

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 Than 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 profit in 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

- a. Primary Trend
- b. Secondary trend
- c. Minor Trend

Third Principle : Primary Trend Have Three Phases

- a. Accumulation Phase
- b. Participation Phase
- c. 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

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

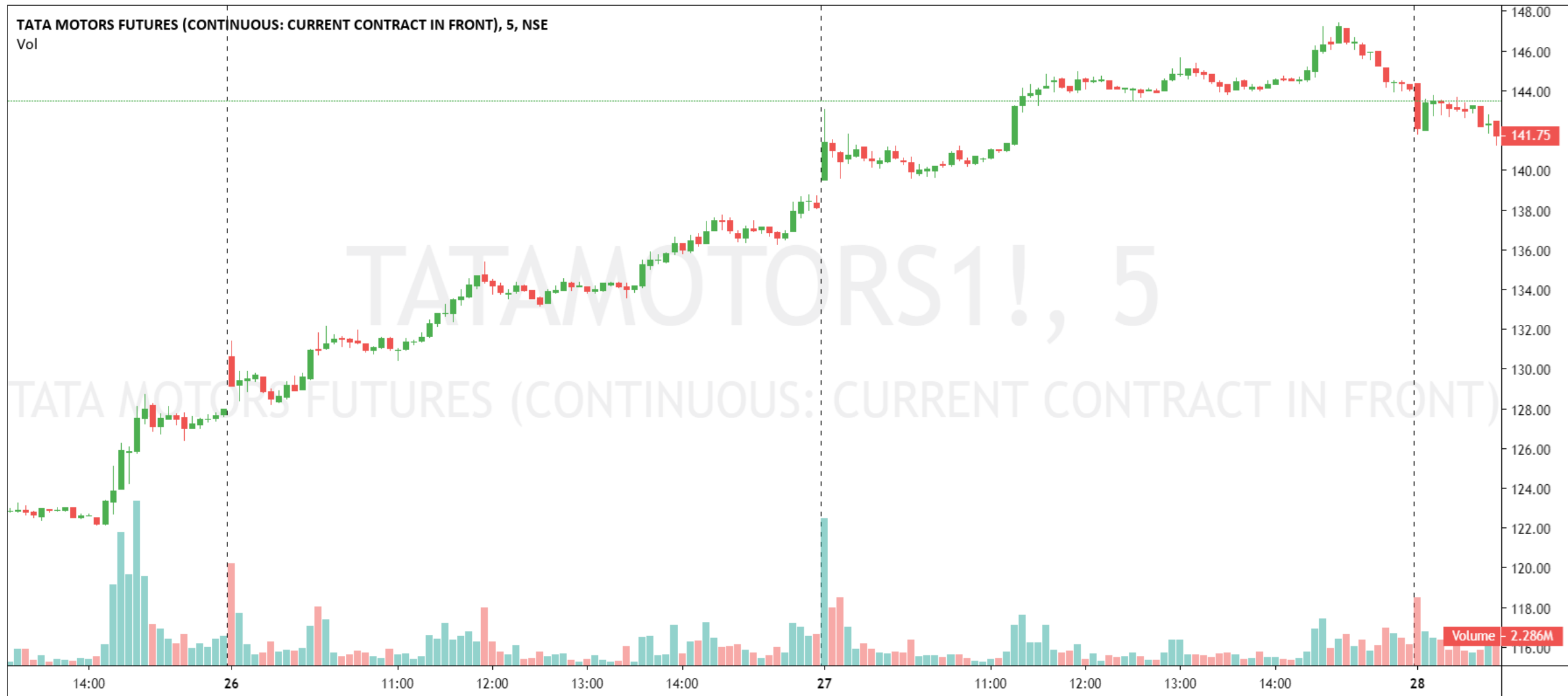
NSE:NIFTY, 1W 11647.60 ▲ +88.35 (+0.76%) O:11412.00 H:11686.05 L:11410.65 C:11647.60



Volume Must Confirm the Trend

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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:

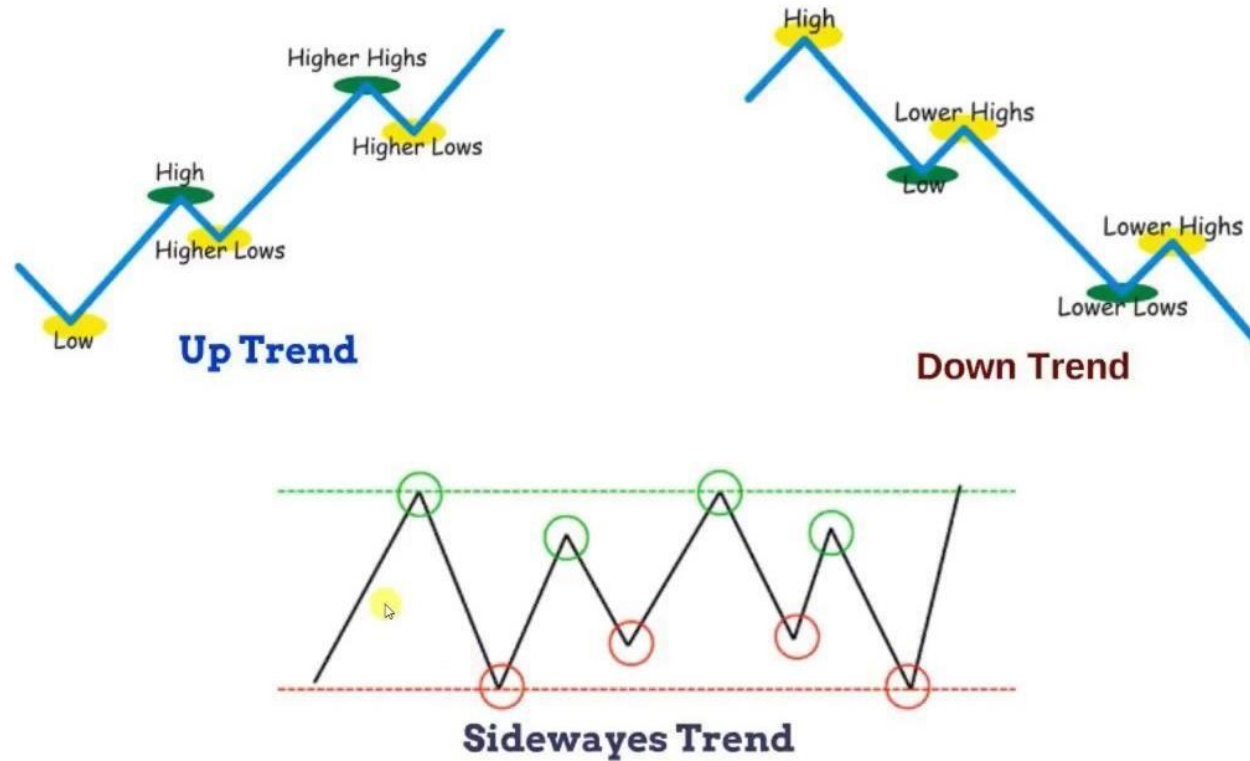
1. A price point where the bull rally is arrested and the entry of bear rally is called resistance.
2. Resistance can be easily identified by a formation of inverted V or U.
3. When there is multiple resistance at a single price point then it is considered as a resistance zone.

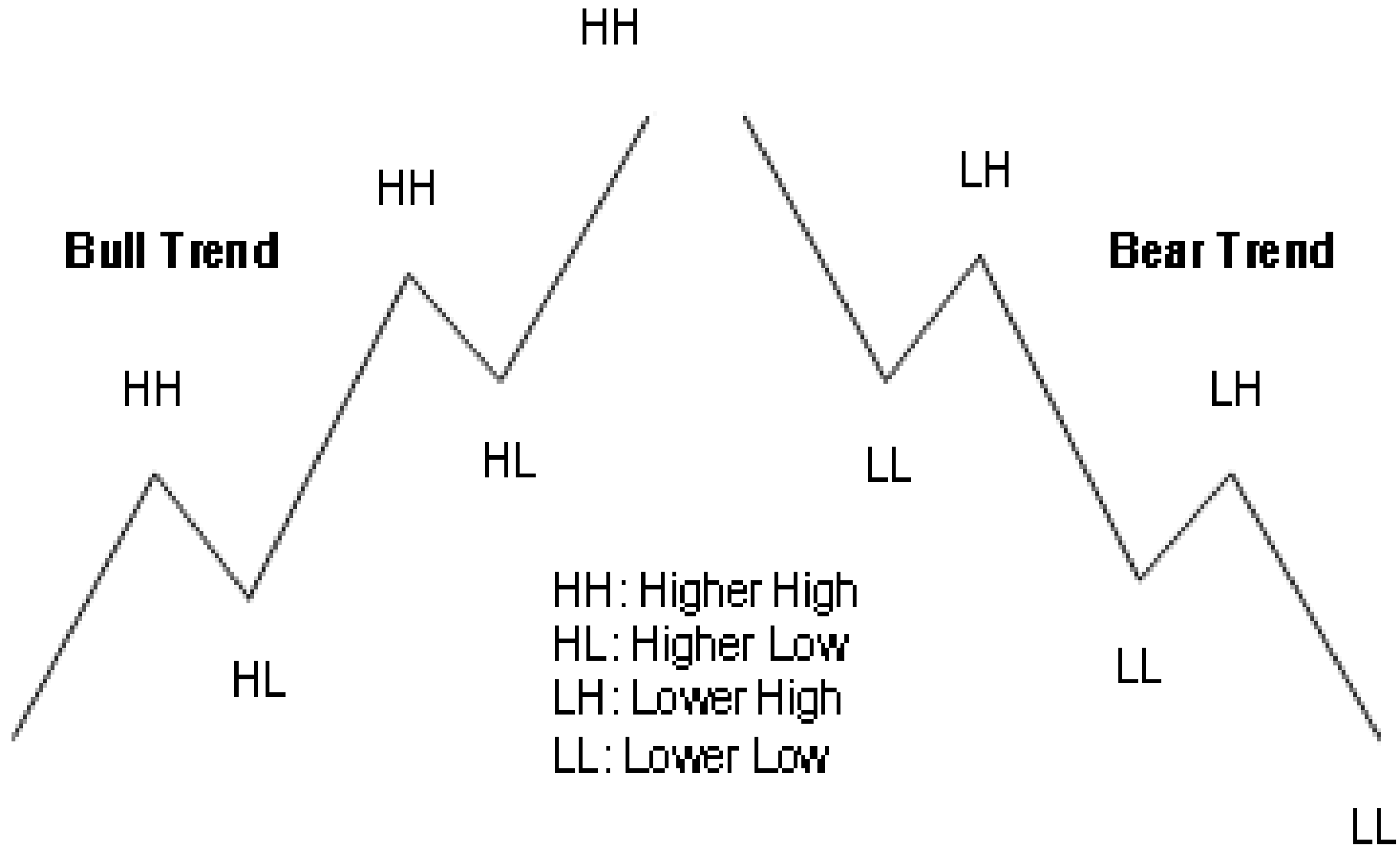
Dow defines “**trend**” as the direction in which the market moves. And based on this we have:

- An uptrend
- A downtrend
- A sideways trend

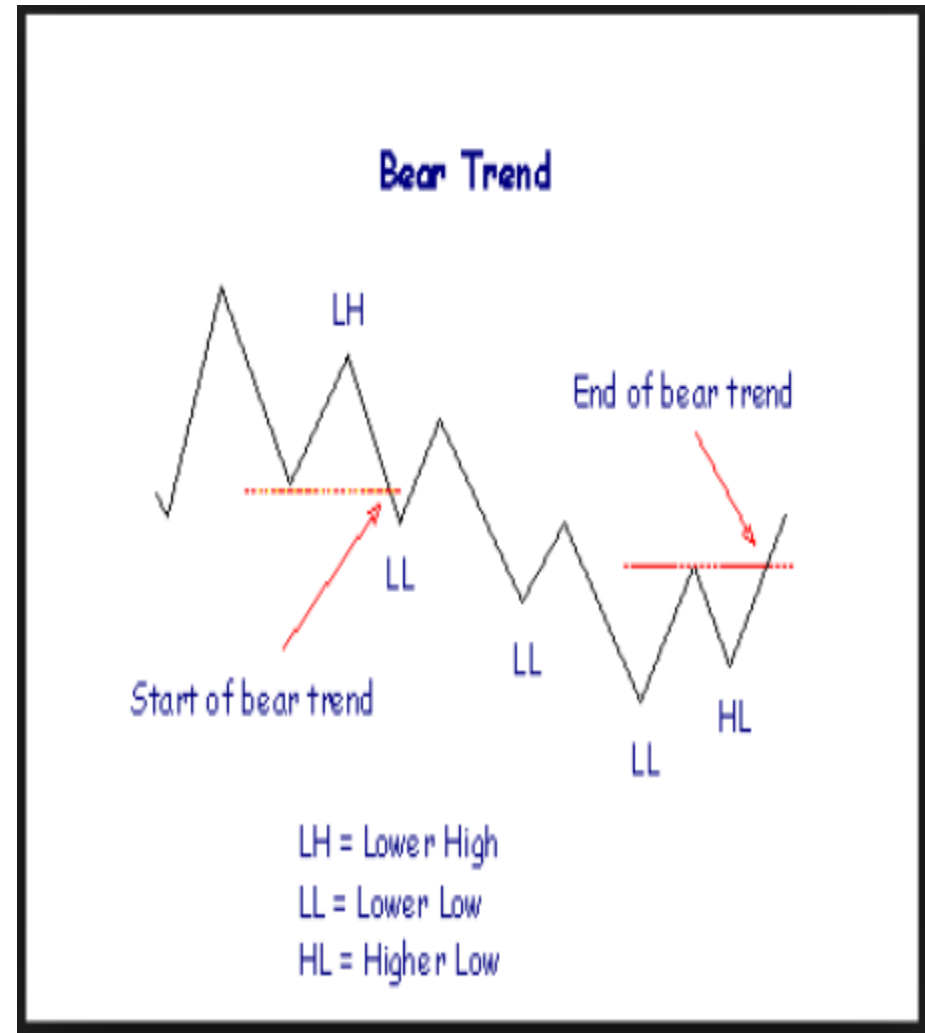
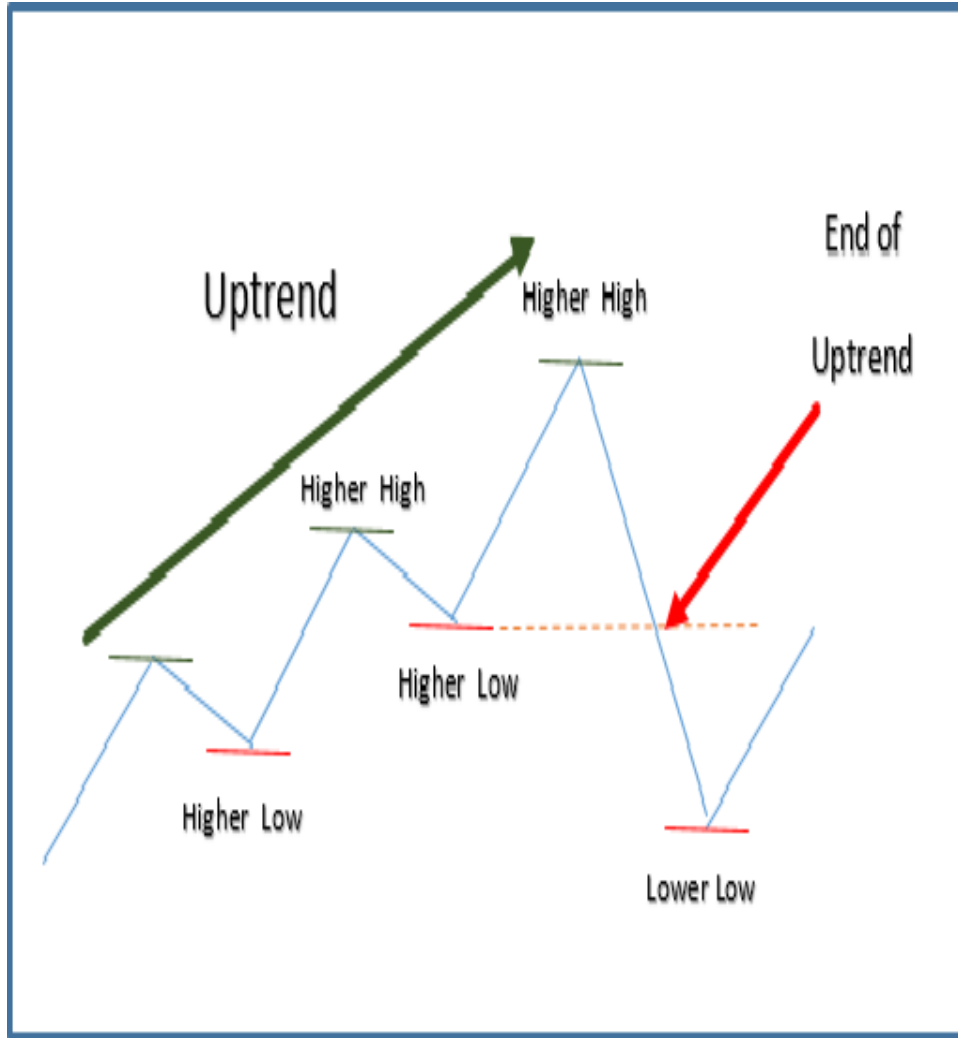
In an **uptrend**, share prices move in the upward direction, making new highs in the process. Hence, the best indication of an **uptrend** is the prices making a **higher high-higher low**.

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**.



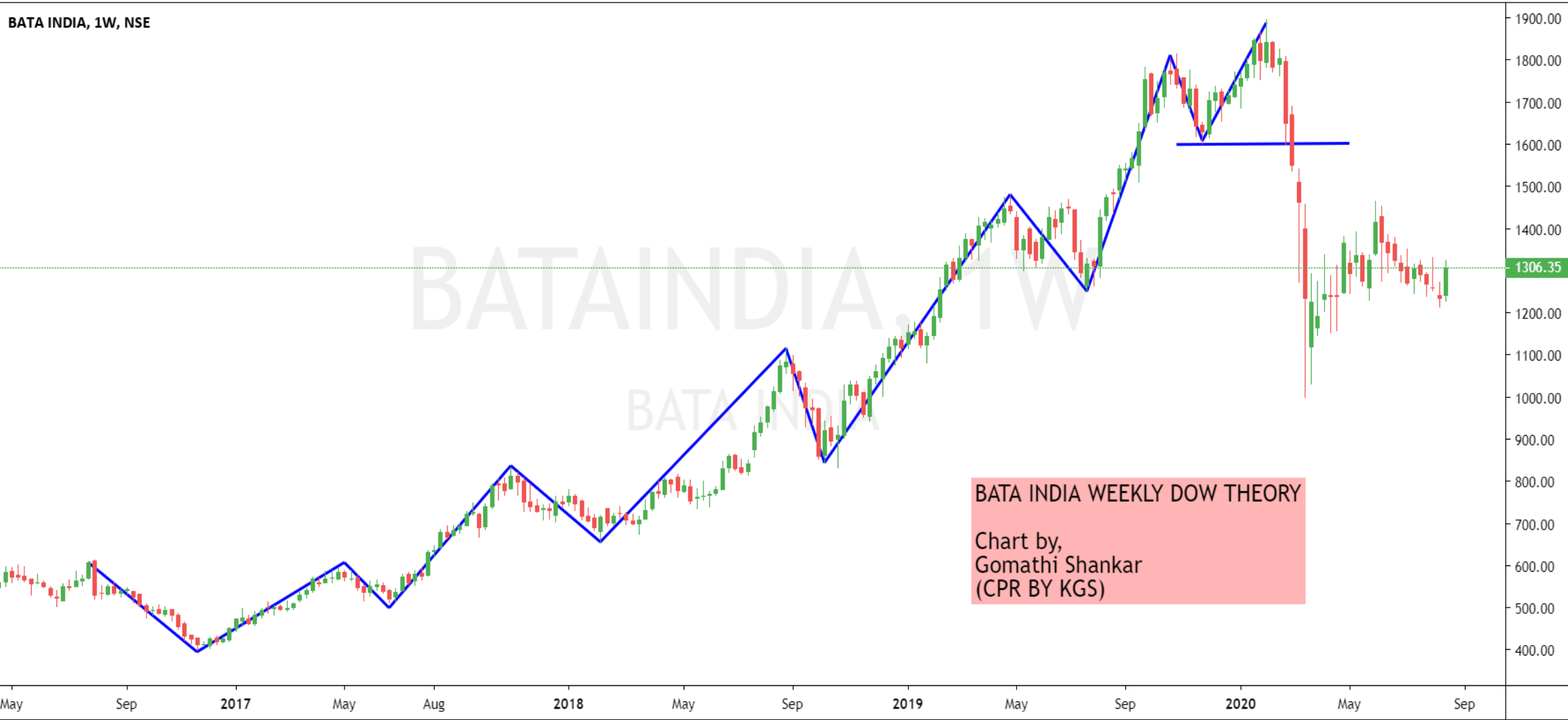


DOW THEORY













Primary Trend Have Three Phases

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NSE:TATASTEEL, 1W 424.20 ▼ -2.65 (-0.62%) O:433.60 H:438.00 L:421.45 C:424.20



CORPORATE ACTION

Board Meetings

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

Dividend Summary

SHARE HOLDING PATTERN & MUTUAL FUND HOLDING

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





Board Meetings

Rights

Date

Agenda

[View More →](#)

Dividend Summary

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

SHARE HOLDING PATTERN & MUTUAL FUND HOLDING

Share Holding Pattern in (%)

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: $\% \text{ Risk Per Trade} \times \text{Total Capital} / \text{Stoploss}$

Capital : ₹1,00,000

Risk : 2%

Stoploss : 10

No Of Shares To Trade : $2\% \times ₹1,00,000 / 10$

No Of Shares To Trade : 200 Shares

Example:

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

No Of Shares To Trade : $2\% \times ₹1,00,000 / 4$

No Of Shares To Trade : 500 Shares

QUESTIONS?