

What is Technical analysis?

Technical analysis is a form of security analysis that uses price data and volume data, typically displayed graphically in charts.

In finance, technical analysis is an analysis methodology for analysing and forecasting the direction of prices through the study of past market data, primarily price and volume

What are the two types of Technical analysis?

- 1) Technical (statistical) indicators
- 2) Chart patterns and

are the two main types of technical analysis.

Chart patterns are a subjective type of technical analysis in which technicians use certain patterns to indicate regions of support and resistance on a chart.

Let's start with

Technical (statistical) indicators:-

1) The Relative Strength Index (RSI) is a momentum indicator which is used in technical analysis. The RSI is displayed as a line graph on a scale of zero to 100. an RSI reading value of 70 or above indicates an overbought situation. A reading Value of 30 or below indicates an oversold condition.



When RSI is in between 60 to 80 and going up from 60 to 80 it shows Strong Buy Signal (Bullish UP Trends).

When RSI is in between 40 to 20 and going down from 40 to 20 it shows Strong Sell Signal (Bearish down Trends).

RSI indicator values for practice & Identify uptrend and downtrend

RSI above 60 → UPTREND

RSI between 40 and 60 → Sideways

RSI below 40 → DOWNTREND

Note :-

Rsi 60 to 80 strong uptrend signal

Rsi 40 to 20 strong downtrend signal.

2)The Moving Average is thus calculated by adding up all the values of the data points of the security and dividing it with the total number of data points. the Moving Average meaning is determined by the past price values of a security.

How to use to identify for Uptrend and Downtrend ?

a)If the Moving Average for a security is angled upwards, its price values are or have recently been rising. This denotes an upward trend.

b) On the other hand, a downward angled Moving Average denotes a fall in price or a downtrend.

Types of Moving Averages:-

Simple Moving Average(SMA):-

The most commonly used form of Moving Average in technical analysis is the Simple Moving Average. It is calculated by taking the mean of a set of values (mostly, prices of a security) and dividing it by the number of values.

It can be calculated as follows: $(A1 + A2 + A3 + A4...An) / n = SMA$

Where n is the number of time periods and A is the average within a given time period.

The most common periods for Simple Moving Average tracking are 8, 20, 50, 100 and 200 days or periods.

Exponential Moving Average:-

The other type of Moving Average is known as the Exponential Moving Average. This is a weighted form of calculating Moving Averages, whereby recent price values are given more weight than past price values. Note:- Exponential Moving Averages adapt better and faster to changing price movements than Simple Moving Average.

Note:- it is recommended that Moving Averages should be used in conjunction with other Indicators like RSI and MACD to form an accurate.

20 Day Moving Average:-

The most popular crossover time frame is a 20-day moving average.

a) If a particular stock falls below its 20-day moving average indicates a bearish trend and

b) if the stock crosses above its 20-day moving average indicates the bullish trend.

SBI Streaming Chart



Moving Average crossover Strategy :-

1) When 7-day moving average cross above 21-day moving average indicates a bullish trend or uptrend and expected to form the higher high and lower low pattern.

2) If a 7-day moving average falls below the 21-day moving average indicates a bearish trend or downtrend and expected to form a lower high and lower low pattern.

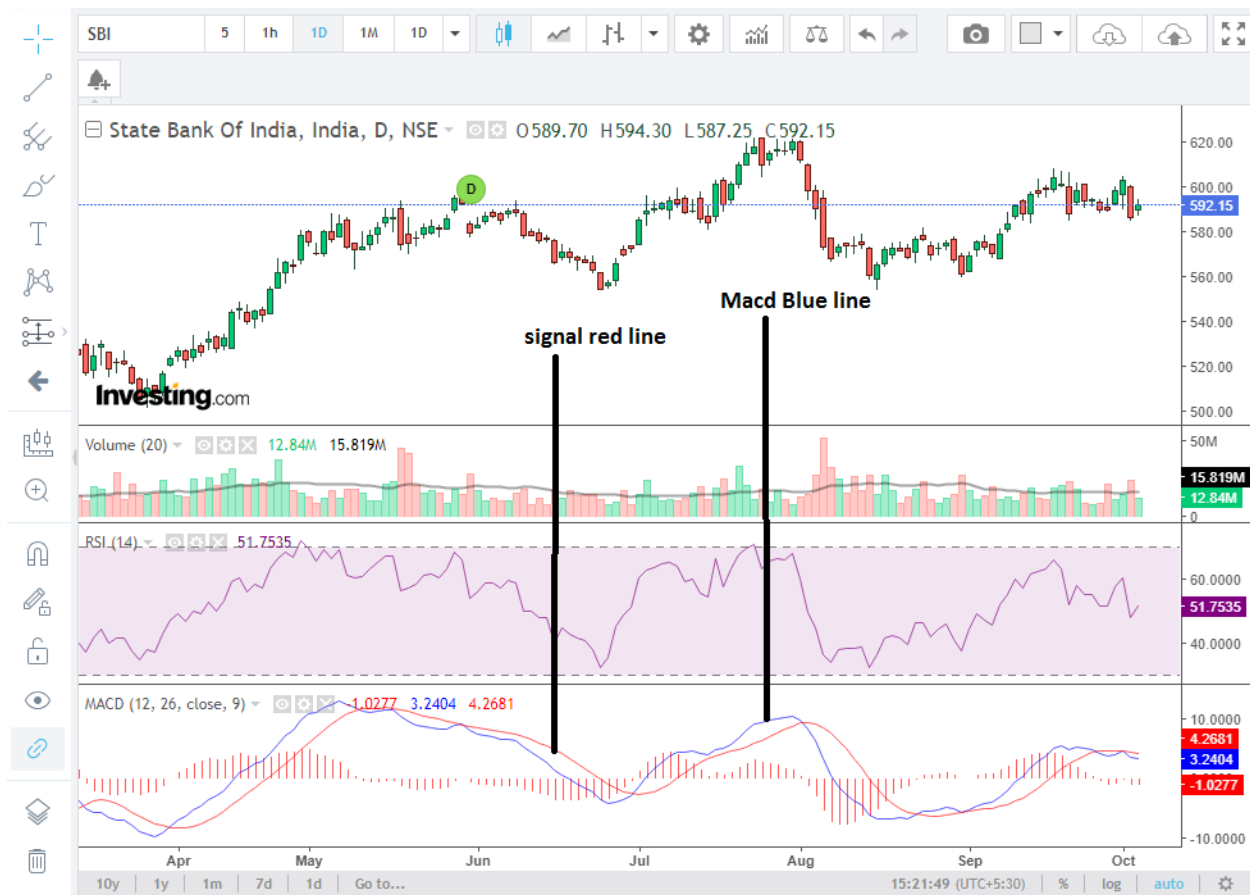
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3) What Is Moving Average Convergence/Divergence (MACD)?

MACD Line :- The MACD line is calculated by subtracting the 26-period EMA from the 12-period EMA. The result of that calculation is the MACD line.

Signal line :- A 9 day EMA of the MACD line is called the signal line.



which can function as a trigger for buy or sell signals.

The basic interpretation of the MACD indicator is:-

1)When the MACD Line crosses the centerline from the negative territory to positive territory, it means there is a divergence between the two averages. This is a sign of increasing bullish momentum; therefore, one should look at buying opportunities

2)When the MACD line crosses the centerline from positive territory to the negative territory, it means there is a convergence between the two averages. This is a sign of increasing bearish momentum; therefore, one should look at selling opportunities

Simple 2 line crossover strategy with these two lines (MACD & Signal Line):-

1)Buy signal:-

when the MACD line crosses above the signal line as shown below. If MACD is above the signal line, the histogram will be above the MACD's baseline, or zero line. Note for Buy confirmation : MACD line should be above zero and Above Signal line



Blue line is Macd line and red line is Signal line

(Macd Crossover)

2) Sell Signal or short :-

when the MACD line crosses below the signal line as shown below. Note for sell confirmation :- If MACD is below its signal line, the histogram will be below the MACD's baseline.



Macd Blue line is crossing red signal line from above to below - Bearish signal

Note:-

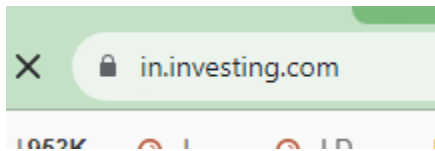
1)MACD line crossing above zero is considered bullish, while MACD line crossing below zero is bearish.

2)Secondly, when MACD turns up from below zero it is considered bullish. When it turns down from above zero it is considered bearish.

How Make Technical Analysis on in.investing.com with Technical Indicators Moving Averages and RSI AND MACD Explained in Details :-

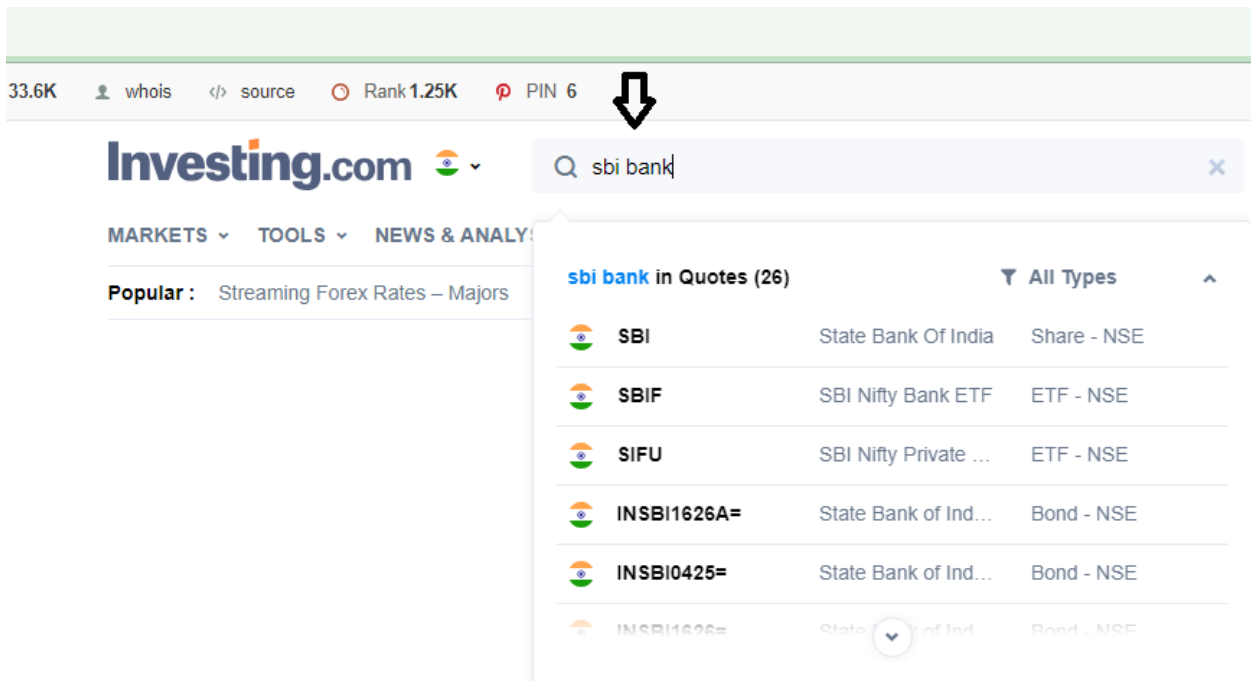
Step 1:-

in.investing.com



Step 2:-

Search stock name "sbi bank share"



Step 3:-

Then you will see following things here you will see Technical click on it as shown below

Markets > Shares > SBI > Streaming Chart

State Bank Of India (SBI) ⁱ NSE ▼

592.25 **+6.00 (+1.02%)**

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Streaming Chart Interactive Chart

Step 5:-

State Bank Of India (SBI) ⁱ NSE ▼

592.30 **+6.05 (+1.03%)**

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Streaming Chart Interactive Chart

Click on Candle

SBI Streaming Chart



After it you will see following here you will select on 15 minute time frame as shown below

State Bank Of India (SBI) [ⓘ] NSE ▼

592.35 +6.10 (+1.04%)

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Click on Time frame

SBI Streaming Chart



After it

Markets > Shares > SBI > Streaming Chart

State Bank Of India (SBI) ^① NSE ▼

592.30 +6.05 (+1.03%)

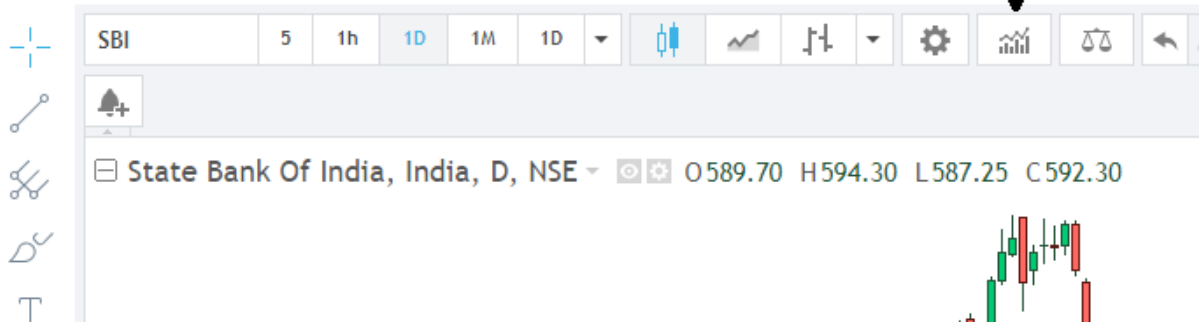
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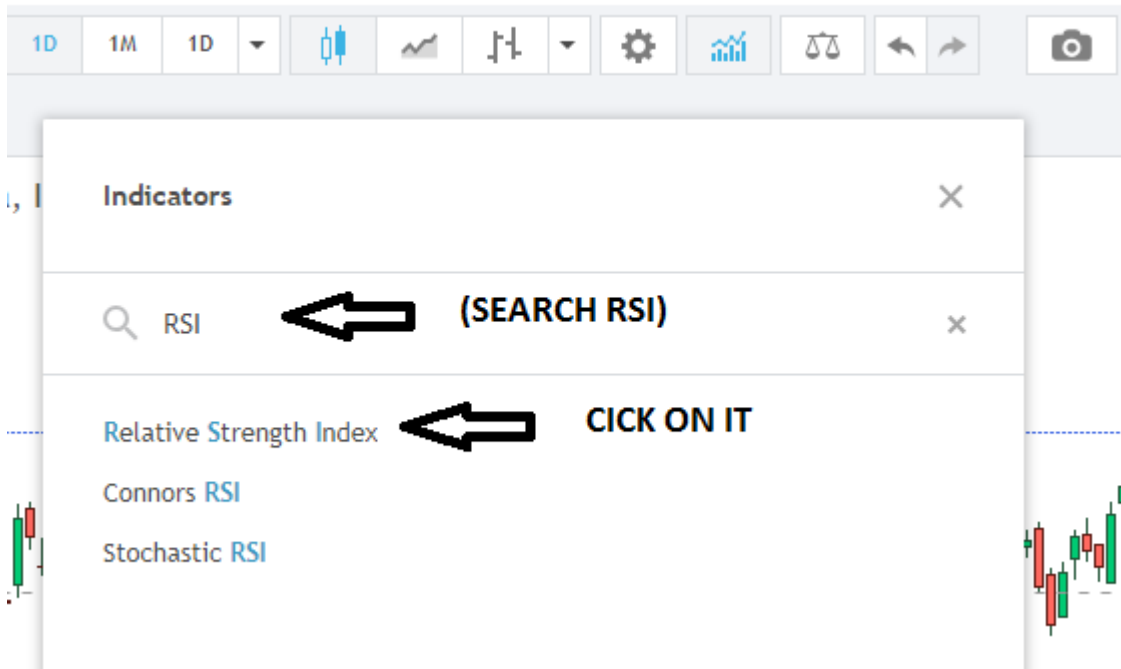
Streaming Chart Interactive Chart

Click On Indicator

SBI Streaming Chart



And after it search RSI



And you will RSI see in chart



And now add Macd indicators in same manner

Again

Markets > Shares > SBI > Streaming Chart

State Bank Of India (SBI) NSE

592.30 +6.05 (+1.03%)

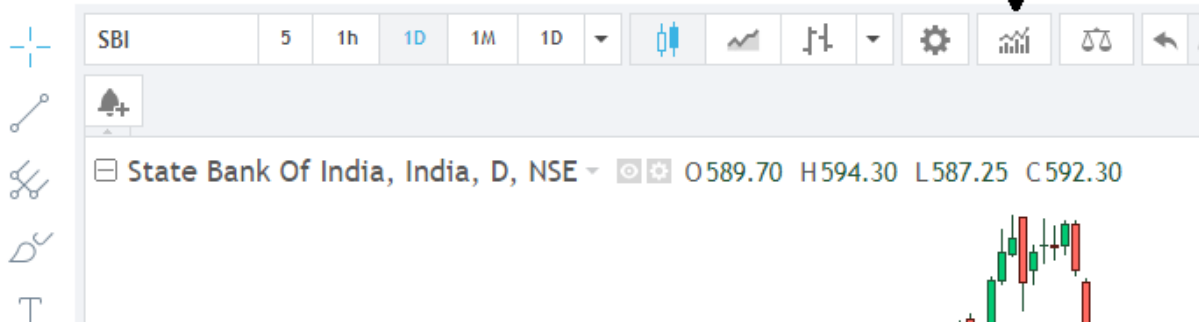
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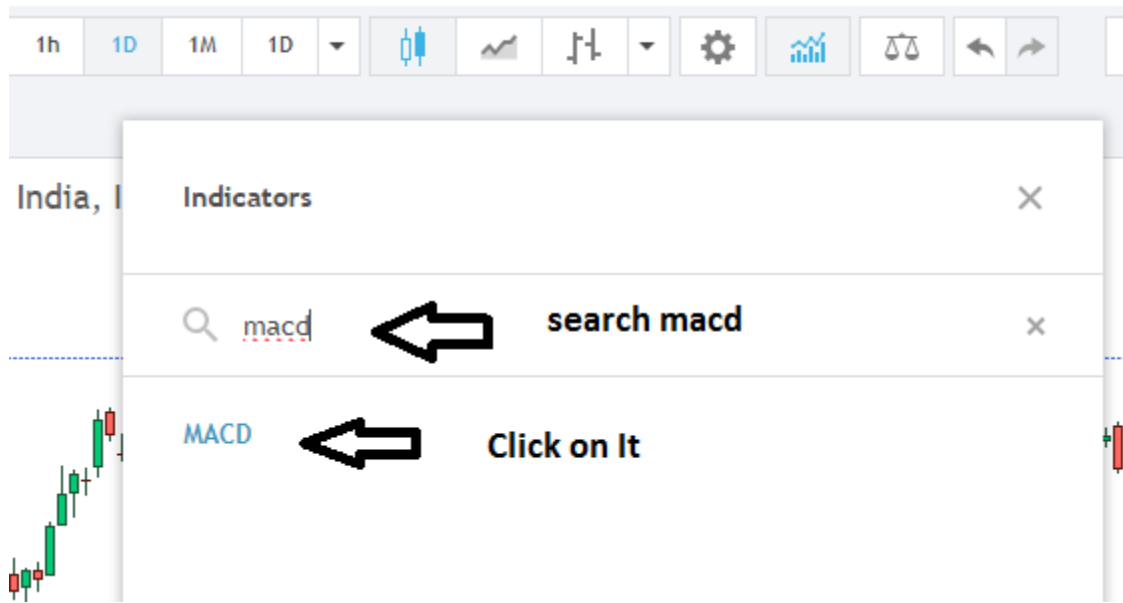
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Click On Indicator

SBI Streaming Chart



And search macd



And you will see **macd** in chart



Now how to add ema cross in same manner :-

Markets > Shares > SBI > Streaming Chart

State Bank Of India (SBI) ^① NSE [▼]

592.30 +6.05 (+1.03%)

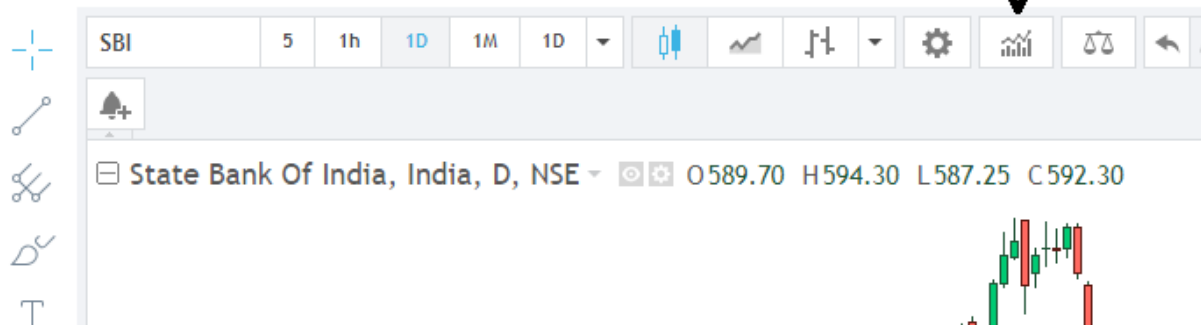
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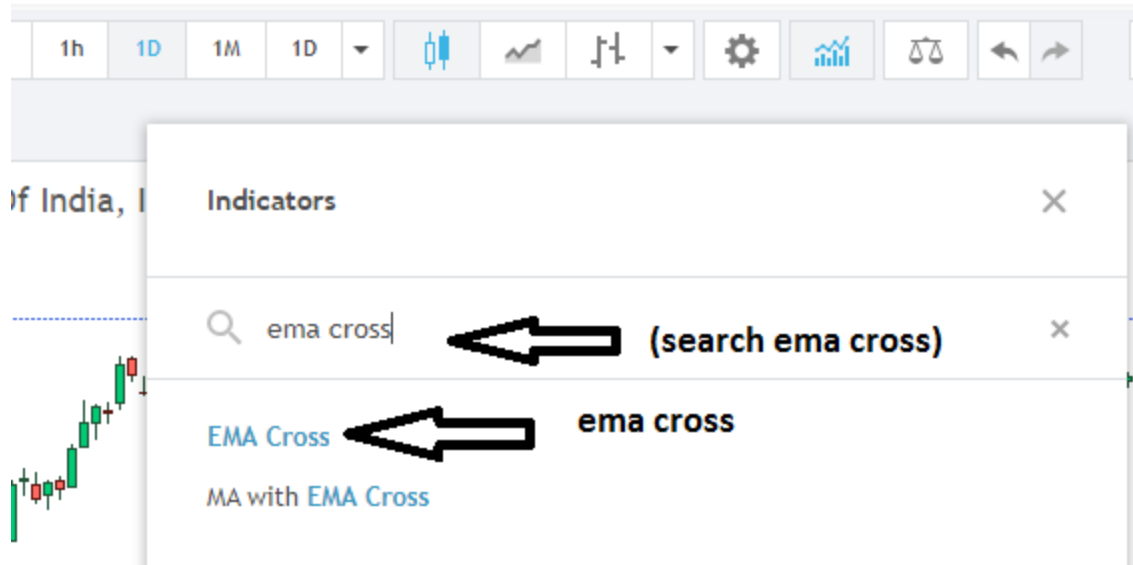
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Click On Indicator

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And after it



Then you will see 9 and 26 days ema cross as shown below :-



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