

What to Focus on to arrive at Fair price?

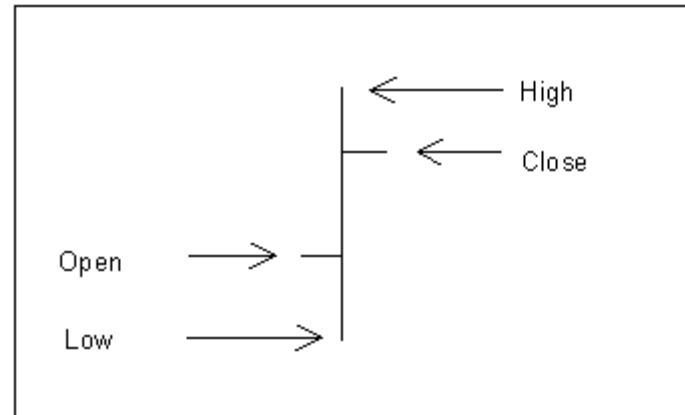
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Charts and Candlesticks

- The obvious is to study price movements in the hope that they might reveal something about supply/demand characteristics for that stock.
- The premise of “technical” analysis is that the adjustment of prices to new information is gradual. What follows is by no means exhaustive (this could be a whole course in itself). It is merely illustrative and provides context.
- In this early world (before accounting indicators became popular), one views markets as a contest between bulls and bears and looks for patterns in price movements that might indicate which side is more likely to win.

Technical Analysis Charts

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- Some of the earliest were charts such as:

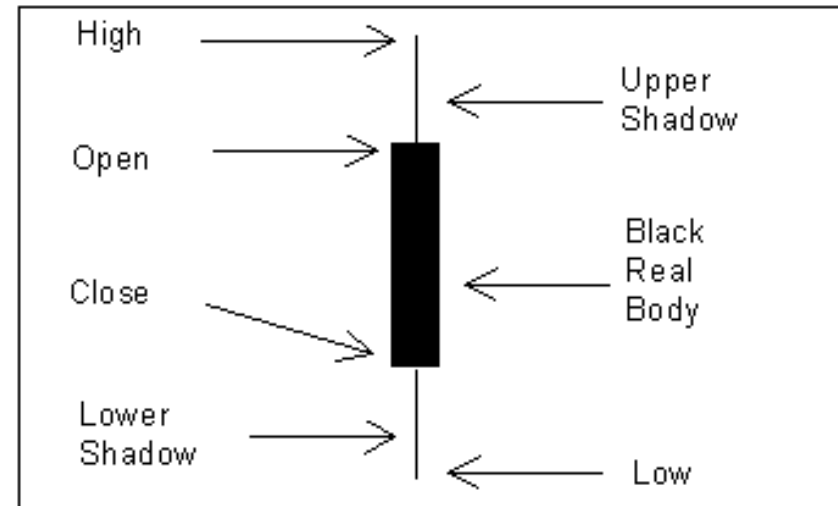
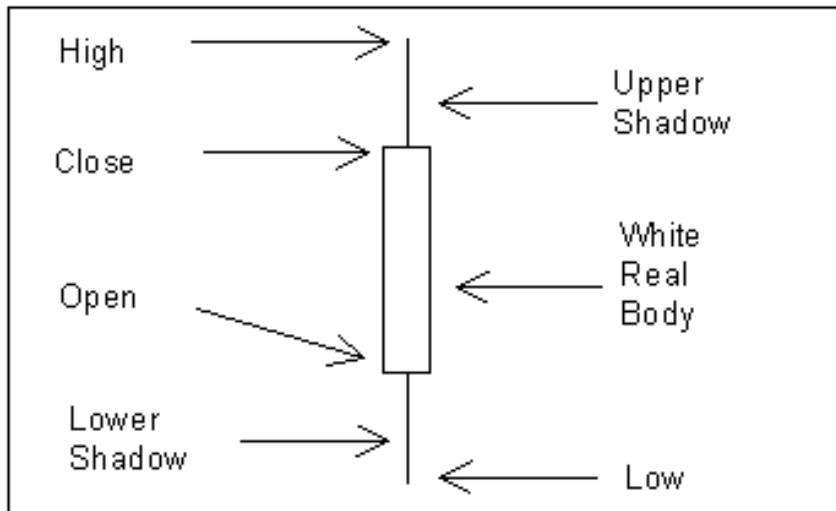


Before computers, people actually plotted such things daily on graph paper !!!

Candlestick

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- **Then came the Candlestick:** open-to-close is rectangle (body), shaded for down days, clear for up days, lines above and below for high and low.



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