BULLSHIT!

It’s pure pseudo-science, guys. It has ZERO scientific validity. It’s something that was pulled out of thin air and promoted by “gurus” in an attempt to give it credibility. You know all those quacks selling crystals to cure cancer or pretending that there are vibrations that put you in harmony with the universe? Technical analysts are the Wall Street version of those guys, albeit maybe a little less dangerous (maybe).

If you don’t know what technical analysis is (good on you), it’s basically the most annoying thing to ever walk on this planet. It’s not my most hated thing because, let’s face it, there are a lot of things worse than that (illnesses, wars, genocides, hunger, Hilary Clinton) but it always irks me a little to read what I think is a good article and read at the end something like “the 200-day moving average also indicates the stock might be climbing back from its heights blah blah blah.” Immediately, I know I have to forget everything I just read and throw the article to the trash. In a way, perhaps I should be happy technical analysis exists, because it tells me exactly which authors to avoid.

Every analyst who actively promotes Technical Analysis as a way to earn a return higher than the market on a risk-adjusted basis is a moron. TA has never worked and never will. If you seriously think you can look at a chart and guess in which direction the product is moving with any degree of certainty higher than the average, you are wrong.

Do you honestly think beating the market is that simple?

If it was this easy, everyone would do it. Period

Technical Analysis is the kind of thing you can learn in an hour. There’s nothing even slightly complicated or advanced about. When the most complicated mathematics about it is



$$RSI = 100 - 100 / (1 + RS)$$

where

$RS = \text{Average gain} / \text{Average Loss (on 14 period because, well, because)}$

$RSI = \text{nothing at all}$

you know you have a problem. Hint: that's not a complicated mathematical formula.

Unless you've worked at a proprietary firm, you have NO IDEA of what you're going against!

A single proprietary trading firm can have enough computers to fill your house ten times and then some. Each of these computers can easily be \$50,000 or more. These firms have zero problem hiring the best programmers in the world for \$500 per hour or more to program some of the most complicated programs that ever existed. I'm telling you that people trading at proprietary firms are at least as smart as NASA engineers and sometimes smarter. Except for a tiny number of individuals devoted to making this world a truly better place, in this world, money is a much more powerful motivator than the pursuit of scientific progress. Don't believe me? A NASA engineer earns something like \$100,000 per year. A good trader can EASILY earn \$100,000 per DAY. EASILY.

In my career, I saw a data center used for trading that was so large I couldn't see the back wall. "We haven't even used most of the computers you see here," said the guy to me. The firm had been operating been for more than ten years. That gives you an idea of how just well-equipped and well-capitalized these guys is.

These guys have no problem investing millions to cut their ping from 2s to 1.99s. They have no problems paying an additional \$10,000,000 per month rent just to have a office that is half a mile closing to Wall Street just so their orders will pass through a milli-second faster. These people have no problems offering a \$500,000 signing bonus to grab the best financial engineering grads and then offering millions of dollars in bonuses every year, even if the trader doesn't perform all that well.

These people can test BILLIONS of possible technical analysis indicators and combinations on about every single product that exists a million times by the time you notice your little "A heads and shoulder pattern is forming!" These people can send a million trade by the time your finger hits the "buy" button. These people can backtest millions of strategies in real time by the time you blink your eyes. And despite all that, the vast majority of these funds do not beat the market on a risk-adjusted basis over an extended period of time.

Do you really think your stupid moving average crap can compete with them?

If you do, go get interned somewhere, because you are basically insane. If you ever listen to a "technical

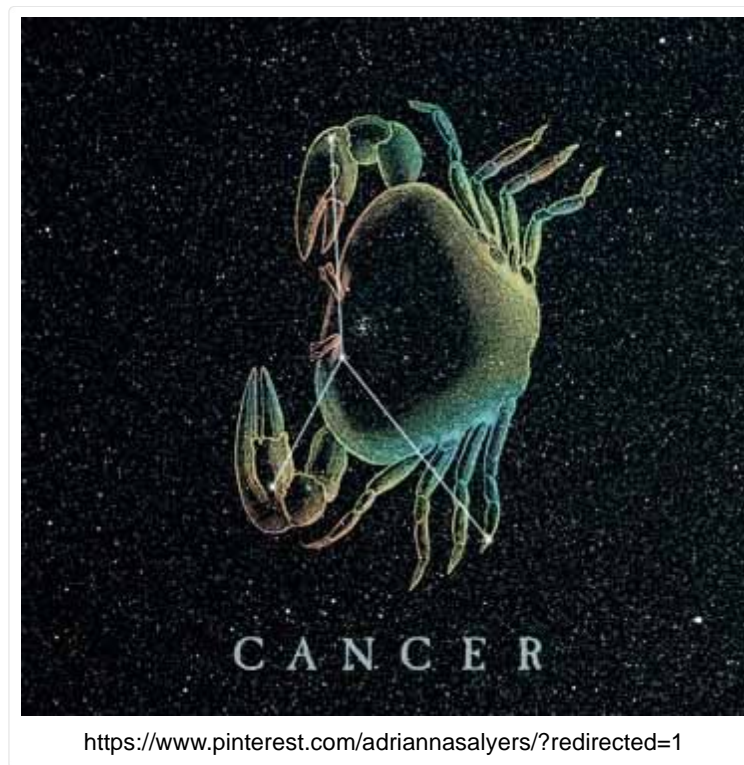
analyst" on TV (you haven't needed a professional title to be considered a pro for a long time, but now, apparently you don't even need to understand the market at all) and have any reaction other than laughing at him, trading is simply not for you.

Technical Analysis is to Trading what Astrology is to Science

Many years ago, some great men looked at the sky and thought to themselves: "I see an Aquarius! I see a Taurus! I see a Sagittarius!" Now, look at that and tell me what you see here:

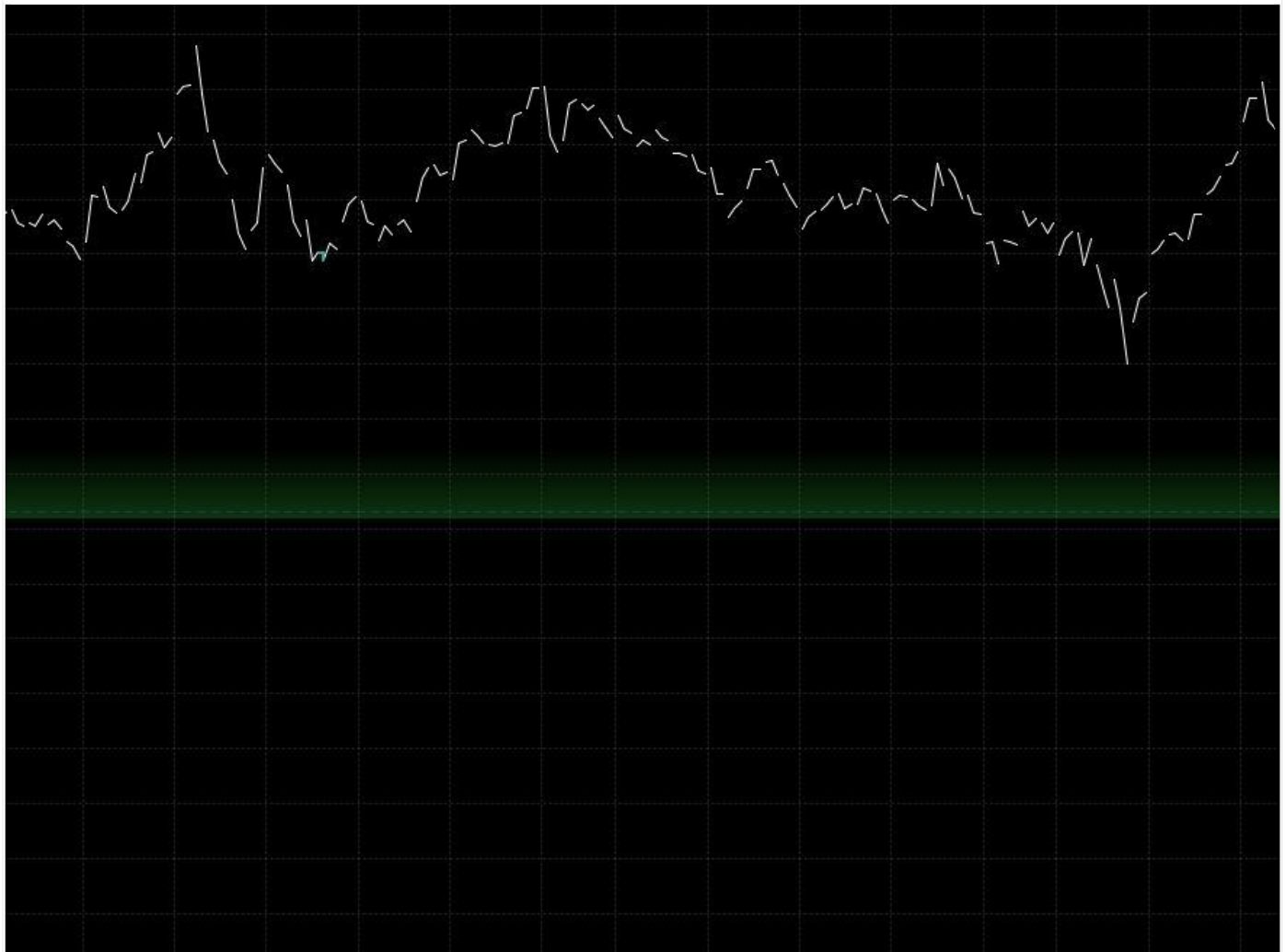


You mean you don't see the cancer? It's obvious man:



It's the most obvious thing in the world. I remember seeing those five stars and thinking, "Man, this sure looks like a giant crab. Look at the star at the bottom, it looks like it's a pincer, and the two close-up stars are exactly like eyes!"

Now, look at this:



What do you see here?

What do you see in the graph above? To me, it's more than obvious. It looks like this:



I mean, isn't it obvious? This chart basically looks exactly like the emoticon above. Look:





I mean, isn't it obvious?!?!?! And if you look carefully, the shrugging emoticon is sloped to the right, meaning a crash is about to happen:



I can't believe you guys missed it. I mean, it's obvious. It was basically like printing free money.

You might think I'm overexaggerating here, but not at all. Take a look at this article from Investopedia, a serious website on investing if there ever is such a thing:

Cup and Handle

A **cup and handle** chart is a bullish continuation pattern in which the upward trend has paused but will continue in an upward direction once the pattern is confirmed.



Figure 2

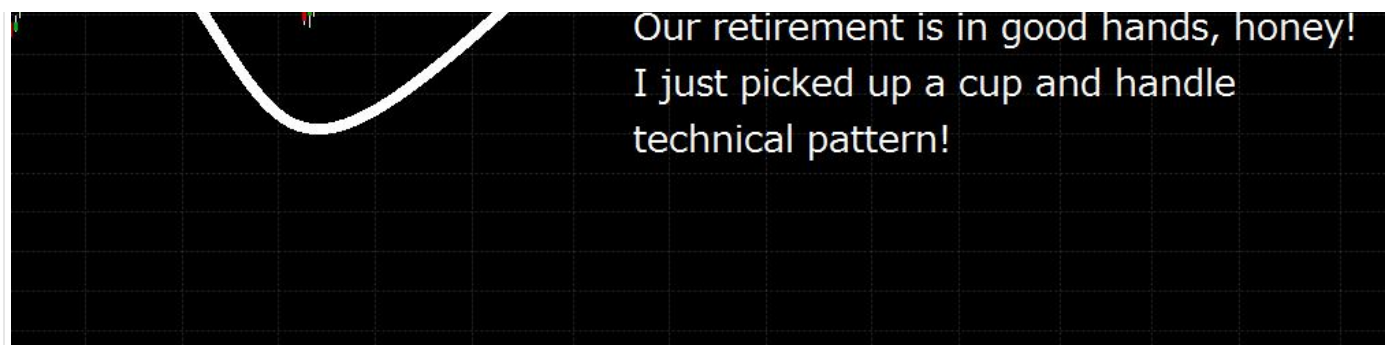
<http://www.investopedia.com/university/technical/techanalysis8.asp>

Seriously, guys? SERIOUSLY??????? The part on moving average I could tolerate, but that? "Guys, the stock just formed a cup and handle, it's going up!!!"

WOW!

Of course they managed to find a case where it worked. But what about this one:





It didn't take me all that long to find that pattern, by the way. Two minutes of looking at GPRO, TSLA and AAPL and there goes your cup of tea pattern.

These guys don't know where to stop. I mean, just look at this crap:



It's not no longer a "heads and shoulders" patterns, now its a "head and shoulders and neckline" pattern. As if the original version wasn't stupid enough already.

And because the neckline is skewed, this means the stock is going up? Did I follow this right?

Technical analysis has one advantage: it's easy to explain to idiots

Let's face it: 95%+ of people suck at math. My first girlfriend failed her grade 10 maths and somehow managed to end up with a masters in biology. I once taught a college-level class that was an introduction to algebra and half of the students couldn't solve a linear system with two variables. This is supposedly a class of people who graduated high school and saw derivatives, integers, matrices and so on. I once had a

student ask me what " \leq " was. Really. And this was for a maths degree!

And don't get me started on the logic class I took where a quarter of the students never understood the difference between "or" and "xor."

If people suck at math, how do you expect them to understand the most intricate details of the stock market? I remember when I first saw the proof to Black-Scholes. I think I was in undergrad and the teacher saw this:

“Okay, we are going to skip this part of the proof because it's too complicated. Just assume it's true.”

What kind of mathematical proof is that? Is this really how math work? I wonder if that's how Fermat's Last Theorem was proved. "Guys, this part of the proof is too complicated, so just assume it's true, mkay?"

Years later, in grad school, I finally saw the full proof and quite honestly, it's not even that complicated. But when three quarters of your students can't even apply Black-Scholes correctly (sigma, what???), how do you expect them to understand the proof of it?

And here comes technical analysis. Any idiot can understand the concept of moving averages, oscillators, bands or whatever it is you're using. "Oscillator," isn't that mysterious, spooky-in-a-good-way term? Even if you don't know how a moving average is calculated (lol!), most programs do it for you today. You click a button and bam, moving averages appear.

And patterns are even more simple. You don't even need to know what an "average" is. You just look at the chart and pretend to see stuff that doesn't exist. Look:





Is it just me or is Apple's stock price closely following the Everest mount? Every little peak is perfectly correlated. I call that a "perfect fit." All along, it was all planned guys. This is basically a sign from the Illuminatis. If only I had known that five years ago...

Technical analysis is easy to sell to idiots. No matter the stock, you can usually find a combination of "technical analysis indicators" that would have been true over a given period of time. This makes trading look trivial: just follow a few rules and that's it, you'll beat the market. Stock falls below its 200-day moving average? Sell. RSI is too low? Buy. A triangle is forming? If it breaks out of it on the upper side, buy, down side, sell!

As long as you can click a button, you can apply technical analysis. Of course, it doesn't really work like that. All of this and I still haven't come to the real reason why Technical Analysis is 100% bullshit

In my entire life, I have never, ever met a single trader who beat the market on a risk-adjusted basis for an extended period of time using technical analysis.

Never, ever, ever, EVER. I can't name you a single person and, trust me, I have met a lot of people who trade.

Now, let's clarify something: I've met a LOT of people who SAID they made a lot of money from technical analysis, **but who were actually using a totally different system**. What people say and what people actually do are two different things, guys. It's very easy for a trader to use a proprietary system and then backtrack the technical tools that give the results most similar to their trading algorithm, and then pretend their result is all due to technical analysis. In fact, people do it all the time. Why? Because they obviously don't work to sell their REAL system and their REAL secrets, so they invent a bogus "co-system" that they can easily pass down to the morons.


I'm not saying technical analysis won't work in the short term. I could very well go to the casino tomorrow with a "system" to beat the house at the blackjack game and quadruple my money. I could very well repeat my performance for two, three, four, maybe five days in a row. At this point, if I was dumb, I would probably believe my system is working. But just because you got lucky a few times in a row doesn't mean you found something valid. The proprietary firm I worked for used a lot of Technical Analysis and it always worked – until it didn't work. A guy who had been trading successfully for two and a half year got fired for losing half his portfolio in three days. "But, but, the technicals! It worked before! This is a mistake!"

Don't fall in the trap of technical analysis

Confession: when I first started trading, I read everything about Technical Analysis I could put my hands onto. I went ahead and bought all those funny fancy books that they tell you to buy and that you can find on Amazon when you type "Technical Analysis." Most of them had 4.5 and more stars, wow!

I studied graphing, charting, pivot points, candlesticks, you name it, I save it. Thankfully, I never actually did trade using them. I would have been humiliated if I had actually followed through that bullshit, I mean, I consider myself smarter than that. Still, I wasted a ton of very precious time actually learning about this crap.

I think it was around the middle of the fourth book when I realized, "Wow, this is some pure bullshit." It's like when you go to iherb.com and check the reviews for their "top sellers":



Doctor's Best, CoQ10, with BioPerine, 100 mg, 120 Veggie Caps

\$11.95 ~~\$33.99~~
Savings of: \$22.04 (65% off)

★★★★☆ 3027 Reviews
4.4 out of 5 based on 3027 reviews

[Write a Review](#)

Wow! 3,027 reviews and 4.4/5? And 65% off?! This is a real bargain!!!

Customer Ratings		
5 Stars	<div></div>	(1766)
4 Stars	<div></div>	(827)
3 Stars	<div></div>	(303)
2 Stars	<div></div>	(61)
1 Stars	<div></div>	(70)

Reviews English English (1143) Spanish (8) Japanese (197) Korean (1000) Russian (502) Chinese (177) Sort By **Most Helpful**

Items 1-5 of 1143 total

« Previous | **1** 2 3 4 5 | Next »

Doctor's Best, High Absorption CoQ10, 100 mg
51 people found the following review helpful

★★★★★ Posted by Springtime on May 02, 2013

Many people use coenzyme Q-10 for treating heart and blood vessel conditions, chest pain (angina), high blood pressure, and heart problems. It is also used for diabetes and gum disease. Coenzyme Q-10 helps me to increase energy. This is because coenzyme Q-10 has a role in producing ATP. When I take this product, I just feel better. Highly recommend this product. Thanks for the great service iHerb! :)

Was this review helpful to you? ☒ Yes [Report Abuse](#)

Note: iHerb does not imply any medical claims from this review. [Disclaimer.](#)

Yeah, right

And if that's not enough for you:

Sold as a dietary supplement, CoQ10 is purported to help treat, or possibly prevent, heart disease, hypertension, Parkinson's disease, certain cancers, migraines, HIV/AIDS, infertility, gum disease, allergies and so on. It's also said to boost immunity, enhance athletic performance, aid memory and slow aging.

"Possibly"

Wow.

Technical analysis can "possibly" make you money, guys. Possibly. The rock I'm holding my hands right now can possibly make you immortal. You don't know that and until someone dies while holding it, you have no proof it doesn't work!

Listen, guys: just because someone says something works doesn't mean it actually works, okay? And

just because a large number of people say it work doesn't mean it works neither. By the way, I love the expression "help treat." It doesn't "treat," it "helps treat" okay? It's like when you have cancer and you undergo chemotherapy and eat carrots afterwards. The carrots "help treat" your cancer.

Making money trading is difficult, tedious, stressful and requires an extreme amount of work. Period.

You can't make money consistently by with technical analysis, period. In fact, this is the modern day version of a guy going to the casino with a "system." But no if you had to remember one thing about this whole article, let it be this one: never buy any program/software/coaching/whatever on technical analysis. It's all 100% bullshit.

If you really had a system that allowed you to print free money trading stocks, would you share it?

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◆ stock market, stock market lies, stock market scam, TA sucks, technical analysis, wall street scam

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Ten fundamental rules of daytrading >

55 Responses to *Why Technical Analysis is 100% Bullshit*

Fuck you August 30, 2015 at 1:16 am #

REPLY ↩

I just came all the way down here to say fuck dich, asshole. You were supposed to be dead a month ago when AAPL didn't go up after earnings.

Jobratzki August 30, 2015 at 5:28 am #

REPLY ↩

Thank you for this article sir. I actually wanted to trade and right now I have read a lot of books and PDF files regarding TAs but is still having trouble with my portfolio with 12% loss.

Bernicky June 9, 2016 at 12:24 pm #

REPLY ↩

i have built models that have annualized rates of return of 22% and in real time the hypothetical returns match the actual return for the last 31 months. The one thing that all need to understand is that trading is the art of separating possibility from probability and not attending every possibility that comes across the screen, however it is about recognizing the high probability trades and attending those. Second it is about money management. Two traders can use the say single rule for entering trades and at the end of any time frame have two very different results as proved by Richard Dennis and his turtles. The reason is that all had different money management styles.

Harry August 30, 2015 at 9:00 am <#>

REPLY 

I think your main issue is thinking TA is supposed to be 100% accurate, and it's not. TA gives you a look at how people have been trading a stock, and people trading a stock is what makes it move.

Nothing gives any guarantees when it comes to the stock market, TA is just one tool to be used with others to help decide if a trade may work out in your favor. It's similar to counting cards at Black Jack, it doesn't guarantee you will win but it does increase your odds of winning.

TA gives you a very good idea of support/resistance levels, and there nothing magic about it. If a stock drops to a certain level and then bounce back up, that shows people find value at that level and start buying. If it bounces that level a few times and the volume increase when it does that's a pretty good sign that a lot of people buy at that price. I would then feel I could buy near that level and have better odds than not that it will hold that level.

It's not magic it's just the study of when people are buying and selling, and since that is what moves a stock it can give you an idea of how it may move. I think your problem looking at TA is you think it should be 100% full proof, but nothing in the stock market is or will be. The market is moved by people and people are unpredictable but watching and seeing patterns can sometimes give you an advantage. Remember it's a tool that should be used with many others to help make decisions and should never be counted on as full proof.

Matthew Waterman August 30, 2015 at 2:54 pm <#>

REPLY 

No Harry, he's saying it's not even 50% accurate if you don't beat the market.

Bernicky June 9, 2016 at 12:31 pm <#>

REPLY 

What if you use it and you do beat the market. The average annual return of the S&P 500 over the last 15 years is about 4% annualized. What if I have been returning an average of 22% annualized? Does it work then? Trading SPY long-only since March 1, 2015 I have returned +6.38% and over the same time the SPY is up +0.50%. i have been in the market 29 times for a total of 88 days instead of in the market all of the time. In the world, the people who are saying that things cannot be done are people who are not doing it.

Is anyone interested in that?

Opt10n August 30, 2015 at 10:46 am #

REPLY ↩

Yeah. TA is just as much bullshit about predicting the future as fundamental analysis is. Both are a form of engagement nothing more. I for one think the patterns of TA are total BS, but tend to buy into support/resistance and trend lines (no pun intended). What ever you do to get you engaged and trading is all that matters. Just stay small and now hero shit.

So the author covers that TA is bullshit... What does he purpose the alternative is? Another form of BS? If you believe in the random walk theory all forms of analysis are BS.

Thanks for the rant anyways!

Robert August 30, 2015 at 10:54 am #

REPLY ↩

BRAVO!!

TA = BS!

However, TA is a wonderful method to study and archive independent HISTORY which has absolutely nothing to do with the future.

Excellent article – uncloaking the linear regression of the slow stochastics as it bumps up against its bullish resistance in the light of a head and shoulders!!!

Touche!

Day Trade 101 October 1, 2015 at 11:01 am #

REPLY ↩

https://www.reddit.com/r/stocks/comments/3k63ge/when_this_post_is_12_hours_old_i_will_begin_a_100/ – a thread started by the author himself. Watch how the market messes with him until he started saying “fuck my life” and “I am so stupid, why I don’t get job? and the classic “I can’t even afford my iPhone 4.”

That is all.

nunrgguy November 12, 2015 at 5:02 pm #

REPLY ↩

Take a view.

Open a position ‘about here’

Run winners.

Cut losses.

That's all there is. It's all about what you do AFTER you pull the trigger.
All the pre-'analysis' is complete and utter bullshit.

Tanner December 12, 2015 at 2:48 pm <#>

REPLY ↩

This article is hilarious, and pretty much spot-on. Thanks trader bro!

Anonymous January 14, 2016 at 5:05 pm <#>

REPLY ↩

Excellent article, sums up my own thoughts on the matter perfectly!
I'd love to set up a company that tries to match stock price trajectories to mountain ranges – if you back-test with enough mountain ranges, I'm sure there would be one which matches. Predictive power though? Zero, of course.

Jj January 17, 2016 at 2:27 am <#>

REPLY ↩

Made me laugh, I love it

Perhaps a more professional article should be written (I did enjoy it though) as I can see many newbies not believing you due to the straight forward talk. But that doesn't detract from the important things :
thanks for the read

DookieHowza January 20, 2016 at 11:52 am <#>

REPLY ↩

Yes. Thank you. It needed to be said. TA a product of mankind's obsession with finding patterns in everything. It is no different than reading tea leaves, chicken bones, runes or stars as was aptly brought up. The fact that it is touted in mainstream investment circles as legitimate analysis is just scary.

Sean February 14, 2016 at 6:47 am <#>

REPLY ↩

Trends exist, support and resistance levels exist, candle stick patterns exist. All of these things exist. They don't predict the future but they give you a glimpse of what buyers and sellers are doing.

They aren't guaranteed to play out the same way every time, but paying attention to volume, trend line breaks, resistance and support zones, you can get much better odds than simply gambling.

With a solid risk/reward strategy, you can even be wrong half the time and still be profitable.

Consider that the market is 90% losers and 10% winners.... it's not exactly a stretch to say most people

fail with technical analysis. Most people FAIL when trying to play the stock market.

Warren van Niekerk April 12, 2016 at 10:41 am #

REPLY ↩

Prove it!

Bernicky June 9, 2016 at 12:37 pm #

REPLY ↩

Prove that trends exist? How about cycles? most people do not believe in cycles, but winter arrive pretty close to December 21st every year in the northern hemisphere. Summer does the same around June 21st. A woman has a cycle nearly every 28 days. One woman does not have it 6 day and another 16 days and another 46 days ... for the most part the greater majority are near the 28 days. Everything in the world is mathematical and reoccurring and that is the tool for trading.

VPZ August 5, 2016 at 11:02 pm #

REPLY ↩

Learn time series methods! There is a big difference between deterministic and stochastic cycles. Confuse one with the other and you will lose everything.

S.Harris February 27, 2016 at 7:54 pm #

REPLY ↩

Please don't pop my bubble with your opinions towards T/A's. Recently I've sat through a two hour seminar and now deliberating the £7000 plus asking price to become a moron. Us thicko's have to wrap our head and shoulders around something, rather than wait for the selection committee's grim reaper to call. We can't all study engineering and fall back into the financial institutions if not enough placements exist in our chosen fields. What do you fall back to when you're a thicko. I know your right and I'll keep my money. Heaven forbid I do not want to many people knowing I'm a moron.

F.S. Comeau February 28, 2016 at 1:09 pm #

REPLY ↩

Harris,

7,000 fucking pounds? For a class where you'll learn absolutely nothing even remotely valuable or true? HOLY!!!!

You might as well buy 7,000 pounds worth of cereal boxes and count the number of cereals in them. You'd learn more from that than from your worthless hoax technical analysis classes.

Give me 700 pounds and I'll teach you everything I know about security analysis and how to trade. That's right, a real class where you'll learn real stuff for a fraction of the price.

Sean February 29, 2016 at 2:48 am <#>

REPLY ↩

7k..... uh, I'm in full agreement with FS here. That's just a waste, don't do it. You can learn everything you need to during your down time and with back testing and a practice account. 7k... that's insane.

investor 1 March 4, 2016 at 7:15 am <#>

REPLY ↩

I took two weeks training started trading and lost all the money. Tried every indicator with entry and exit points but failed. I thought its a useless tool...but wait again, if this is so, why so many people using it? There must be something, so started again trying every strategies.....I started with stocks, which is less volatile. Doing pretty good.

Conclusion : You can learn TA in 5 min, that might be right but you need years to Master it. If you look for 100% return, it will be a joke, don't enter TA zone. But for me, now, I believe in TA, I am happy, people created this, you know where to enter & exit, its not 100% right but it will definitely have low risk. Its a risk management. You will know when big investors are manipulating.....if they are doing it, you flow with them. I thought TA is 100% mathematics but believe me its not, its one of the effective tool to track crowd psychology. Try to read them mate.

F.S. Comeau March 4, 2016 at 3:04 pm <#>

REPLY ↩

Let me get this straight. You admit to using TA and you admit losing all your money – in two weeks, quite an impressive feat I have to say. How exactly is that an argument for TA? If anything, you counter your own “argument” (word used loosely here).

Then, you go ahead and tell me TA works. Based on what, what you WANT to believe? And then you ask why so many people use it. I clearly say in my article that it's because “so many people” are idiot. Then you try to rationalize that it's risk management (which it isn't). And that you need years to “master” it. Master what, anyway? How to draw triangles? How to add two two numbers?

You are precisely the kind of person who shouldn't have the right to vote.

Anonymous March 4, 2016 at 7:42 pm <#>

REPLY ↩

Lost all the money that I invested in commodities & future,I do have portfolio. I am sorry, you don't

understand this beautiful tool. Yes its triangle, trendlines ,volumes etc, your “stairway to heaven” pattern has got a breakout.

investor 1 March 4, 2016 at 7:59 pm #

REPLY ↩

Lost all the money that I invested in commodities & future,I do have portfolio. I am sorry, you don't understand this beautiful tool. Yes its triangle, trendlines ,volumes etc, your “stairway to heaven” pattern has got a breakout.

Rafal March 17, 2016 at 3:09 pm #

REPLY ↩

Although can not definitely say that whole TA is 100% BS I can definitely say that every TA based product (trading course, robot, signals) sold to retail traders is 100% BS.

Anonymous March 20, 2016 at 7:17 am #

REPLY ↩

This chap talks about how clever the traders are where I presume he works. His poor grasp of the English language would not suggest to me that he is as intelligent as a NASA scientist!

Rafal March 28, 2016 at 4:04 am #

REPLY ↩

Watch this video, so you won't waste couple of years for “mastering” TA. It confirms everything written here by extensive programming and back testing. It is quite long video but if you watch first 20 min that will be enough for you.

<https://www.youtube.com/watch?v=EZdBzFcvwQY>

Marius March 31, 2016 at 6:52 am #

REPLY ↩

Why do I have a feeling that this dude sucks at trading? This article couldn't be more biased and subjective. I'm not saying TA works. I'm not saying it doesn't work. But I've seen a successful traders who are very profitable and use mainly TA. To be honest, I'm not a fan of TA also. But I would recommend you changing the title to: “Why technical analysis don't work for me”. And the article should be 5 words long. “Because I suck at trading”

John June 20, 2016 at 2:39 pm #

REPLY ↩

Well said!

Warren van Niekerk April 12, 2016 at 10:48 am #

REPLY ↩

Thanks for the great article, I agree with you wholeheartedly, but you are making the same mistake as the TA/astrologers: you don't provide proof.

If you assert that moving average crossover does not work, you should provide the evidence (methodology, data, etc.) that demonstrate conclusively that it doesn't work.

Providing the methodology to disprove for oneself would also be very valuable.

Atheism is also a religion.

ReaganSmash April 12, 2016 at 9:30 pm #

REPLY ↩

Too bad you fucking idiots just don't understand how TA works. Don't blame TA for your own inadequacies.

Bubu April 24, 2016 at 11:19 am #

REPLY ↩

I used technical analysis to accurately predict the market crash in 2007 and bull in 2009. I also used it to predict market crash in China in 2015. You have to combine various indicators to predict in addition to various theories too, which none of your examples show those at all.

Anonymous June 1, 2016 at 11:46 am #

REPLY ↩

Bubu, could you shoot me an email at ecjywork@gmail.com?

some guy May 11, 2016 at 11:27 am #

REPLY ↩

My idea is this:

If technical analysis worked, there wouldn't be so many technical indicators and studies. The reason there are hundreds of studies and lines is because none of them work. If a few of them worked, there would only be a few people used. usually in life when there are 400 opinions, nobody really knows anything.

Anonymous May 26, 2016 at 10:59 am #

REPLY ↩

F.S. , no offense but after reading what you've written it sounds as if something may have crawled up your rectum and died .

Cheer Up , life isn't all that bad , SMILE

F.S. Comeau May 26, 2016 at 10:42 pm #

REPLY ↩

You are right on two things:

- 1) No offense was taken
- 2) Life isn't that bad. It's much, much worse than that.

Ali June 2, 2016 at 6:55 pm #

REPLY ↩

I am a longer term investor until last 3 months . I saw i am making 30% gains on average major tech companies which I hold since 2007 .. In past three months i saw a trend where stocks goes up and down and then i thought why 30% why not 300%+

I made 200+ Trade based on technical analysis with 200K Many losses and many gains ,many frustration and many sleepless night and all technical jargons ...

They say double top bullish and my stock keep tanking .Then i go and read news and recover from some treding stocks in yahoo and cnbc sites.... Some time double top etc /doji etc gives me some decent profit by chance so after 3 months ,lost around 10k .. Realized you can not beat the market by looking historical data . The future price are derived by fundamentals . Analyst reports published etc may be not accurate but gives you the financial /company background .They collectively know more than us . And we should validate the analysts recommendation by just simply looking the news etc ..and today market is news driven . If you see the stocks in news for good reason then check the fundamental and invest long. Market goes up and down. If market does not go down then no seller so no buyers... Hopefully i will correct my mistake and use charts to see what happened in past and fundamentals /news for what will happen in future. Good luck .

Beginner June 6, 2016 at 9:09 am #

REPLY ↩

I am new to trading, and I have been reading on internet about TA patterns, I also started reading a book, and yes, there's so "much" propaganda about TA, but hey, if you say TA is 100% bullshit, what do you suggest ? How to really trade ?

Bram June 6, 2016 at 1:40 pm #

REPLY ↩

I LOVE YOU, finally someone honest, we need to bring this to court seriously, so many people right now

are scammed. This may be the biggest scam in history!

Ali June 10, 2016 at 12:25 pm #

REPLY ↩

Why TA is not good indicator

GOOGL stocks when goes down , Trading central show arrow way down and when googl stock goes up trading central show going up

TA can not decide what will happen . TA charts just show what has happened and what are the probabilities . But probabilities flips based on dogs of wall street such as top banks upgrade , billionaires purchase and any newsSo probabilities does not follow chart but the dogs upgrade /downgrade and news . TA gives you some idea to identify the buy and sell points but still investors aligned with top banks will get maximum profit . The upgrades and downgrades what we know are always history and we just try to ride little bit . I do not think big banks alerts before upgrade /downgrades open to public . However there is no harm in getting 1/10th of profit . See the recent pump and dump of tesla . Now LNKD and CMG Not sure when to enter and not sure entering in upward or downward . Some how if lucky entered TSLA in upward and sold when it moved downward . cycles continue.... I Believe stock market is all about manipulation. Once upon a time people pay chipotle 700+ USD and do not want to shell more for amazon . What is wrong if amazon is overvalued and chipotle trades 400+ ...No comparison So Amazon ,FB and Google riding waves NFLX ,TSLA riding downstream. so pick up the upstream and downstream . TA will help but will not give indication upward or downward . Keep eye on upgrades and downgrades ,fundamentals and enjoy.

ana June 14, 2016 at 10:41 pm #

REPLY ↩

OMG ... i have never laughed so much in my life reading this article. One thing i must say is that this article is true in every way.

I am a forex trader and i don't use Technical indicators at all.....because of the reasons that are mentioned in this article..and also because these Tech Indicators are all lagging indicatorsthey are not going to tell you where the market will move nextyes they are full of BS.

Hope every trader reads this article...it is so me.

james June 25, 2016 at 10:44 am #

REPLY ↩

Thanks for this great artical. Ive watched about 20 youtube gurus who are "experts" in TA and every day they predict what the stock market will do..."this is a ABC UP ", "this is a peak C of a complex ABCD down", then for real laughs I watch TFNN and tom obrien. on TFNN they push Gold and bonds and trash the dollar and stocks, why?? becouse tom sells a gold report for \$150 a month and their main sponser sells a gold hedged CD. they consistantly us the utter BS of all time fibanacci and fib "retracements" of .628 and .328, and everything is a ABC up or ABCD down or a "complex" ABCD up. this gains viewers

because it sounds so sophisticated and difficult so these guys MUST be geniuses right?? anyway I tuned all these guys out simply after seeing them make the wrong call at least 70% of the time!. TA gives you a perfect picture of what a stock has done in the past but ZERO info on where its going!. thanks again for this great artical

JUSTIN July 8, 2016 at 4:21 pm #

REPLY ↩

Tastytrade did a back study on 65 years on S&P index and 30 years on 500 companies within S&P 500. The conclusion is trading using TA caused a significant loss and underperformance compared with buying and holding strategy. TA is a bullshit. Period. Some people argue it works because people using it. Only small retail investors use TA and the BIG INSTITUTIONS know that small investors rely only on TA.

bach04 July 9, 2016 at 1:16 pm #

REPLY ↩

One of the best articles I ve ever read. I totally agree. The only way to beat the market is by cheating like them e.g. spoofing , layering but they will sue you and put you in Jail. That s what happened to Lone trader Navinder Singh Sarao.

Bach04 July 9, 2016 at 2:47 pm #

REPLY ↩

The only way to consistently win is to cheat exactly like big guys. spoofing and layering is one way of cheating but can be detected and you have to go to jail like what is happening now to the British lone trader (I forgot his name) or if you belong to a company you go out of businesses like swift trade .

Anonymous July 12, 2016 at 5:25 am #

REPLY ↩

thank you very much . This is in general the problem with forecasting on markhov models.A major chunk of ML and TA stuff goes unnoticed without ever getting questioned. Even the phds from best universities dont care what they are fitting on what. Inherently stock data is Brownian motion it is a continuous everywhere differentiable nowhere function . Over the years ML , TA and data-science people repeatedly kept diferentiating these functions to optimize loss functions on non optimzable curves like timeseries data i have no clue why this remains unquestioned some of the major universities and institutions are behind this false bogus propaganda throbing away genuine funding for research across other domains

Robot666 July 24, 2016 at 7:38 am #

REPLY ↩

I've noticed one infallible rule about writing. If someone keeps using the one-word sentence "Period." then

this indicates they don't know what they are talking about. It is definitely the most redneck sort of argument when a guy just says "Period." as if that closes the argument. Of course if I wanted to play the same game, I could have written "... as if that closes the argument. Period!" I can even use more exclamation points to make my argument stronger. I've noticed that people who use what I call the Texas-style argument technique are highly emotional and have very strong beliefs. I don't take what they say at face value.

In this article it says some traders make \$100,000 per day. Wow, those traders are sure smart, with all their computers and so on. I bet their trading room looks like something out of Star Trek. Let's suppose there is such a trader. Let's see how fast the money piles up.

after 10 trading days: \$1,000,000.

after 100 trading days: \$10,000,000

after 1000 trading days: \$100,000,000

How many traders have actually done this?

Of course TA is bogus. So is FA. It's a rigged game. One day perhaps we can bring down Wall Street and while we are at it demolish every casino. When people stop gambling and we don't allow people to make money from money, we will all be winners.

Anonymous July 28, 2016 at 12:26 am #

REPLY ↩

Excellent article, I always thought the same about TAs.

Most times the TA shown is how the stock made money in the past.

I agree with the author wholeheartedly about the bullshit about Technical Analyses!

Predator August 4, 2016 at 8:14 am #

REPLY ↩

All, Just do this → Go to investing.com and check their final call on any stock or indice. Its based on sum of all technical indicators and MA. It gives a final call summing all and MOST of the time its wrong – WHY? Yesterday it was showing all STRONG BUY for NIFTY after it has gone up and started correcting – Just use Volume and mint money. Yes i can .. consistently and have no time for training others and writing book. Then what i am doing here? BYE!

Adam August 30, 2016 at 4:38 am #

REPLY ↩

Thank you for these eye-opening articles you are one of the reasons that helped me see things in a different prospective.

TA is pure BS no doubt about it, and I am glad I never traded live with it. I am now starting to see why

retail traders are all losing money and can't even breakeven to save their lives.

879fuyt September 20, 2016 at 2:56 pm #

REPLY ↩

Trade or stagnate. It's part of the bubble and it's delaying a natural crash. Nothing rates almost force you to play the game, raised will hurt the powerful and clear the fog to reveal unpleasant landscape to general public. Bubble will grow as much as sweet federal Trixie can blow and boy can that bitch blow!

Or open yourself to some real fee's and risk and start a business. Fires,lawsuits,federal employment law commitment to your mistakes. If you think finding value or getting the direction to click the proper button for you order is hard just wait until you stake everything on yourself and juggle everything from janitorials to mission impossible style red tape. So many laws on the books your likely to not even know if your breaking them. Some can be so destructive on top of your juggling duties you will have to take self taught sleepless night classes in white collar crime.

Day trade. Swing trade. Tech supported trend. Trade on earnings, trade for arbitrage (going to mean pending buyout/merger spreads for retail, div shit won't cut it I find div dates prices drop 3-4x on and following ex and again closer to amount on actual payout date). Some great thing dividends are for longs. Have realized 20 cents, mad men playing in market says it'll cost you \$1 loss unrealized.

The only trading system that guarantees a win is an inside one. Knowing is the God people are chasing and you just can not emulate that shit.

Maybe your sisters oh so reliable, and wonderfully employed, ex-husband gets real chatty about earnings over a pot and brew session. Maybe you stay off bragging on Facebook like your not an idiot, pay your taxes, and if questioned only speak to deny or confirm anything via a lawyer. Distance any traceable or public relationship to him. Maybe you bet big in shorter duration options. You do nice things like help him move/general bitch boy stuff, sell him that muscle car of yours he likes and even paint it his favorite color for \$1 (fuck man maths!) You love your cash cow, and stay quite and humble like a field mouse freaking the fuck out about hawks overhead.

Even with those perfect circumstances, a can do and get away with lifestyle. It's not a promised win. People are fucking hyper, straight up nuts, or some unknown ratio. Tons of new money coming in and it's not getting smarter.

I've seen stocks slaughter the estimates and have a period of down days because some entertainment journalist at something akin to Fox News writes a scare piece " Their is enough liquid in your coke can to drown your own bundle of sweet baby Jesus" Oh no! Cokes going to be associated with babies drowning and have to take out some form of flood insurance. Insurance companies are right bastards to deal with! Who cares if they slaughtered earnings this quarter, sell,short,PANIC MODE.

My examples are nuts, I'm in a nutty mood, but compared to the way people behave in the market when they are dead serious, what's crazy.

I do some F.A. I buy into current value more than future growth. With the knowledge it can turn against me, that I might buy 5% too high for the month, I might exit when it may have made more and being ok if it does.That's just guesswork. The safety and fair value of the underlying security and the direction within your timeline. That's what you want right. If I notice a pattern, I'll swing on it to try to get more gains. If I'm

wrong, but I still see it a value as the day I bought it (despite nerve wrecking red ink) I will write covered calls (if I don't see a nice range to swing from I almost always buy-write) to get something out of it until it wins for me. I don't put everything in one basket but I don't have a warehouse of baskets to watch either.

When I can't find a safe place of value, that is to say a market much like this one, where defensive stocks come with a big fat mirrored bull price premium to lose, I will dip my toes in and out on buyout offers

I give a shit to popular opinion. I don't try to measure or understand the forces driving peoples insanity. I just do my best not buy against it. Once you buy, it's very nice to be in something you don't mind being stuck in for a 10-20% bath because these days an executive dick pic might be the cause of that drop and it's remembered as weakly as the reaction was formed.

It's a fucking nutso world in the market. Stick to your sanity and try not to walk into any knives. Best you can do absent wonderful circumstance and a can crime attitude.

Boris Berezovsky September 28, 2016 at 7:07 am #

REPLY ↩

Ouch, you can tell from the bizarre attitude of this author he has tried and failed miserably to make it work and now he's become extremely bitter. he tried and failed so now he's gone on an enormous offensive. Join a live trading room like the syndicate, for free, for a week and watch the same 2 people make money trading live daily. If you don't believe this stuff works you haven't looked hard enough at what's out there. Youtube is full of successful people, most of them don't have millions of subscribers, the ones that do are often the frauds reeling in the cretins with talk of 100% returns and showing off their flashy lifestyle.

i am everywhere September 29, 2016 at 12:14 am #

REPLY ↩

Every single thing online, media, books and every god damn word about trading is illusion and wrong...trading is pre booked event that requires sharp intellect and 0 noise in your fucking brain. Stop attending seminars reading books and follow dirt....you have 0 chances after all from a pile of shit in your brain. Just stop!

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