

# Stock Street University

Beginner Guide to Learn Technical Analysis





## **What is Technical Analysis?**

A charting strategy used to track a company's stock price performance patterns in the markets, using a series of data to identify trends and make predictions.

Many long-term investors typically focus on fundamentals (A company's financials and guidance), whereas most day traders and swing traders observe entry and exit strategies based on a stock's market price trend over the duration of a select period of time during the trading day. Using charts and indicators to identify stock prices movements and patterns.

## **Why is Technical Analysis Important?**

Technical analysis reviews past data, primarily price and volume, in order to predict price moves. It uses approaches such as statistical analysis and behavioral economics to assist traders and investors in navigating the gap between intrinsic value and market pricing.

Learning the skill of technical analysis will increase your profits and prevent you from making costly financial mistakes. Technical analysis makes it simple to determine the market's overall trend (Up Trend/Down Trend/Range Bound). You can do so by looking at the Yearly/Monthly/Weekly/Daily chart.



### 3 Common types of Charts

#### Bar Chart {OHLC}



#### Line Chart

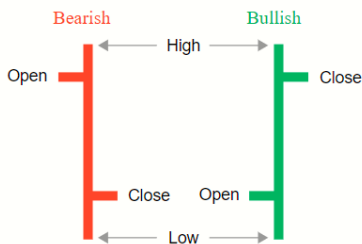


#### Candlestick {hollow/standard}



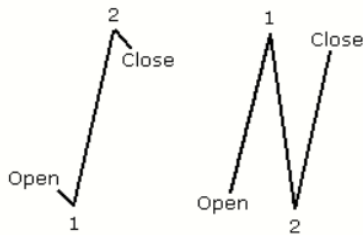


## Different Types of Charts



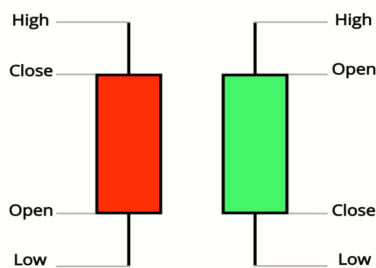
### **Bar Chart (HLOC)-**

Bar Charts are commonly used by many traders as a way to track a stock's movement and trends throughout the time frame in review. The chart's title explains it's tracking of price patterns {HLOC} High, Low, Open, Close. Bar charts are also trend in a binary color code, green for bullish price increase patterns and red for bearish price decrease patterns.



### **Line Chart -**

Line charts are the most commonly used charts for media and press as it provides the least amount of data on the charts. The line chart typically tracks a stock's closing price and nothing more, using various indicators you are able to identify the remaining information, making it the least commonly used of the 3 for real time trading.



### **Candlestick -**

Candlestick charts similar to bar charts track stock prices {HLOC} high, low, open, close, price points. The "body" of the candlestick identifies a stock's open and close price as the "wicker" identifies the highest and lowest point of the candle's track time. Candlesticks are also color coded to track bullish up trends and bearish down trending patterns.