

Understanding Price Action Trading in Technical Analysis

SPEAKER,

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About Me:

- MTech Biotechnology Graduate From Anna University, Chennai;
- Completed Finance Management From Loyola Institute Of Business Administration, Chennai.
- Founder & CEO Of Scalpers Trading Academy, Chennai. (www.scalpers.in)
- Full Time Trader & Trainer In Stock Market With Overall 6+ Years Of Trading And Investing Experience, Specialized In Price Action Trading.
- Coded “CPR By KGS” & “SMA By KGS” Indicators In Trading View Which Is Used By 10,000+ Traders All Around The World.
- Awarded As The Best Stock Market Mentor In Chennai For The Year 2019.
- Trained More That 1000+ Traders Across The Globe.
- Past Worked With Karvy Stock Broking, Spider Software Pvt Ltd And Zerodha Stock Broking.

WHAT IS PRICE ACTION TRADING

Price Action Trading cannot be fit into a single word. It comprises of many subjects put together.

- Focusing only on price (past, present price used to predict future price).
- Using candlesticks or bar charts.
- Support and Resistance.
- Trendlines, channels, triangles.
- Breakouts, pullbacks.
- Inside candles, outside candle.

WHAT IS DOW THEORY?

- Dow Theory is named after Charles H Dow, who is considered as the father of Technical Analysis.
- Dow Theory is very basic and more than 100 years old but still remains the foundation of Technical Analysis.
- Charles H Dow(1851-1902), however neither wrote a book nor published his complete theory on the market, but several followers and associates have published work based on his theory from 255 Wall Street Journal editorials written by him. These editorials reflected his belief on stock market behavior.

Some of the most important contributors to Dow Theory are:

- **Samuel A. Nelson**- He is the first person to use the term Dow Theory and he selected fifteen articles by Charles Dow for his book The ABC of Stock Speculation.
- **William P. Hamilton**-He wrote a book titled The Stock Market Barometer which is a comprehensive summary of the findings that Charles H Dow and Samuel A. Nelson have gathered.
- **Robert Rhea**- He wrote a book titled The Dow Theory.
- **George E Schaefer**- He wrote a book titled How I Helped More than 10000 Investors to profitin Stocks.
- **Richard Russell**- He wrote a book titled The Dow Theory Today.

SIX PRINCIPLES OF DOW THEORY

- | | |
|-------------------------|---|
| First Principle | : The Stock Market Discounts All Information |
| Second Principle | : The Stock Market Have Three Trends <ul style="list-style-type: none">a. Primary Trendb. Secondary trendc. Minor Trend |
| Third Principle | : Primary Trend Have Three Phases <ul style="list-style-type: none">a. Accumulation Phaseb. Participation Phasec. Distribution Phase |
| Fourth Principle | : Stock Market Indexes Must Confirm Each Other |
| Fifth Principle | : Volume Must Confirm the Trend |
| Sixth Principle | : Trend Remains Intact Until and Unless Clear Reversal Signals Occur |

The Stock Market Discounts All Information

- FII, DII Activity
- Human emotions
- Inflation
- Interest rate data
- Company earnings announcement

Stock Market Indexes Must Confirm Each Other

GomathiShankar published on TradingView.com, August 28, 2020 19:54:16 IST

BSE_DLY:SENSEX, 1W 39467.31 ▲ +353.84 (+0.9%) O:38566.96 H:39579.58 L:38545.76 C:39467.31

NSE:NIFTY, 1W 11647.60 ▲ +88.35 (+0.76%) O:11412.00 H:11686.05 L:11410.65 C:11647.60

S&P BSE Sensex Index, 1W, BSE

Vol: No volume is provided by the data vendor.



Volume Must Confirm the Trend

GomathiShankar published on TradingView.com, August 28, 2020 19:57:16 IST
NSE:TATAMOTORS1!, 5 143.45 ▼ -1.20 (-0.83%) O:143.35 H:143.65 L:143.35 C:143.50



Trend Remains Intact Until and Unless Clear Reversal Signals Occur

GomathiShankar published on TradingView.com, August 28, 2020 20:09:08 IST
NSE:ZEEL, 1W 213.85 ▲ +4.30 (+2.05%) O:195.00 H:218.50 L:193.45 C:213.85



SUPPORT AND RESISTANCE

(SMALL INTRODUCTION)

Support:

1. A price point where the bear rally is arrested and the entry of bull rally is called support.
2. Support can be easily identified by a formation of V or U.
3. When there is multiple support at a single price point then it is considered as a support zone.

Resistance:

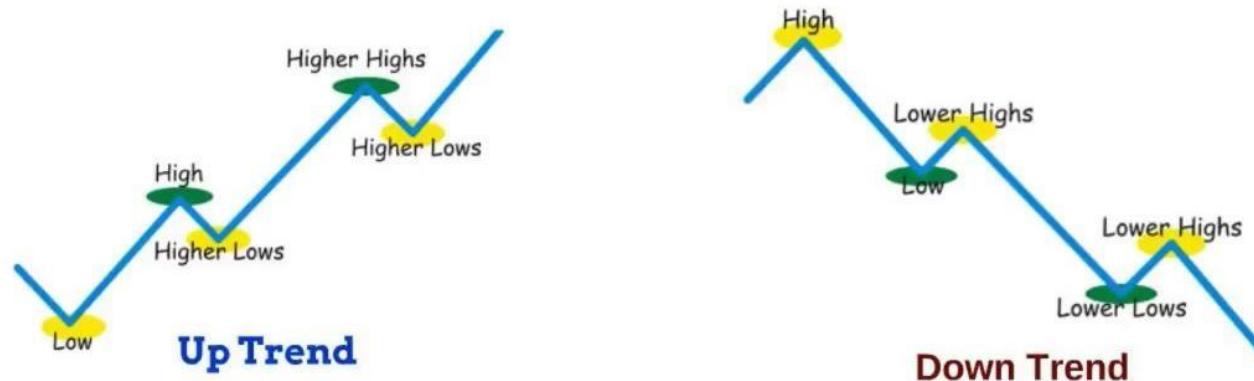
1. A price point where the bull rally is arrested and the entry of bear rally is called resistance.
2. Resistance can be easily identified by a formation of inverted V or U.
3. When there is multiple resistance at a single price point then it is considered as a resistance zone.

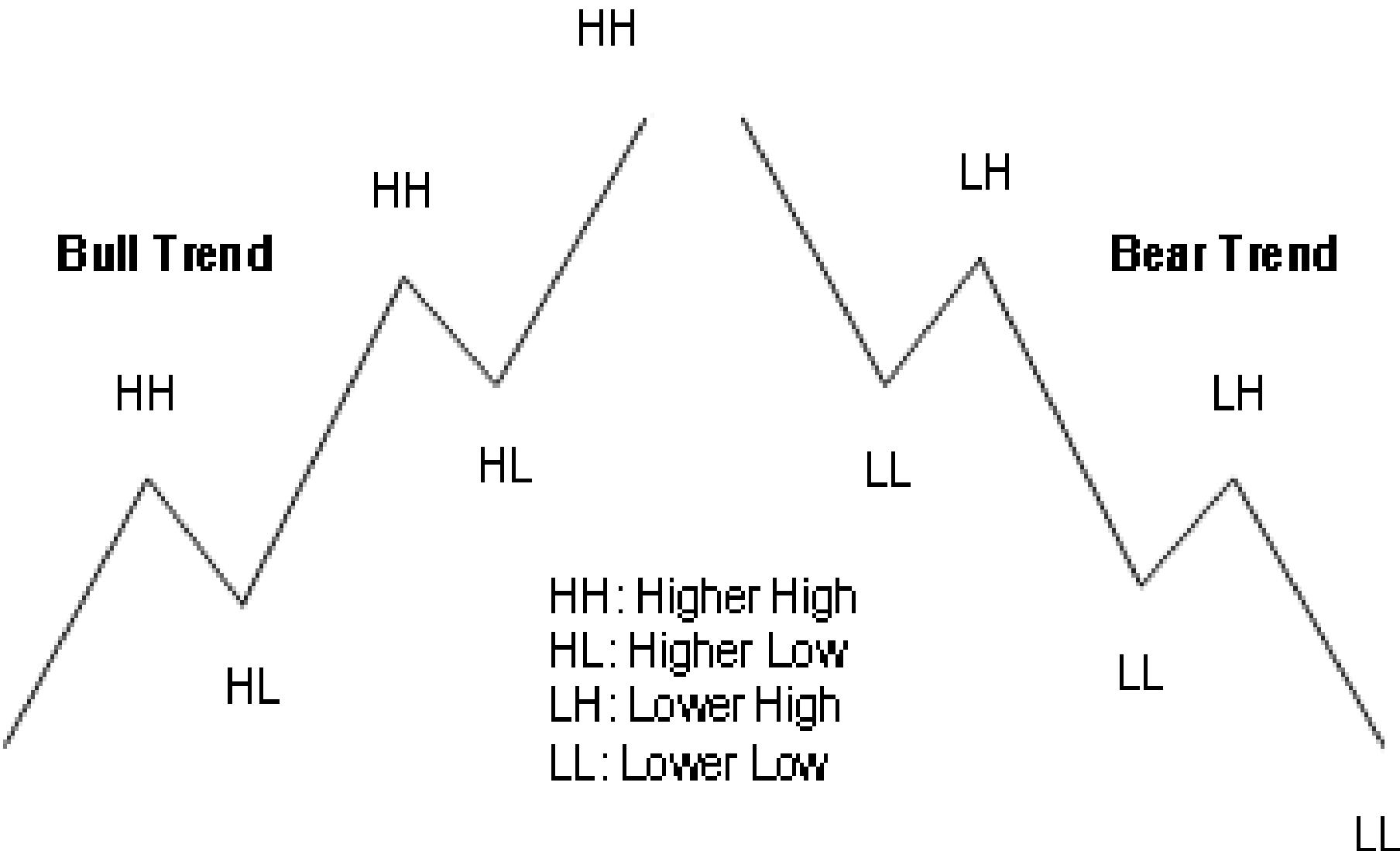
Dow defines “**trend**” as the direction in which the market moves. And based on this we have:

- An uptrend
- A downtrend
- A sideways trend

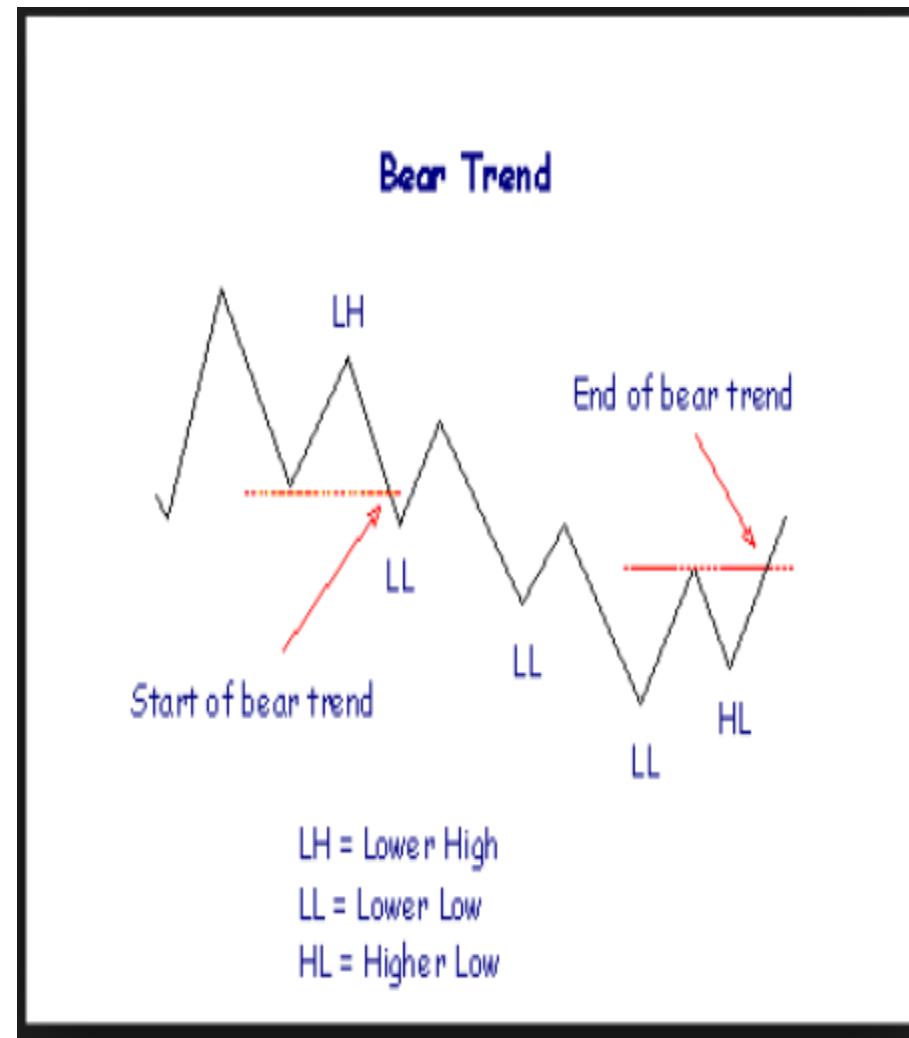
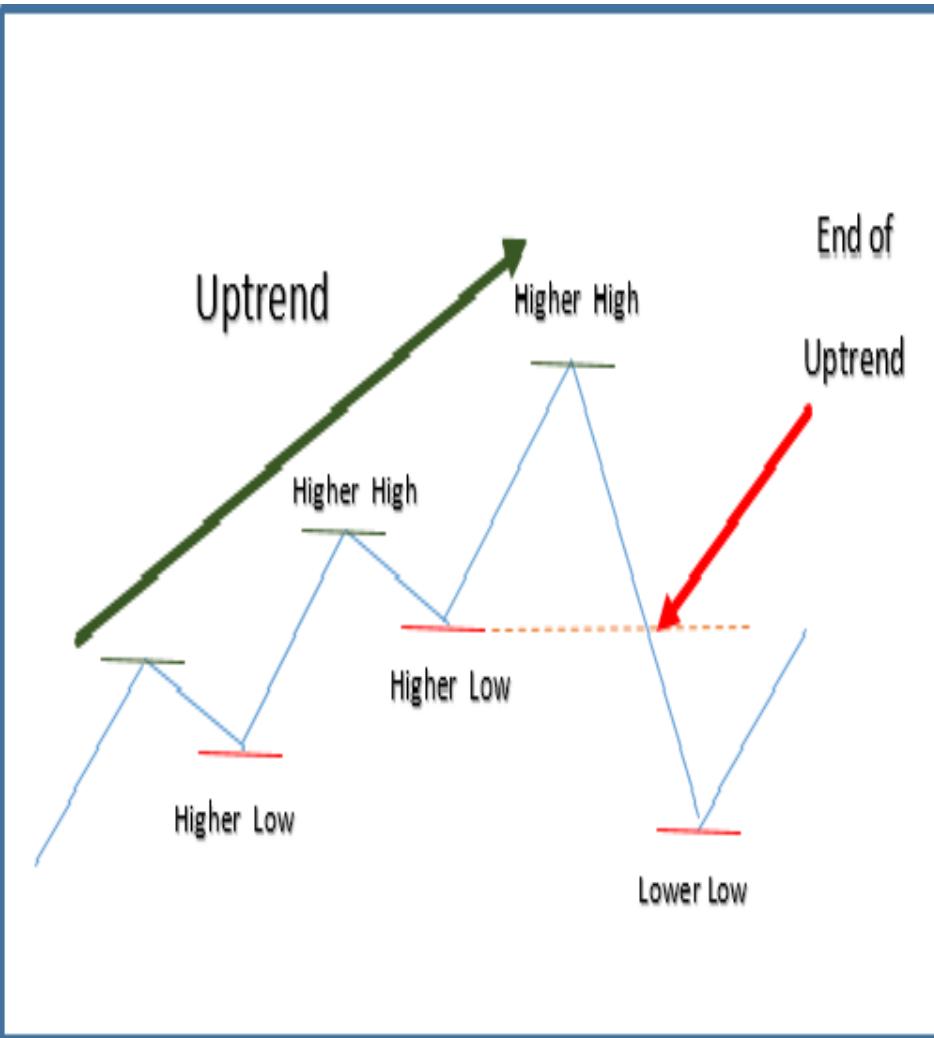
In an **uptrend**, share prices move in the upward direction, making new highs in the process. Hence, the best indication of an **uptrend** is the prices making a **higher high-higher low**.

In a **downtrend** share prices move in the downward direction, making new lows in the process. Hence, the best indication of a **downtrend** is the prices making a **lower high-lower low**.





DOW THEORY



NIFTY BANK, 1W, NSE







BAJAJ FINANCE LTD, 1W, NSE

BAJAJ FINANCE WEEKLY DOW THEORY

Chart by,
Gomathi Shankar
(CPR BY KGS)



TATA STEEL LTD, 1W, NSE



Primary Trend Have Three Phases

GomathiShankar published on TradingView.com, August 28, 2020 20:18:20 IST
NSE:TATASTEEL, 1W 424.20 ▼ -2.65 (-0.62%) O:433.60 H:438.00 L:421.45 C:424.20



Home	Quote	Charts	Technicals	Valuations	Corp Action	News	Financials	Annual Report	Shareholding	Peers	Company Info	Forum (72)	Search
Board Meetings	AGM/EGM	Dividends	Bonus	Splits	Rights								
Infosys Ltd.	BSE	934.85	▼ -11.55 (-1.22%)	NSE	935.25	▼ -11.80 (-1.25%)	Trade	+	Add				

[Click Here](#) to view the Open, High, Low, Close, Volume and Historic data for

CORPORATE ACTION

[Board Meetings](#) [Dividends](#) [Bonus](#) [Splits](#) [Rights](#) [AGM/EGM](#)

Date Agenda

Jul 15, 2020	Quarterly Results
Apr 20, 2020	Audited Results & Final Dividend
Jan 10, 2020	Quarterly Results
Oct 11, 2019	Quarterly Results & Interim Dividend

[View More →](#)

Dividend Summary

For the year ending March 2020 Infosys has declared an equity dividend of 350.00% amounting to Rs 17.5 per share. At the current share price of Rs 935.25 this results in a dividend yield of 1.87%.

The company has a good dividend track record and has consistently declared dividends for the last 5 years.

SHARE HOLDING PATTERN & MUTUAL FUND HOLDING

Share Holding Pattern in (%)

Standalone	June 2020	March 2020	December 2019	September 2019
Promoters	13.16	13.17	13.16	13.17

Mutual Funds Holding

Scheme	No. Of Shares
SBI - ETF Nifty 50	57,149,843



11

INFY

5m

15m

1h

D

W

M



Indicators



Publish



INFOSYS LTD - 1D - NSE

0951.45 H952.50 L933.05 C935.25 -11.80 (-1.25%)

1040.00
INR

CPR by KGS

SMA by KGS

Pivots

Vol



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CORPORATE ACTION

[Board Meetings](#) [Dividends](#) [Bonus](#) [Splits](#) [Rights](#) [AGM/EGM](#)

Date	Agenda	Dividend Summary
Aug 18, 2020	Quarterly Results	For the year ending March 2020 Zee Entertainment Enterprises has declared an equity dividend of 30.00% amounting to Rs 0.3 per share. At the current share price of Rs 213.85 this results in a dividend yield of 0.14%.
Jul 24, 2020	Audited Results	
Jan 21, 2020	Quarterly Results	The company has a good dividend track record and has consistently declared dividends for the last 5 years.
Oct 17, 2019	Quarterly Results	

[View More →](#)

SHARE HOLDING PATTERN & MUTUAL FUND HOLDING

Share Holding Pattern in (%)

Standalone	June 2020	March 2020	December 2019	September 2019
Promoters	4.77	4.77	4.87	22.37

Mutual Funds Holding

Scheme	No. Of Shares
SBI - ETF Nifty 50	14,237,367













INTRADAY TRADING = 5 MINS
SWING TRADING = 1 HOUR

ACTION	BULLISH	BEARISH
ENTRY	WHEN LAST LOWER HIGH IS BROKEN	WHEN LAST HIGHER LOW IS BROKEN
STOPLOSS	BELOW 20 SMA OR AS PER CANDLES.	ABOVE 20 SMA OR AS PER CANDLES.
TARGET	1:2 RRR OR PIVOT POINT LEVELS	1:2 RRR OR PIVOT POINT LEVELS

How To Manage Your Losses In Market?

Don't risk more than 2% per day. (You can also take 2 trades per day with 1% risk each).

Secret Formula:

No Of Shares To Trade: % Risk Per Trade X Total Capital / Stoploss

Capital : ₹1,00,000

Risk : 2%

Stoploss : 10

No Of Shares To Trade : 2% X ₹1,00,000 / 10

No Of Shares To Trade : 200 Shares

Example:

ICICI Bank : 28-08-2020 (10:30 am entry candle)

No Of Shares To Trade : 2% X ₹1,00,000 / 4

No Of Shares To Trade : 500 Shares

QUESTIONS?