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Technical analysis of stocks pdf india

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No matter what the starting point was - a book, a course, a video and a chat that piqued the interest. It creates the desire to learn, to know, to apply and to benefit. Then the journey begins. Those who are impatient with the learning process and want to accelerate directly to the benefits stage by cutting the trip short, limit it to what they believe works. They come to this conclusion through some hasty or embarrassing elimination process. For its own decomfiture, this rarely works. This results in two things – many are overlooked, saying this doesn't work while some others are able to say maybe I didn't know enough to make it work. The latter group goes back to the drawing board, this time a little more serious about the learning process. Over time, learning ends to some extent and now they are willing to immerse themselves in the world of trade and investment or in the world of advising others. That's when the difficulties begin. Now, instead of retiring, you will begin to rise to the challenge of solving them. One way to solve them would be to get more learning, more knowledge, while another would be to improve implementation and use. The first is easier to solve, as external resources are available; the latter requires making some adjustments to the way you are working. Each of us is infinitely able to work better, achieve more. In the words of the great athlete Michael Phelps, The only limits we face are the ones we impose ourselves on. So the adjustment you have to make is remove the limits we put on ourselves. Easier said than done, of course. But we have to. Because, in the market, no one else can do it for you. We use analysis and action as an example. We look at the graphs, reach signals and estimate the of these signals. And we make our game based on that. From 40 years of doing it, I have come to some accomplishments and I am Few. A. All signals have the same value. They only differ in the result depending on the context in which these signals appear. B. It is more important to identify the context in which signals are emerging than spending all their time identifying the signal itself. c. Each context has multiple correlations with other elements. The impact of the signal will be a function of the net sum of all these correlations. This aspect of the analysis must be understood to know the difference in the way signals are transformed into results. The same sign that it worked brilliantly last time may stop you doing it this time. Or it just has a limited impact. History repeats itself, but never exactly. This is because events are repeated, but the context in which these events occur are rarely the same and therefore the result is never the same. Understanding and accepting that any signal has the same value regardless of the chart term is a hard notion to accept. When we learn TA through books and courses, we are told and see that the impact of breakups appearing in intraday charts is very different from those produced in weekly charts. But, and that's an important distinction, no matter if you're on an intraday chart or a weekly chart, the technical signal is the breakup. The impact and result of a technical signal is contextual. Similarly, a support or resistance is just that, an area of increased demand or supply. Through retests, the value of support or resistance is improved. But whether or not it will remain in the future would depend on the context in which prices are approaching the same area again. So, if we don't make an effort to understand the context, we may not manage to make accurate forecasts. It will then become a story of success and loss; it's not good if you want to be a success anything in the market. The context is created by almost everything. But most of the time, it is created by news and events. Therefore, there must be an awareness of the current news and events surrounding the market; means stock and the sector. The next factor would be current sentiment. It is common knowledge that bullish signals fail in bearish markets and vice versa. Why is that? Mainly because of the feeling. For example, the market is currently stuck in a somewhat despicable mood. Because of this, average results are ignored and only exceptional results get the stock price moving higher. Bad numbers see stocks fading. It will go back two years, until 2017, and the scene was exactly opposite. The feeling was so blunt that people weren't too worried about the details. Only a few story lines were enough, and people were pour into a stock and take it higher. The amount they bought was also substantially higher, which in turn affected the movement of the shares. So, it became a virtuous cycle that kept feeding itself until one day it stopped! Stop! we must take the technical signal: for example, a break: and place it in the context of the shares, the sector, the type of actors who are active in the stock (such as retail or HNI or institutional investors), liquidity or lack thereof. Then we take all this and feed off the arbiter feeling to see if the answer will be light or exaggerated. So, let's get an idea of what might be possible. What can be and what is possible will be two different things, of course! We do not know, for example, what part of the context is already in prices; the common phrase for it on the market is what is baked in the cake already. If the market has already had a windfall from it, then the reaction will be muted. But if the market gets caught by surprise, as sometimes happens, then the answer will be exaggerated. We can often watch this game during earnings season. Good numbers are many times followed by declines and people are mistatic. This is mainly because the market was already aware that the company was going to flash good numbers. Good numbers take prices higher is when these numbers are ahead or far beyond what analysts had taken into account beforehand. Therefore, there is a rush to review your models and cool goals are flashed and fresh buying occurs. The situation is similar with other news as well. The only way to know what the market already knows is through price response. Hence my oft-made statement is, it's not the news that's important, but the market response to the news that's important. Remember that we need to respond and act on what it is and what it shouldn't be. Fundamental analysis concentrates more on what it should be, while investment in value focuses on what it should be after a long time. Both choose to ignore what is in favor of what should be, believing that their versions of the future will develop. This is known as conviction in his belief about the future of actions. That's fine as long as it works. In hindsight, you will be seen as a big investor. However, there are only a few who have the necessary access skills and requirements and staying power so necessary to cling to that conviction. For the rest of us, there is only hope. And hope is never a good investment or trading strategy. Hope is more of a losing strategy. It's just a technical analysis that addresses what it is and also gives you a situation of what it might be like. Problems arise when one cannot map or structure what is in an appropriate way. There is too much noise that happens in the present and that colours the judgment of the 'what-is'. There is the hard part to learn: how to keep noise aside while reading data. As long as one succeeds to do so, market reading becomes much clearer. Graphics lend a measurable character to the context (which is always around and helps us frame market movements in a way that makes it more predictable and therefore increases the likelihood of success with our forecasts. Combining graphics with context (as far as possible) is the best way forward. Each time one sees a signal emerge in the graph, the question must be asked: what is the current context in which the signal is generated? And the attempt must be to answer that question in full. If one moves forward in this way, reading graphics will improve considerably and so will our success in the markets. (What's moving Sensex and Nifty Track latest market news, stock tips and expert advice on ETMarkets. Also, he ETMarkets.com s on Telegram now. For faster news alerts about financial markets, investment strategies and stock alerts, subscribe to our Telegram feeds.) Download The Economic Weather News App to get Daily Market Updates & Live Business News. 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