

## Technical Analysis

- Discipline that analyzes statistical trends from trading activity to evaluate and identify trading opportunities.
- Assumptions
  - The market discounts everything
  - Price moves in trends
  - History tends to repeat itself

## Technical Indicators

- Technical indicators are mathematical calculations based on the price, volume, or open interest of a security or contract
  - Commonly used for short-term trades, however, can be utilized for longer term positions
- Display Types
  - Overlays: Displayed over the main price chart of asset
  - Oscillators/Indicators: Exist as separate charts below the main price chart
- Categories
  1. **Trend Indicators:** Measure direction/strength by comparing prices to set baseline
  2. **Momentum Indicators:** Compares current closing prices with previous closes, identifies speed of price movement
  3. **Volatility Indicators:** Measures rate of price movement in either direction
  4. **Volume Indicators:** Measures strength of trend based on volume traded

## Candlestick Terminology

- Components of a candlestick
  - Upper Shadow
  - Real Body
  - Lower Shadow
- Bull/Bear Candlesticks
- Doji Candlestick
  - Little to no price action in real body
  - Could signify ending of a trend, or skepticism of uptrend/downtrend

