

Valuation methods

Fundamental analysis: Evaluating a stock's price based on its revenues, earnings, future growth, return on equity, profit margins, etc. Evaluation is done by examining the a company's income statements, its earning releases and balance sheet.

Technical analysis: Forecasting future price direction by analysing past price and volume data. This is mainly done by analysing charts and indicators.

The importance of which valuation method you use depends on the timeframe you're trading. When you are trading long-term it is more important to look at fundamentals. When you are trading short term it is more important to look at technicals. This does not mean you should only use technicals or fundamentals; most of the time you want to use both.

Fundamental Vs. Technical Analysis

- Charts vs. Financial Statements
- Time Horizon
- Trading Versus Investing
- The Critics
- Can They Co-Exist?
