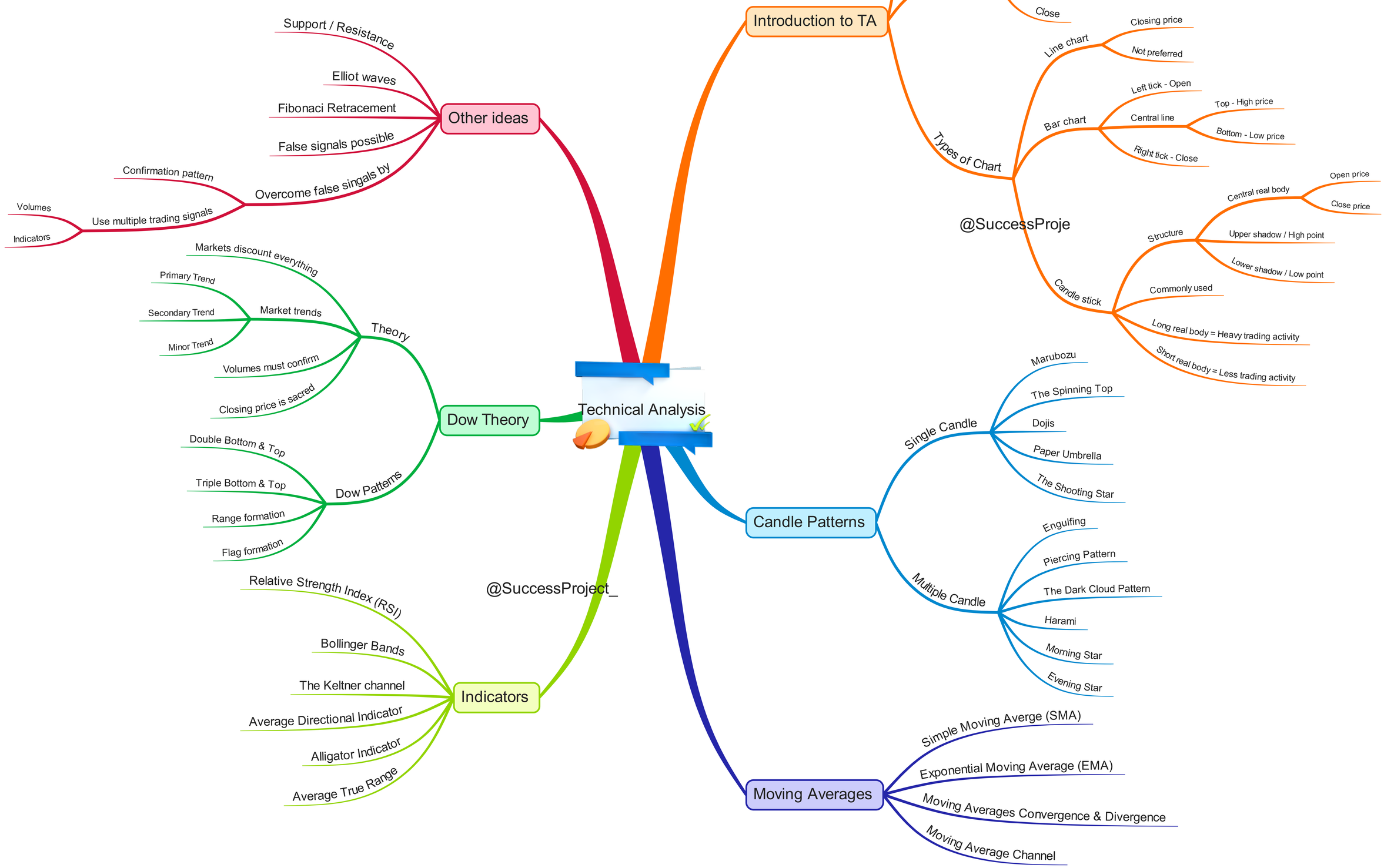
TECHNICAL ANALYSIS

Disclaimer

These are my notes and not a exhaustive one.
There are many more pattern and ideas, while I have covered a small subset
I am only a academician (Theory knowledge) and not a practitioner
Next 3 pages cover in detail Single Candlestick pattern, Multiple Candlestick pattern and Indicators covered in this Mind Map



SINGLE CANDLESTICK PATTERN

Single Candlestick Pattern

The shooting star

- Appearance
  - Small body
  - Upper shadow = 2 x length of body
  - No or small lower body
- Bearish pattern — Inverted paper umbrella
- Bullish patter — Inverted hammer

Paper Umbrella

- Appearance
  - Small body
  - Lower shadow = 2 x length of body
  - No or small upper shadow
  - Longer the shadow better inference
  - Reversal pattern
- Hammer Pattern
  - Japanese word: Takuri
  - Bullish pattern
  - In down trend
- Hanging Man Pattern
  - Bearish pattern
  - In up trend

Dojis

- About
  - Japanese word for 'Danger'
  - Reversal indicator
- Appearance
  - No Real body: Open = Close
- Inference
  - Same as spinning top
  - Color of candle does not matter
- Types
  - Normal Doji
  - Long leg Doji
  - Rickshaw man Doji
    - Special type of Long leg Doji
    - Horizondal line exact at centre
  - Gravestone Doji
    - Open = Close = Low
  - Dragonfly Doji
    - Open = Close = High
    - Not
      - Common
      - Reliable
- Special pattern - Tristar
  - Formed by 3 Doji lines
  - Middle Doji = Doji Star
  - Very rare
  - Significant reversal pattern

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Marubozu

- Japanese word for 'bald'
- Appearance
  - Only long real body
  - Very small / No upper-lower shadow
- Types
  - Full Marubozu
    - Bullish
      - Open = Low
      - Close = High
    - Bearish
      - Open = High
      - Close = Low
  - Open Marubozu
    - Bullish
      - Open = Low
      - Close < High
    - Bearish
      - Open > Low
      - Close = High
  - Close Marubozu
    - Bullish
    - Bearish

The Spinning Top

- Appearance
  - Small real body
  - Equal upper & lower shadow
- Inference
  - Sellers and Buyers balance
  - Market mood
    - Confusion
    - Indecision
    - Uncertainty
  - Color does not matter
- Trend
  - Bullish — when appear in downtrend
  - Bearish — When appear in uptrend

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MULTIPLE CANDLESTICK PATTERN

P1 - Pattern on Day 1
P2 - Pattern on Day 2
P3 - Pattern on Day 3

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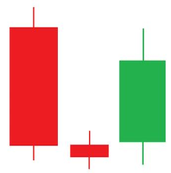
Multiple Candlestick Pattern

Stars

About
- 3 Trading sessions
- P1 = Large real body
- P2 = Star / Small real body
- P2 Gaps from P1
- P3 moves well into P1 / Higher the better
- Color of star not important
- Doji Star: When star is a Doji

Type

Morning Star
- Bottom reversal pattern
- P1 = Red
- P2 = Gap with small body
- P3 = Green

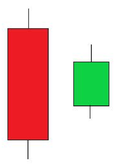


Evening Star
- Top reversal pattern
- P1 = Green
- P2 = Gap with small body
- P3 = Red

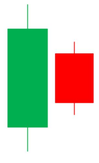
The Harami Pattern

Japanese word for Pregnant

2 trading sessions



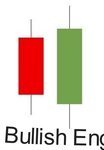
Bullish Harami
- P1 = Red
- P2 = Green



Bearish Harami
- P1 = Green
- P2 = Red

The Engulfing Pattern

About
- 2 Trading sessions
- Reversal Pattern
- P2 engulfs P1
- P1 and P2 opposite colour

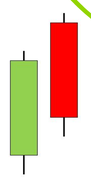


Bullish Engulfing
- Occurs at bottom trend
- P1 = Red Candle
- P2 = Green Candle

Bearish Engulfing
- Occurs at top trend
- P1 = Green Candle
- P2 = Red Candle

The Piercing Pattern

About
- 2 Trading sessions
- Similar to Bullish Engulfing
- P2 engulfs (50-100%) P1
- Bottom reversal pattern



Pattern
- P1 = Red
- P2 = Green

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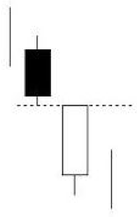
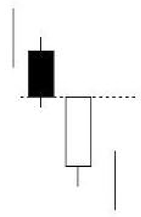
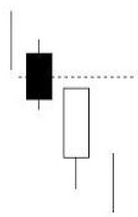


On Neck Line



In Neck Line

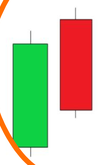


Thrusting Line

False/Bearish signals
- On-neck pattern
- In-neck pattern
- Thrusting pattern

The Dark Cloud Cover

About
- 2 Trading sessins
- Similar to Bearish Engulfing
- Inverse of Piercing Pattern
- P2 engulfs (50-100%) P1
- Top reversal pattern



- P1 = Green
- P2 = Red

TECHNICAL INDICATORS

- Average True Range (ATR)
  - Calculation
    - Average of highest value of
      - High - Low
      - High - Previous Close
      - Previous close - Low
- Relative Strength Indicator
  - Calculation
    - 100 - (100 - (1+RS))
    - RS = Average Gain or Average Loss
    - Value range: 0 - 100
      - Oversold: 0 - 30
      - Overbrough: 70 - 100
    - Data range: 14 days
  - Momentum indicator
- Alligator Indicator
  - 3 lines
    - 13 SMA = Alligator Jaw
    - 8 SMA = Alligator Teeth
    - 5 SMA = Alligator Lip
  - Signals
    - Buy
      - All 3 lines separated
      - 5 SMA > 8 SMA > 13 SMA
    - Sell
      - All 3 lines separated
      - 5 SMA < 8 SMA < 13 SMA
- Average Directional Index (ADX)
  - Three components
    - Average Directional Index
    - Plus Directional Indicator (+DI)
    - Minus Directional Indicator (-DI)
  - ADX > 25, Strong Trend
  - ADX < 20, Weak Trend
  - ADX: 20 to 25, Grey area
- Moving averages
  - Considers closing price
  - Simple Moving Average (SMA)
  - Exponential Moving Average (EMA)
  - Moving Average - Convergence & Divergence (MACD)
  - Moving Average Channel
    - 2 boundary
      - Upper: 10 SMA of High
      - Lower: 8 SMA of Low
    - Signals
      - Buy: 2 consecutive bars above upper boundary
      - Sell: 2 consecutive bars below lower boundary
- Bollinger Bands
  - About
    - By John Bollinger, 1980
    - Indicates
      - Overbrought
      - Oversold
  - @SuccessProject_
  - Types / Variants
    - Bollinger Band
      - Calculation
        - Middle line = 20 day SMA
        - Upper band = Middle line + 2 SD
        - Lower band = Middle line - 2 SD
      - Inference
        - Narrow band — Upcoming volatility
        - Envelope expansion — Bands not dependable
    - Bollinger Band %B
      - Calculation — %B = (Current Price - Lower Band) / (Upper - Lower Band)
      - Inference
        - %B > 1, Price above upper band
        - %B = 1, Price at upper band
        - %B > 0.8, Price nearing upper band
        - %B > 0.5, Price above middle line
        - %B < 0.5, Price below middle line
        - %B < 0.2, Price nearing lower band
        - %B = 0, Price at lower band
        - %B < 0, Price below lower band
    - Bollinger Band Width — Calculation — (Upper - Lower Band) / Middle Band
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- Keltner Channel
  - About
    - By Chester Keltner in 1960
    - Similar to Bollinger Bands
  - Calculation
    - Middle band = 20 days EMA
    - Upper band = Middle band + 2 ATR
    - Lower band = Middle band - 2 ATR