



TOOLS TO USE

The technical analysis mainly requires a charting tool, where we can obtain charts from and conduct our analysis. Numerous charting tools are being offered by various service providers. However, the tool to be chosen is based on one that supports most number of indicators, oscillators and also, supports all the functions that we intend to use in our analysis. The tool we select should provide the highest flexibility to conduct operations that we intend to do. We will find both paid as well as free technical analysis tools.

Here, for our analysis, we will use either of the two – [Tradingview.com](https://tradingview.com) or www.chartink.com.

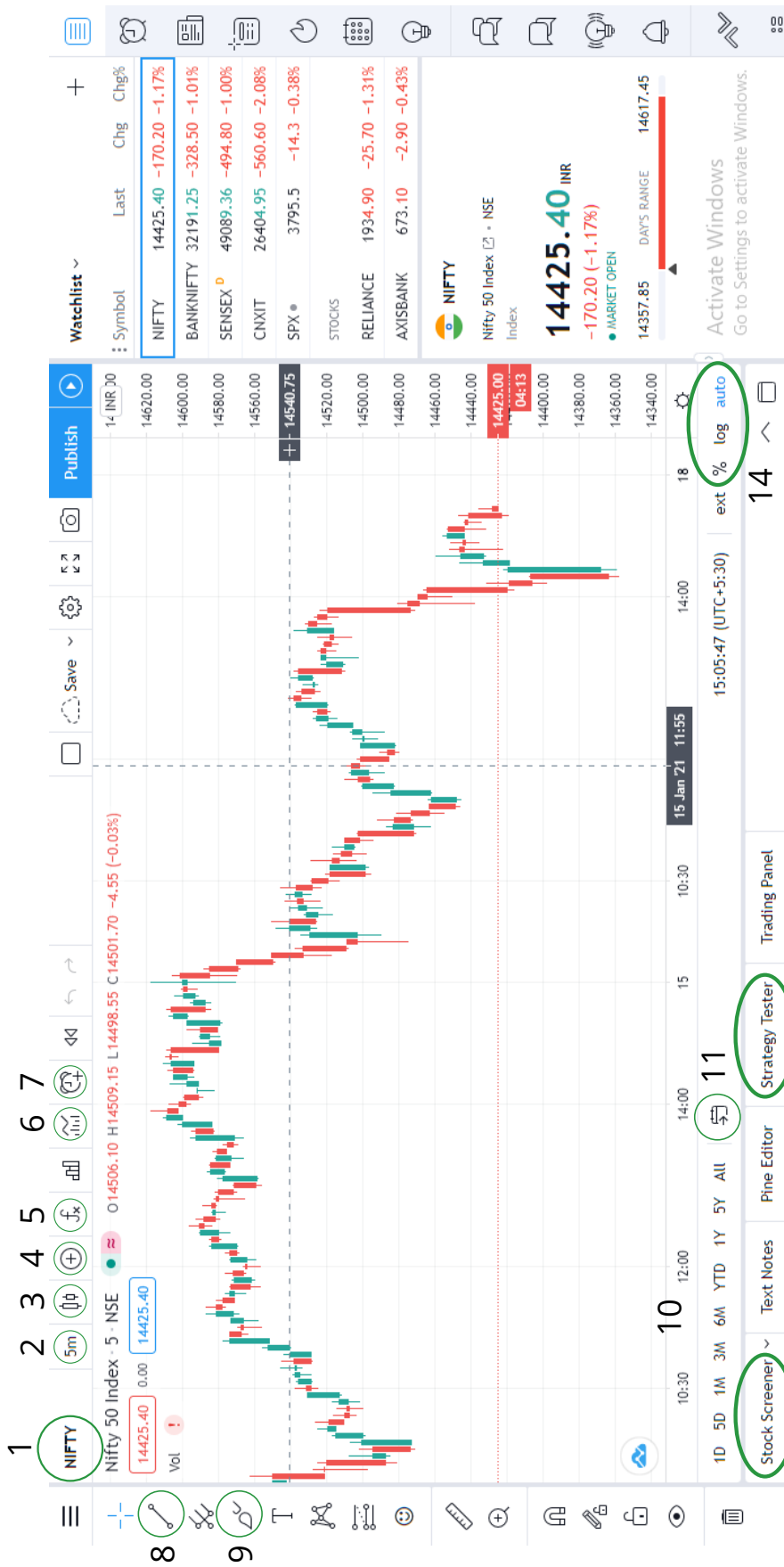
[Tradingview.com](https://tradingview.com) is an excellent tool that allows maximum flexibility to conduct our analysis. However, [Tradingview](https://tradingview.com) requires payment as well. For anyone looking to professionally build a career in the world of technical analysis, we would recommend them to go ahead with [Tradingview](https://tradingview.com). On the other hand, for hobby traders, they can use the free website i.e. [Chartink.com](https://www.chartink.com). These are great to start when we are doing things manually. (We are not tied-up with any of the institutions mentioned here).

Automation is becoming a major practice in the field of technical analysis. With the advent of algorithmic trading, where pre-determined algorithms initiate a trade based on conditions, many elements of technical analysis are being automated. Automation is, beyond the scope of this book set and course, as they require a completely different skill-set. When a trader begins automation, they will need advanced tools that will need to be paid for.

As beginners, we must practice the art manually using the above-mentioned tools for at least 6 months. If we move ahead with automation from the very start, we will never understand what is happening in the back-end. Practising manually enhances our ability to create trading strategies and a system.



TRADING VIEW



<https://in.tradingview.com/chart/tGcTO6AI/>

This is the interface of the Tradingview. Log on to the www.tradingview.com and click on 'Charts' in the navigation bar. We can access such a page for any listed stock on the platform for free. The interface offers multiple options and features for us to use. We have marked the important elements on the interface. Here, we will decipher every marking that we have done on the interface, their offered features and utilization. The numbered features correspond to the adjoining numbers in the description below. So, let us get started and understand TradingView in greater detail. Even if someone uses a tool other than these, it should have similar features in a different user interface which the user will be able to figure out after giving it some time.

1

SYMBOL SEARCH BAR

This is the bar where we can access the graph for any asset, we intend to see the chart for. We see that we can see charts for multiple classes – stocks, futures, foreign exchange, CFD (contract for difference), crypto-currency, indices and economy. Also, we can access such data for assets across multiple countries. Thus, we will search for the desired asset chart (Gold Prices, Reliance Shares, Nifty ETF and so on) here. Every asset is denoted by a symbol, which can be in the form of letters or numbers. For example, Reliance Power is denoted by RPOWER, while Reliance Infrastructure is denoted by RELINFRA. That is why we call it a 'symbol' search bar. We can type in the symbol or the complete name of the asset. A pop-up opens up when we click on the same to search for assets of our interest.

Symbol Search

Q NSE:NIFTY

÷ – + × ^ 1/

All Stock Futures Forex CFD Crypto Index Economy

NIFTY	NIFTY 50	index NSE
> NIFTY	S&P CNX NIFTY INDEX FUTURES	futures NSE
BANKNIFTY	NIFTY BANK	index NSE
CNXIT	NIFTY IT	index NSE
CNXAUTO	NIFTY AUTO	index NSE
CNXMETAL	NIFTY METAL	index NSE
CNXFMCG	NIFTY FMCG	index NSE
NIFTYFINSRV25_50	NIFTY FINSRV25 50	index NSE
CNXPHARMA	NIFTY PHARMA	index NSE
NIFTYJR	NIFTY NEXT 50	index NSE

Simply start typing while on the chart to pull up this search box

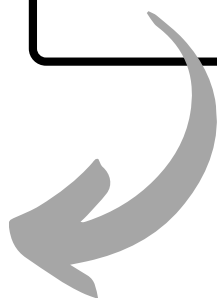
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BAR TIME DURATION

We will learn about candlesticks and the chart has a duration based on which it is built. For instance, a 1-day chart will denote price changes with 1 day as unit time and volume of trade over 1 day and many such periods will be reflected. For a 2 hour chart, all price changes and volume will be reflected with 2 hours as a unit. So every candlestick will represent 2 hours.

This is where we can change the duration of time reflected in each bar. For intraday trading, we use smaller time durations – 5 minutes, 10 minutes or so and for longer-term trading strategy, we use longer bar time duration i.e. 1 day or 1 week.

MINUTES			^
1 minute		☆	
3 minutes		☆	
5 minutes		☆	
15 minutes		☆	
30 minutes		☆	
45 minutes		☆	
HOURS			^
1 hour		☆	
2 hours		☆	
3 hours		☆	
4 hours		☆	
DAYS			^
1 day		☆	
1 week		☆	
1 month		☆	
RANGES			^
1 range		☆	
10 ranges		☆	
100 ranges		☆	
1000 ranges		☆	
1	minutes	▼	Add





3

TYPE OF GRAPH

We can use different types of graphs on the charts. We can use candlesticks, heikin ashi, simple line, area under the line or baseline based on the strategy that we are using. So, we can access different types of charts from here. One must open a trading view here and experiment with all these varieties to test them out.

4

COMPARISON SYMBOL

We can compare between two assets to understand the difference in the prices of the base asset (the asset under management on the initial date) and other assets. We can compare prices of stock with those of its competitors, sectoral index and Nifty and Sensex. Here, we have added an image of how comparative price movement of various assets together looks like. This button is used to add new charts to compare it with the base asset.

ZebraLearn published on TradingView.com, January 12, 2021 14:23:54 IST
NSE:RELIANCE, 1D 1952.30 ▲ +55.05 (+2.9%) O:1903.00 H:1956.10 L:1899.90 C:1952.30



TradingView

5

STRATEGIES

We discussed how we conduct statistical analysis on the price and volume data to arrive at purchase or sales decisions about the same. We also saw how these calculations are done graphically. We build strategies using 'indicators and oscillators' to conduct such an analysis. Clicking on this button will reveal a pop-up where we will find these indicators. We see that there are certain in-built strategies, indicators, candlestick patterns and also, a public library of strategies created by others and are popular. We will use this on our chart to make decisions.

Indicators & Strategies

Search

Built-ins

- Candlestick Patterns
- Public Library
- My scripts
- Volume Profile

SCRIPT NAME

Accumulation/Distribution
Advance Decline Line
Advance Decline Ratio
Advance/Decline Ratio (Bars)
Arnaud Legoux Moving Average
Aroon
Auto Fib Retracement
Average Directional Index
Average True Range
Awesome Oscillator
Balance of Power
BarUpDn Strategy
Bollinger Bands

Indicators for stocks

Indicator template...

DEFAULT TEMPLATES

Bill Williams' 3 Lines

Volume, Moving Average x 3

Displaced EMA

Volume, Moving Average Exponential

MA Exp Ribbon

Volume, Moving Average Exponential x 8

Oscillators

Volume, Stochastic RSI, Relative Strength Index,
Commodity Channel Index

Swing Trading

Zig Zag, Pivots, Pivots HL, Vol

Volume Based

Volume, Commodity Channel Index, On Balance
Volume, Rate Of Change, Chaikin Money Flow

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INDICATOR TEMPLATE

Once we have imported all the indicators and customized the chart as per our requirement, we can save it as a custom template over here. We can then apply these templates to all the assets that we analyze and without repeated effort, we can access all of it. One can also use pre-built templates if it serves their purpose.

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Create Alert on NIFTY

Condition

NIFTY

Crossing

Value

14247.95

Options

Only Once

Every Time

Expiration time

2021-02-25

18:28

☐ Open-ended

Alert Actions

☐ Notify on App

☒ Show Popup

☐ Send Email

☐ Webhook URL

More Actions

Cancel

Create

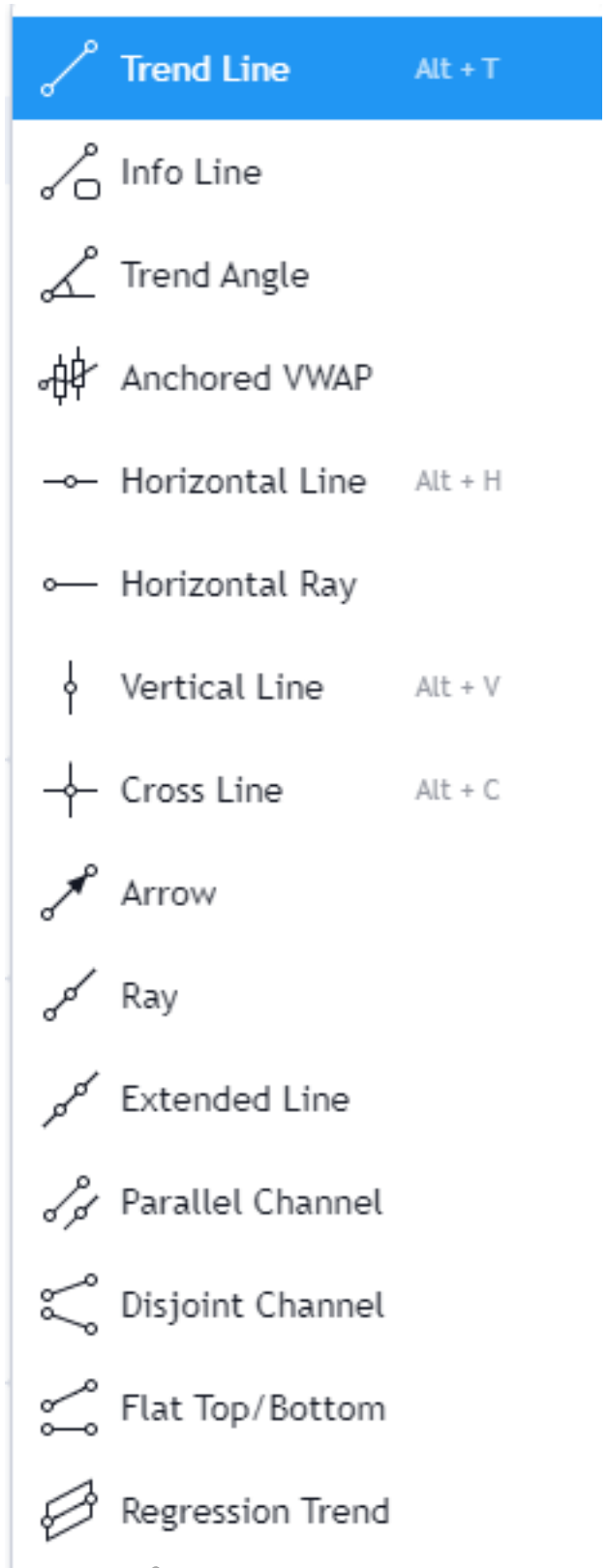
CREATING ALERTS

It is impossible to track all the assets when they cross certain important price milestones or a particular level of resistance. We either have to do it manually which is very time-consuming or use algorithms which is very expensive. To find the middle ground, we can create alerts which will notify us whenever a stock performs a certain way based on our pre-defined rules. We can create these rules and alerts over here.

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TRENDLINES

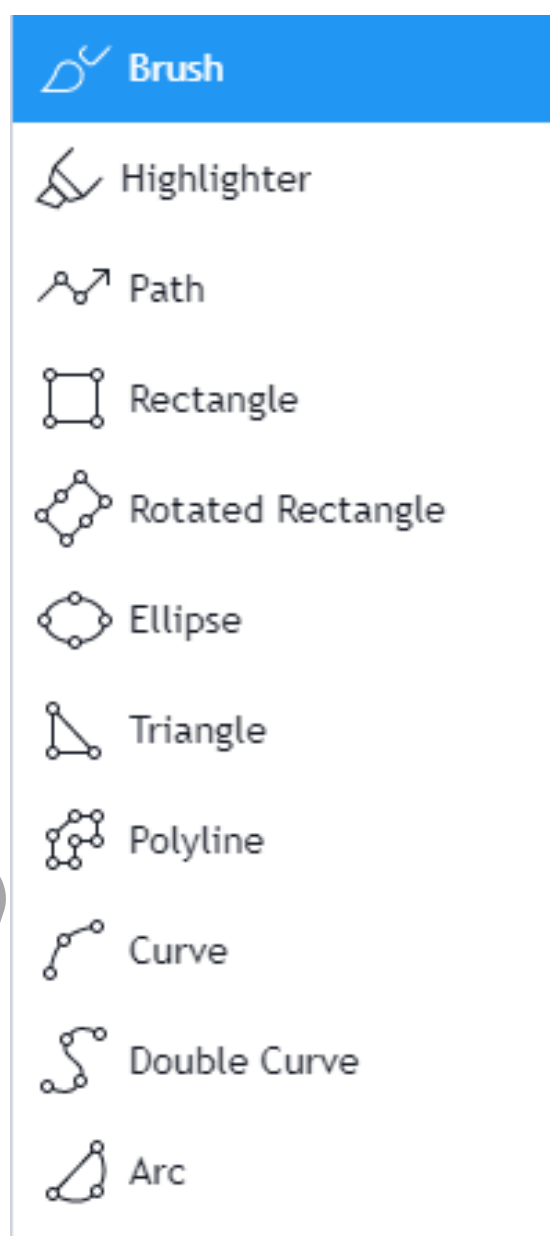
A very large part of technical analysis deals with pure price movement and patterns created by asset price. To observe these things better, we have to interact with the chart and create patterns. We can use this tool to create trendlines, channels, triangles, chart patterns etc on the chart. We will keep it simple and deal mainly with plain lines. These will come in handy later on when we discuss chart patterns.



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MARKING TOOLS

We will also need marking tools to mark our thoughts that led to a certain decision. These tools also come in handy to create custom lines and shape for better analysis and of the patterns that enable better decision making. These tools are general and do not apply to any specific method of technique. We can use them in general wherever we find it suitable.



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TIME PERIOD FOR CHART

Charts are read over a particular period of time. Some people read charts for multiple years whereas others focus on only a few days. All this depends on the strategy and system followed by the analyst. So here, we can regulate the length of the time period we would want to see the chart for – 3 months, 6 months, 1 year and so on.

GO TO DATE & TIME

We use this button to go back to charts as they looked on a particular date. Suppose we want to go back to how charts looked in September 2008 (beginning of financial meltdown), we use this instead of scrolling 12 years worth of data. This will aid us when we go ahead and practice our strategies on paper.

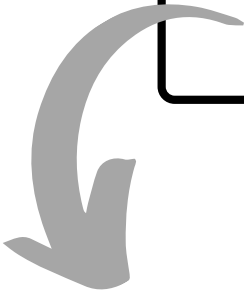
11

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STOCK SCREENER

It helps screen all stocks and comes up with the names of stocks that meet the specified criterion. For instance, companies meeting 3 months high, will be shown in a list here.

We can also screen based on technical indicators and change the filters mentioned and come up with the list required.



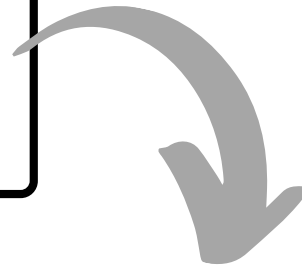
Stock Screener										
TICKER 4559 MATCHES 3 ITEMS										
	LAST	CHG %	CHG	RATING	VOL	MKT CAP	P/E	EPS (TTM)	EMPLOYEES	
RELIANCEPP.E1 RELIANCE INDUSTRIES LIMITED	1077.25	-7.88%	-92.10	~ Sell	2.405M	12993.6B	18.44	63.64	195.618K	
RELIANCEPP RELIANCE INDUSTRIES LTD.	1076.10	-7.92%	-92.55	~ Sell	122.783K	12993.6B	18.43	63.64	195.618K	
RELIANCE RELIANCE INDUSTRIES LTD.	1939.70	-5.36%	-109.95	~ Sell	1.346M	12993.6B	32.32	63.64	195.618K	
RELIANCE RELIANCE INDS	1941.00	-5.30%	-108.60	~ Sell	25.017M	12993.6B	32.32	63.64	195.618K	
TCS	3300.20	-0.40%	-13.30	~ Buy	407.046K	43205.7B	20.60	83.34	475.737K	

STRATEGY TESTER

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TradingView allows us to test certain pre-defined strategies in the environment, asset classes and stocks that we are looking to apply. TradingView back-tests the strategy and tells us about the historical drawdowns, profits and losses.

We can also manually code our strategies to test the same. However, that will not be within the scope of this course here.



Indicators & Strategies

×

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Accumulation/Distribution

Advance Decline Line

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Advance/Decline Ratio (Bars)

Arnaud Legoux Moving Average

Aroon

Auto Fib Extension

Auto Fib Retracement

Average Directional Index

Average True Range

Awesome Oscillator

Balance of Power

BarUpDn Strategy ↓↑

Bollinger Bands

Act
Go t

LOG SCALE & PERCENTAGE SCALE

Going forward, we will understand the difference between percentage scale and log scale and their uses. A log scale is functional when we are dealing with manifold price changes or a long duration of time. Unless otherwise mentioned, we will keep our default settings in all charts to percentage method i.e. we will keep the log scale off.



With this, we have covered a majority of the TradingView important features. There are a few other buttons and features offered on the platform. Nevertheless, we will not be using them since they contribute to a lot of noise in our strategy.

As a result, going ahead, when our basics are strong, we will learn and use other advanced features. For now, the ones we have covered are more than enough to conduct our analysis.

We should stop here for a while and explore the interface of TradingView. We must try out and experiment with different features on the platform. We might not understand all parts of it, but it will become clearer as we go ahead. Let us take a look at the second tool - [Chartink.com](https://chartink.com)