



Technical Analysis

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Technical Analysis

A type of investment analysis that uses price and volume data, which is often graphically displayed, in decision making.

“Technicians” believe:

Supply and demand of the security determines prices

Changes in supply and demand cause changes in prices

Prices can be predicted with charts (or other similar tools)

Technical Analysis

Human behavior tends to repeat itself and is somewhat predictable



Market trends and patterns also repeat and are somewhat predictable

Market participants are knowledgeable and influence prices



Markets allows us to understand the collective sentiment

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Technical Analysis - Trends

Based on the observation that market participants tend to act in herds and that trends tend to stay in place for some time

Potential Trends

Upward Trend

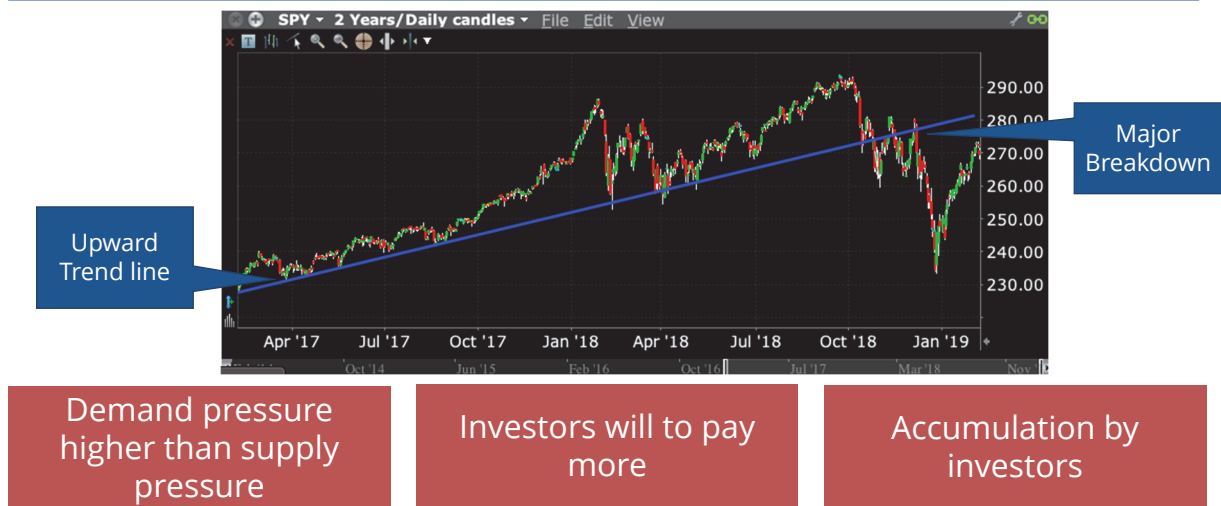
Downward
Trend

Sideways Trend

No Trend

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Upward Trend



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Downward Trend



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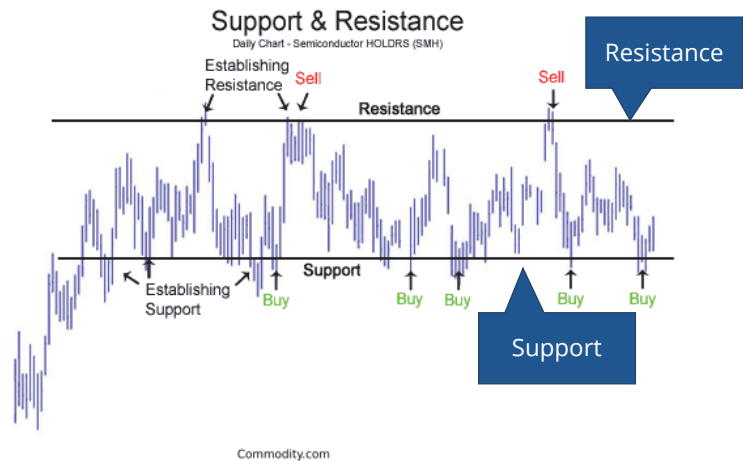
Support and Resistance

Support

A low price range in which buying activity is sufficient to stop the decline in price

Resistance

A high price range in which selling is sufficient to stop the rise in price



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