

Overview [ChartSchool]

 stockcharts.com/school/doku.php

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Overview

What is Technical Analysis?

John Murphy defines **Technical Analysis** as “the study of market action, primarily through the use of charts, for the purpose of forecasting future price trends.” Market action refers to price, volume, and open interest data. While analysis of this data can't make absolute predictions about the future, studying the past price movements on a chart can help technical analysts anticipate what is “likely” to happen to prices going forward.

Introductions to Investing

- **Why Analyze Securities?** Examines the three types of market analysts, what they believe about financial markets and why, helping you understand the big picture when it comes to deciding the “best” way to invest
- **Technical Analysis** Explains what Technical Analysis is, how it works, and the general steps one should take when using technical charts and indicators to analyze stocks. It concludes with a look at the strengths and weaknesses of using charts to make investment decisions
- **Fundamental Analysis** Describes Fundamental Analysis and explains the general steps that a fundamental analyst takes when evaluating a stock. It also looks at the strengths and weaknesses of fundamental analysis
- **Intermarket Analysis** Examines the relationships between four key Intermarket players: Stocks, Bonds, the Dollar, and Commodities. These relationships are then tied into the business cycle and sector rotation within the business cycle
- **Random Walk vs. Non-Random Walk** Explains both the Random Walk Theory of financial markets and its counterpart, the Non-Random Walk Theory, and considers how these two competing concepts affect technical analysis
- **Asset Allocation and Diversification** Describes how asset allocation combined with technical analysis can be used to control portfolio risk

"Must-Read" Technical Analysis Articles

The Psychology of Investing

- **Irrational Exuberance and Behavioral Finance** Describes the findings in Robert Shiller's book, *Irrational Exuberance*. The 12 precipitating factors of the 2000 stock market bubble are detailed as well as cultural and psychological factors influencing the decision-making process when investing in stocks
- **Cognitive Biases** Introduces and explains eleven of the most powerful and common cognitive biases faced by both the average individual throughout daily life and investors in today's financial markets
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Strategies, Rules and Guidelines

- **Arthur Hill on Goals, Style and Strategy** Arthur's take on how to approach financial market investing and trading. Another critical article that every StockCharts user should read carefully
- **Arthur Hill on Moving Average Crossovers** Arthur's take on moving average crossover systems - their pros and cons as well as their uncanny ability to "predict the past"
- **Multicollinearity** How to avoid having two very similar signals on the same chart
- **"The Trader's Journal" by Gatis Roze** A collection of short articles by a successful technical trader about his tools, his routines and the lessons he has learned throughout his years in the market
- **Bob Farrell's 10 Rules** Veteran Wall Streeter Bob Farrell of Merrill Lynch teaches investors to think outside the box with his 10 rules of investing
- **Richard Rhodes' Trading Rules** The 18 stock trading rules that Richard lives by. "The rules are simple; adherence to the rules is difficult"
- **Donchian Trading Guides** 20 trading guidelines developed by Richard Donchia, the father of trend following
- **Trading Harmonic Patterns** An in-depth explanation of harmonic chart patterns, their advantages and disadvantages, and strategies for how to trade them
- **Why and How To Use Correlation** An explanation of why and how to use correlation to build a stronger, more diversified, more stable portfolio