

Technical Analysis

Indicators I

A technical indicator is a series of data points that are derived by applying a formula to the price data of a security.

Leading: It gives a signal before the new trend or reversal occurs.

Catch: Have to confirm with many others, Indicators. Else they are notorious for giving **FAKE** Signals

Leading Indicators

RSI

Stochastic Oscillator

Williams %R

CCI

Parabolic SAR

ROC

Lagging: It gives a signal after trend is more confirmed.

Catch: Entry in a trend is delayed. Major Portion of profit may be lost.

Lagging Indicators

Moving Average
MACD

Moving Average

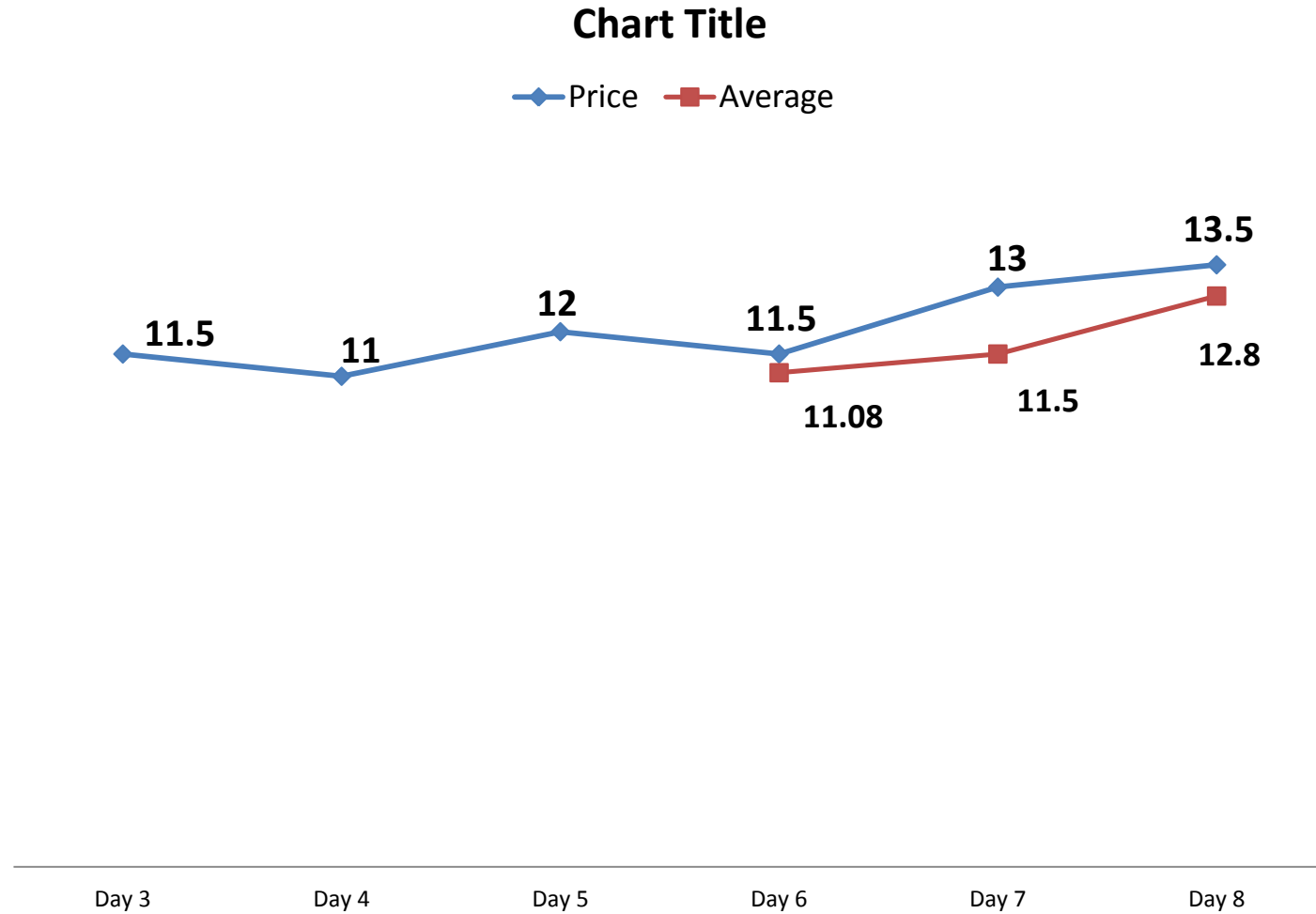
Moving Average: Concept

| Day 1 | Day 2 | Day 3 | Day 4 | Day 5 | Day 6 | Average |
|-------|-------|-------|-------|-------|-------|---------|
| 10 | 10.5 | 11.5 | 11 | 12 | 11.5 | 11.08 |

| Day 2 | Day 3 | Day 4 | Day 5 | Day 6 | Day 7 | Average |
|-------|-------|-------|-------|-------|-------|---------|
| 10.5 | 11.5 | 11 | 12 | 11.5 | 13 | 11.5 |

| Day 3 | Day 4 | Day 5 | Day 6 | Day 7 | Day 8 | Average |
|-------|-------|-------|-------|-------|-------|---------|
| 11.5 | 11 | 12 | 11.5 | 13 | 13.5 | 12.08 |

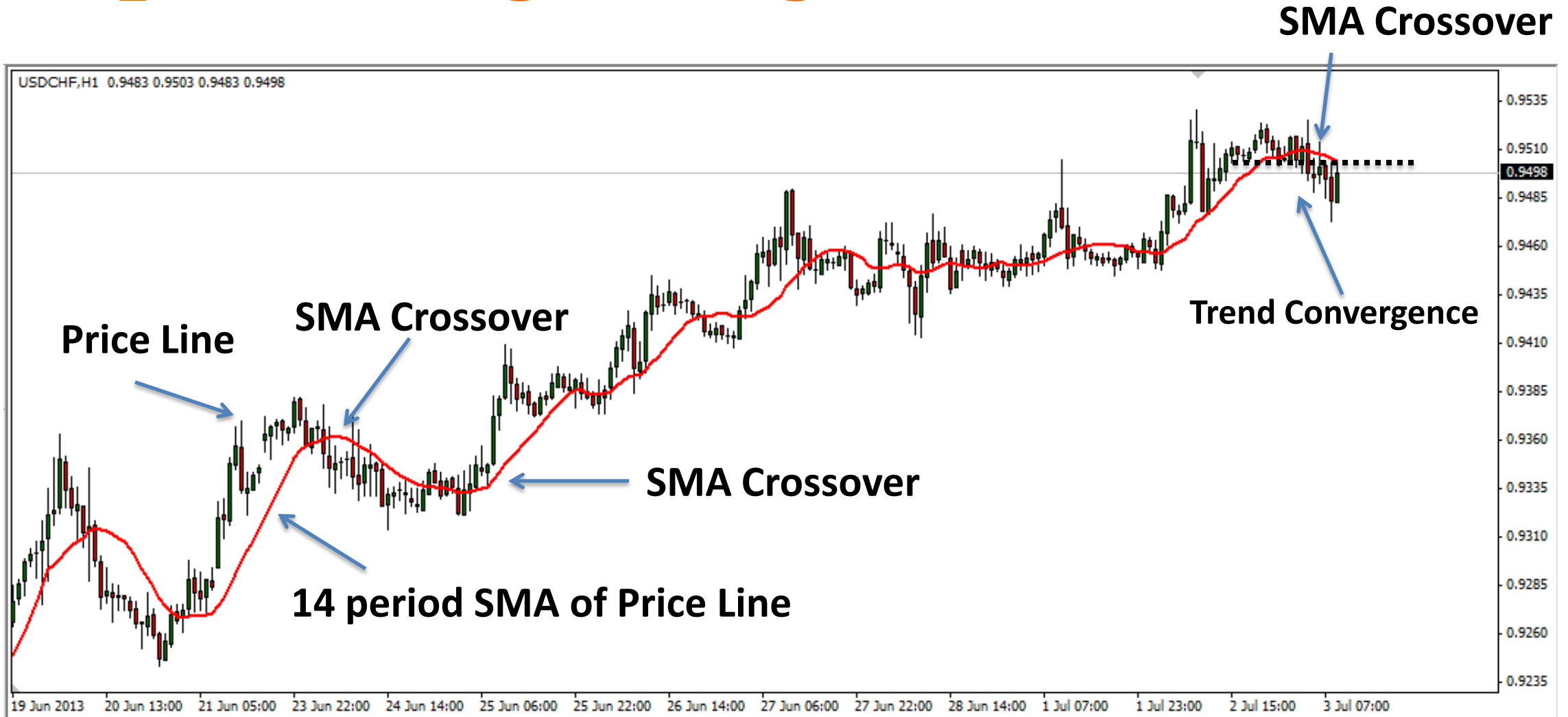
Moving Average: Concept



Simple Moving Average: SMA

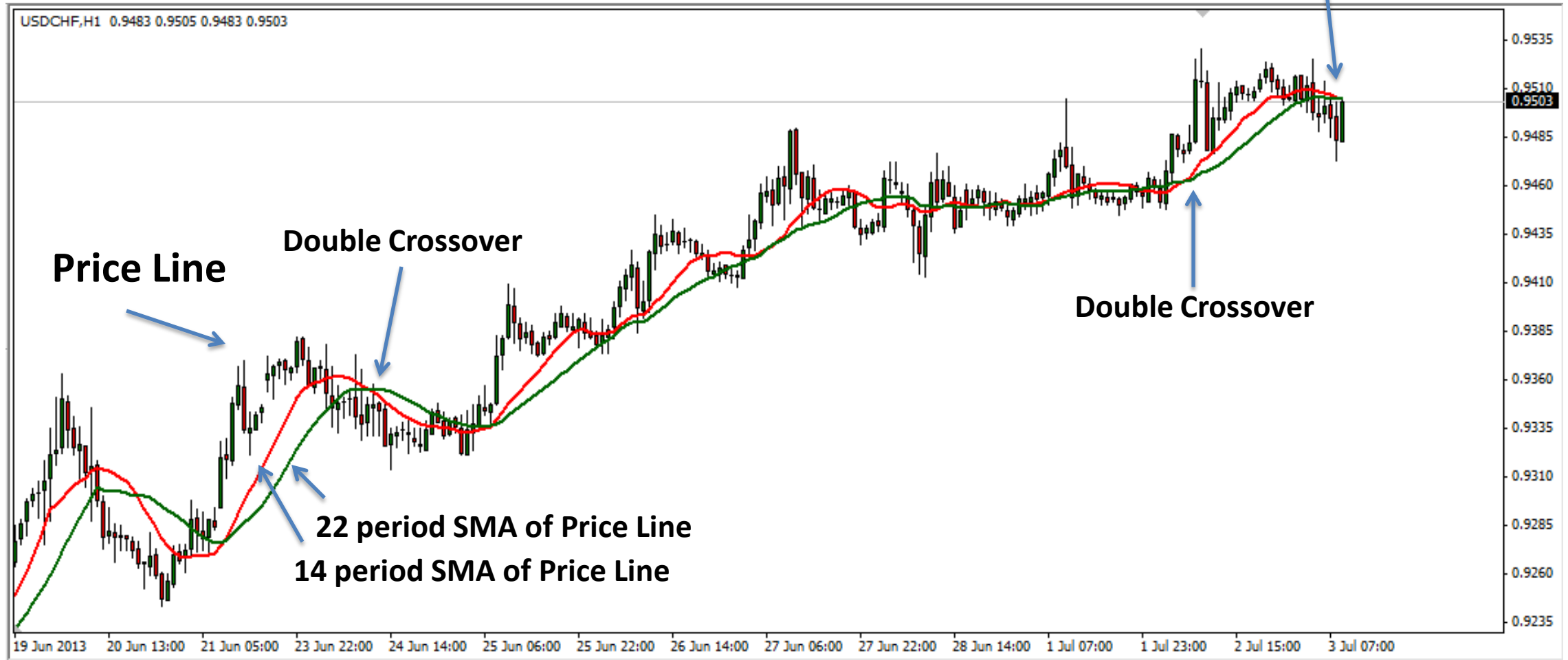


Simple Moving Average: SMA

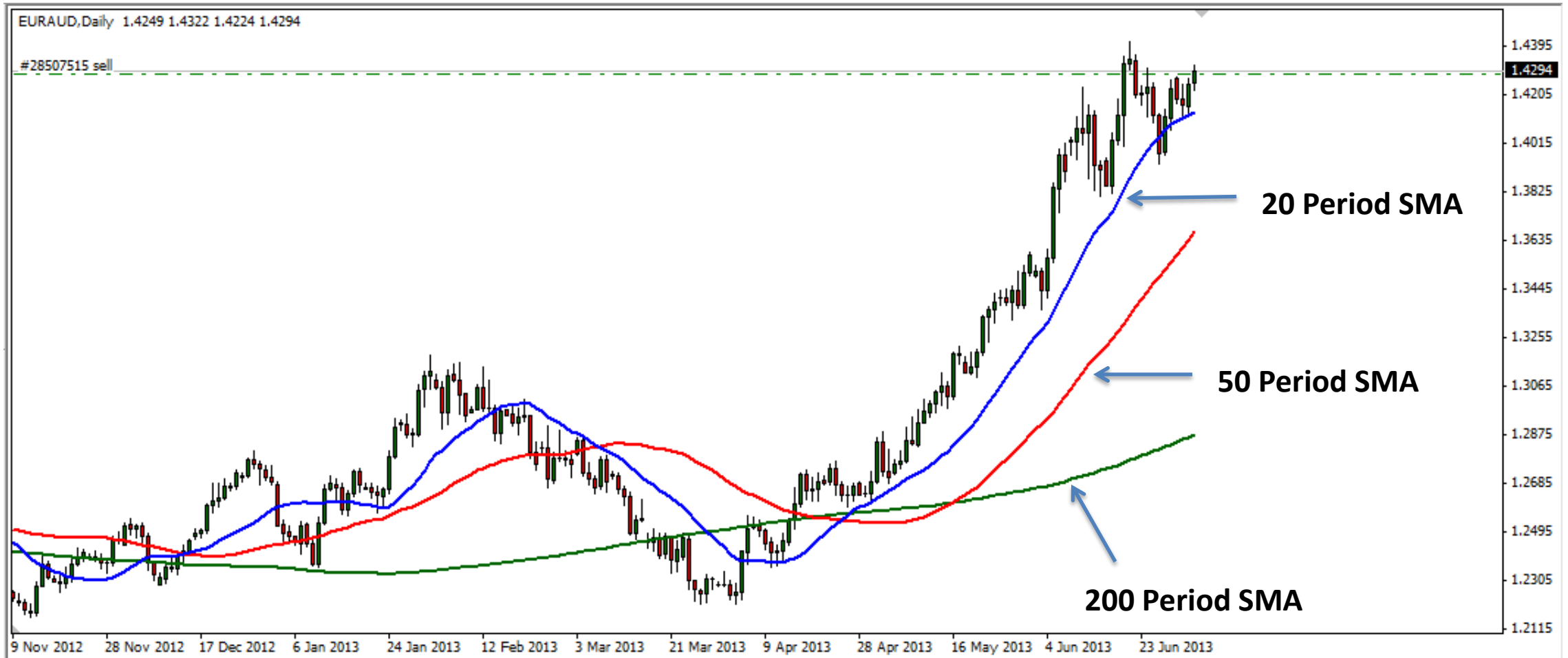


Moving Averages Crossover

Averages must Cross and converge with trend also



Moving Averages Crossover



Good Moving Average Combinations

| | |
|-------------------------|-------------------|
| Intraday | : 5 - 10 |
| Short-Term | : 10 - 20 |
| Medium-Term | : 10 - 40 |
| Medium Long-Term | : 20 - 50 |
| Long-Term | : 50 - 200 |

To study more on various Indicators
Visit us at: www.iplanonline.in