



Technical Indicators

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Technical Indicators

- Volume
- RSI
- Bollinger Bands
- Moving Averages
- MACD
- Not covered in this course, IchiMoku Clouds, Fibonnacci Retracements, pitchforks

VOLUME



- Volume is the number of shares/contracts traded in a security or an entire market during a given period of time. For every buyer, there is a seller, and each transaction contributes to the count of total volume. That is, when buyers and sellers agree to make a transaction at a certain price, it is considered one transaction.
- Important to note the liquidity of a stock
- Important to analyze on sharp price movements



Low liquidity stocks are not favorable for Trading



Highly liquid stocks are favorable to Traders



rickdac published on TradingView.com, March 01, 2020 14:41:40 EST
NASDAQ:TSLA, 1D 667.99 ▼ -11.01 (-1.62%) O:629.70 H:690.52 L:611.52 C:667.99





In Breakouts Bulls want to see increasing Bull Volume, and decreasing bear volume in consolidation

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Relative Strength Index





RSI

- Relative Strength Index (RSI) is a momentum indicator that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset. The RSI is displayed as an oscillator (a line graph that moves between two extremes) and can have a reading from 0 to 100.
- Traditional interpretation and usage of the RSI is that values of 70 or above indicate that a security is becoming overbought or Overvalued and may be primed for a trend reversal or corrective pullback in price. An RSI reading of 30 or below indicates an oversold or undervalued condition.



Exercise, circle each oversold and overbought level and notice the price reaction



rickdac published on TradingView.com, March 01, 2020 14:49:12 EST
NASDAQ:TSLA, 60 667.99 ▼ -11.01 (-1.62%) O:673.61 H:674.98 L:673.61 C:674.98





RSI can be used to gauge potential reversals in a chart





Bollinger Bands

- A Bollinger Band is a technical analysis tool defined by a set of lines plotted two standard deviations (positively and negatively) away from a simple moving average 20 Period(SMA) of the security's price
- Bollinger Bands like RSI, provides direction when a stock is overbought near or above the Upper Bollinger band, and oversold near or below the lower Bollinger Band
- Stocks tend to return and test the Mean, the middle Bollinger band after significant price movements



BOLLINGER BANDS

LETS NOTE THE OVERBOUGHT AND OVERSOLD LEVELS

FXCM published on TradingView.com, March 18, 2019 21:42:18 EDT

TSX:WEEF, 60 61.00 ▲ +0.13 (+0.21%) 02:00:78 H:61.00 L:60.77 C:60.98





Similar to RSI, Bollinger bands provide direction on entries and exits

FXCM, published on TradingView.com, March 18, 2019 21:48:56 EDT
TKXWEEKLY_60 61.00 ▲ +0.13 (+0.21%) 02:00:78 H:61.00 L:60.77 C:60.98

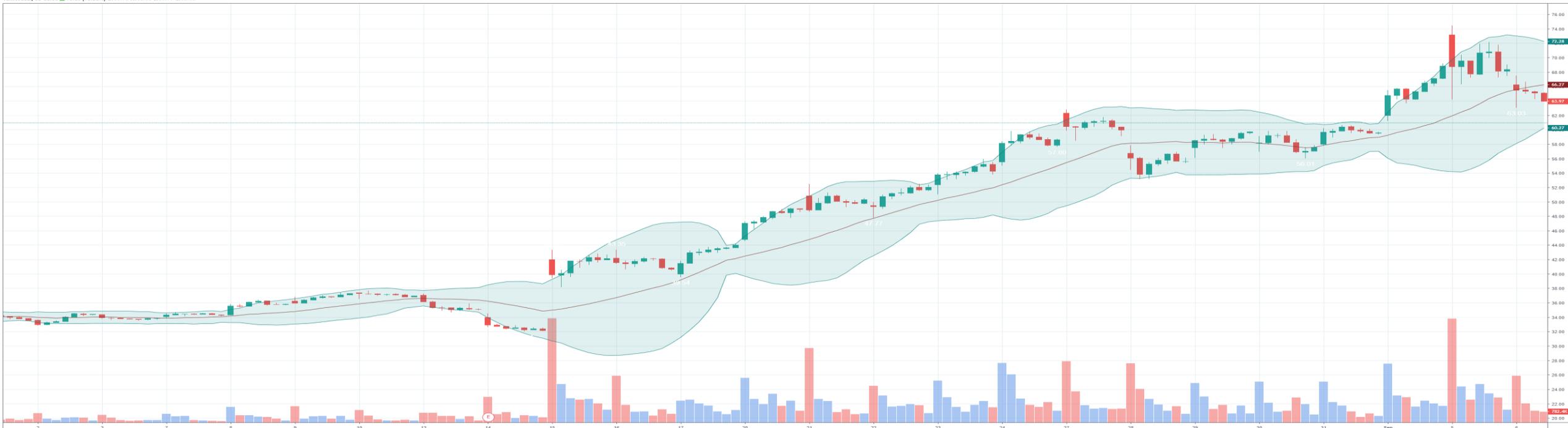


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Stocks trading above the MBB are in a Bullish trend

TSX:WEEB, 60 61.00 ▲ +0.13 (+0.21%) 02:00:78 H1:01:00 L1:00:77 C1:00:98



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Moving Averages

- A moving average (MA) is a widely used indicator in Technical Analysis that helps smooth out price action by filtering out the “noise” from random short-term price fluctuations. It is a trend-following, or lagging, indicator because it is based on past prices.
- The two basic and commonly used moving averages are the Simple Moving Average (SMA) which is the simple average of a security over a defined number of time periods, and the Exponential Moving Average which gives greater weight to more recent prices. The most common applications of moving averages are to identify the trend direction, and to determine support and resistance levels.
- Most popular Simple Moving Averages (SMA) are the 20,50,100, and 200 periods. For (EMAs) Exponential Moving Averages I use 8 and 21 periods...the 8 period being my personal most important Technical Indicator



Stocks Trading below their 50 SMA are generally in a bearish state,
trading above are in a Bullish state

published on TradingView.com, March 18, 2019 22:15:00 EDT
NYSE:CCC, 1D 45.69 ▼ (-0.44%) 49.45 48.03 44.07 42.69



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Moving averages also act as support and resistance

1530: published on TradingView.com, March 18, 2019 22:17:48 EDT
TSMV:0001, 60 9:23 ▲ +0.19 (12.23%) 0:5:19 H:0:24 L:0:18 C:0:23

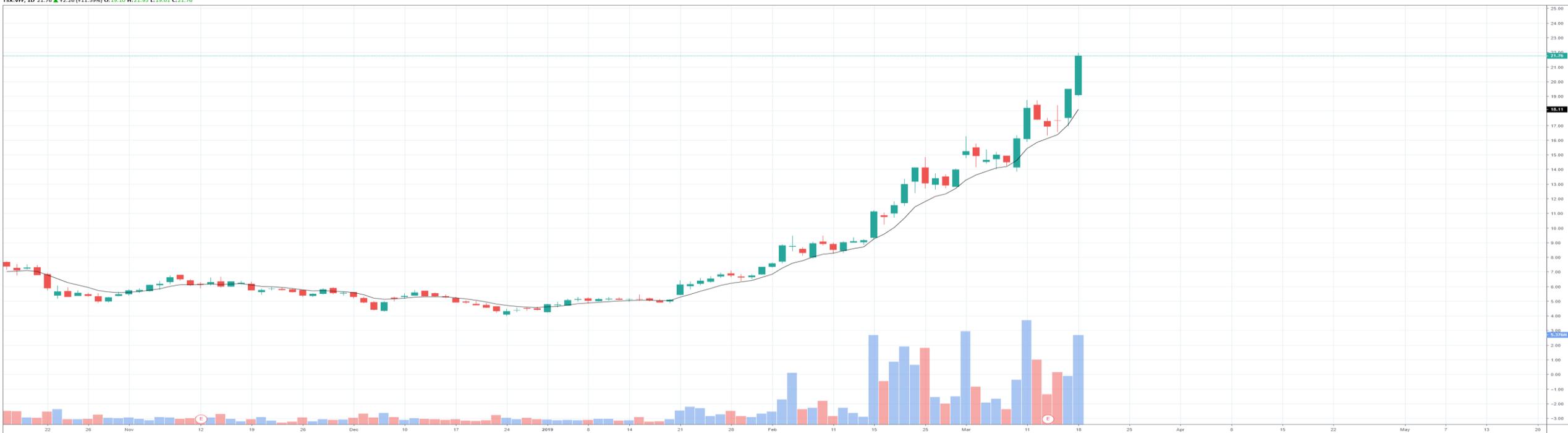


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8 EMA one of the most important Indicators on My Charts

FXCM published on TradingView.com, March 18, 2019 22:26:15 EDT
FXCMW, 1D 21.79 ▲ 12.26 (▲1.59%) 0:35 10 Hz: 21.95 1:19 01 C: 21.76

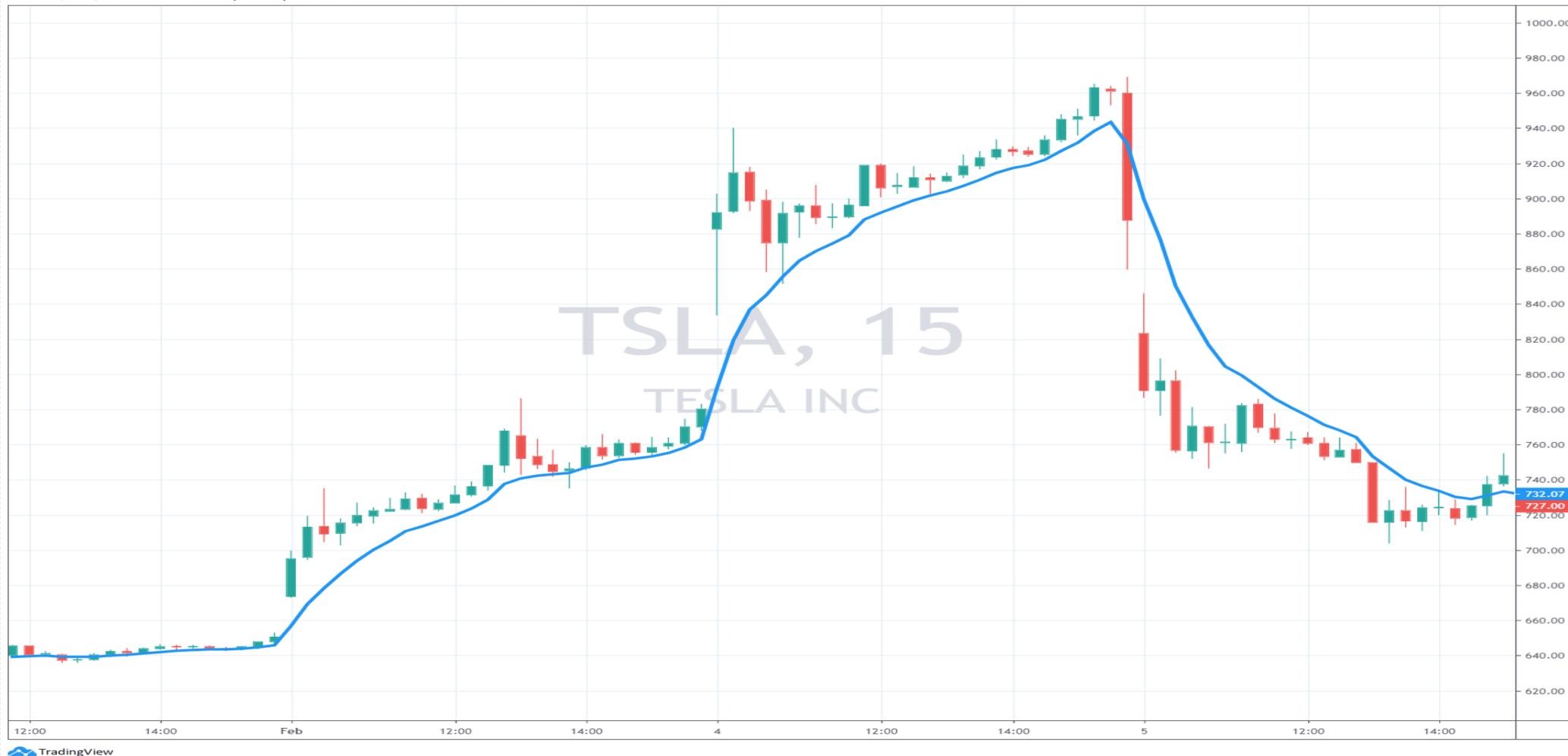


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Note when Trading above the 8 EMA you are Bullish, below Bearish

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NASDAQ:TSLA, 15 667.99 ▼ -11.01 (-1.62%) O:648.44 H:673.04 L:647.89 C:667.43



MACD



- Moving Average Convergence Divergence (MACD) is an indicator that shows the relationship between two moving averages of a security's price. The MACD is calculated by subtracting the 26-period (EMA) from the 12-period EMA.

The result of that calculation is the MACD line. A nine-day EMA of the MACD, called the "signal line," is then plotted on top of the MACD line, which can function as a trigger for buy and sell signals. Traders may buy the security when the MACD crosses above its signal line and sell - or short - the security when the MACD crosses below the signal line.

(MACD) indicators can be interpreted in several ways, but the more common methods are crossovers, Divergences, and rapid rises/falls.



MACD

TSX:WEEED, 1D 61.00 ▲ +0.13 (+0.21%) 12:01:09 H:62.17 L:60.24 C:61.00





Tying it all together

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TSX:WELD, 66.63, 0.00 (+0.31 (0.23%)) O:66.79 H:67.00 L:65.77 C:66.98





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