

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

