Moving Average Convergence Divergence (MACD): shows relationship between two Moving Averages (MA) for a security's price.

Calculated by subtracting 26-period EMA from 12-period EMA. (EMA - Exponential Moving Average)

Inference- MACD > Signal Line - Buy suggestion; MACD < Signal Line - Sell suggestion

It is advised to use MACD with another indicator such as Relative Strength Index (RSI) to analyse patterns more effectively.

Relative Strength Index (RSI): measures price change in relation to recent price highs and lows.

Calculated in 2 steps:

RSI(step one) = 100 - [100/(1 + (Avg gain/ Avg loss))]

RSI(step two) = 100 - [100/(1 + (Previous Avg gain \* n + current gain/ Previous Avg loss \* n + current loss))]

n = period - 1 (in above code, period is 14, n will be 13)

Inference- It is a momentum indicator | Overbought > 70% ; Oversold < 30%

During downtrend, peak can be considered near 50%.

Limitations of both these indicators is they can give False Positive. One has to be careful and not to be completely reliable on the indicators when making investment decisions.