

TECHNICAL ANALYSIS FOR EVERYONE

A COURSE DESIGNED JUST FOR YOU WHO WANT TO BECOME A TRADER!

LESSON 2

**Charts and Prices: The main ways
to visualize price developments**





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PROGRAM

10 LESSONS

1. Basics and Origins of Technical Analysis: The DOW Theory
2. **Charts and prices: the main ways to visualize price developments**
3. Defining a trend and trending: how to spot and follow them profitably
4. The main chart configurations: supports, resistances and pullbacks
5. Figures of reversal or continuation of a trend: we learn to recognize and exploit them
6. Volumes and moving averages: strengths and weaknesses
7. The main indicators and oscillators: how to choose the most useful and suitable for each market condition
8. Charts and time: the right time frame for our operational analysis
9. Intermarket analysis: we learn to define the dominant drivers and trends in the market
10. Leverage, money and risk management: how to control and monitor the sustainability of your investments



Lesson 2

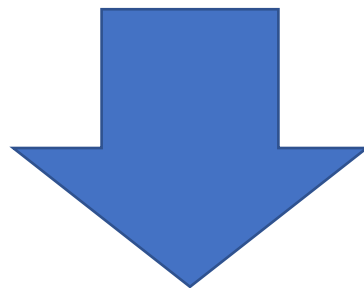
**Charts and prices: the main ways to visualize
price developments**



Charts & Pricing

How to Create a Chart...

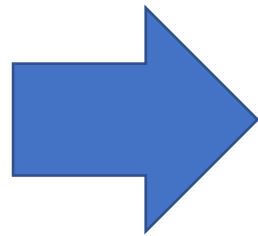
A simple exercise that will take you back in time...





Charts & Pricing

Write the price of each day on the vertical axis...
Combine the detected prices and you should get...



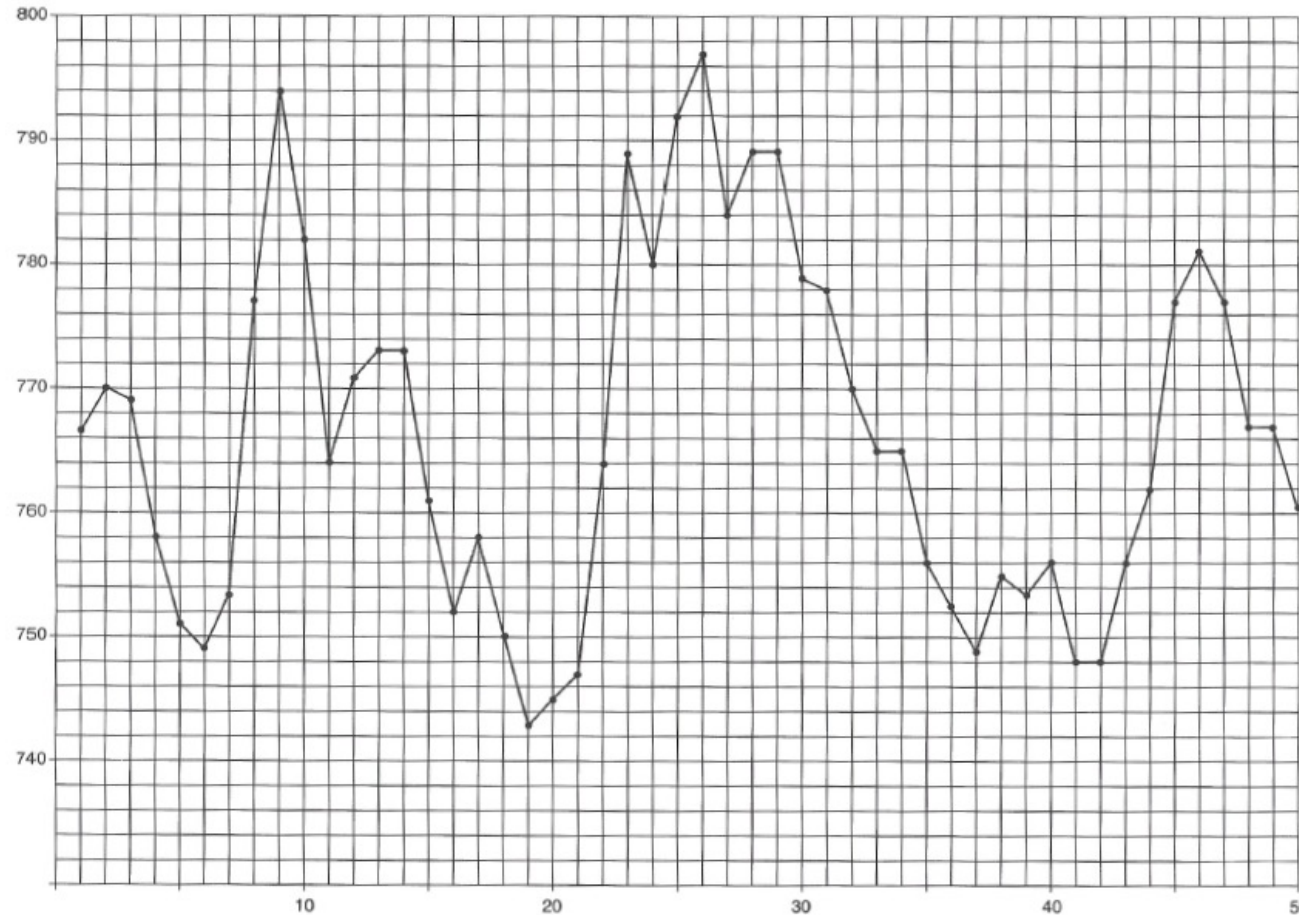
Giorno	Prezzo dell'azione	Giorno	Prezzo dell'azione
1	766,5	26	797
2	770	27	784
3	769	28	789
4	758	29	789
5	751	30	779
6	749	31	778
7	753,5	32	770
8	777	33	765
9	794	34	765
10	782	35	756
11	764	36	750,5
12	771	37	747
13	773	38	755
14	773	39	751,5
15	761	40	756
16	752	41	746
17	758	42	746
18	750	43	756
19	743	44	762
20	745	45	777
21	747	46	781
22	764	47	777
23	789	48	767
24	780	49	767
25	792	50	760,5



Charts & Pricing

A chart of a stock's prices...
"Charles DOW"!!

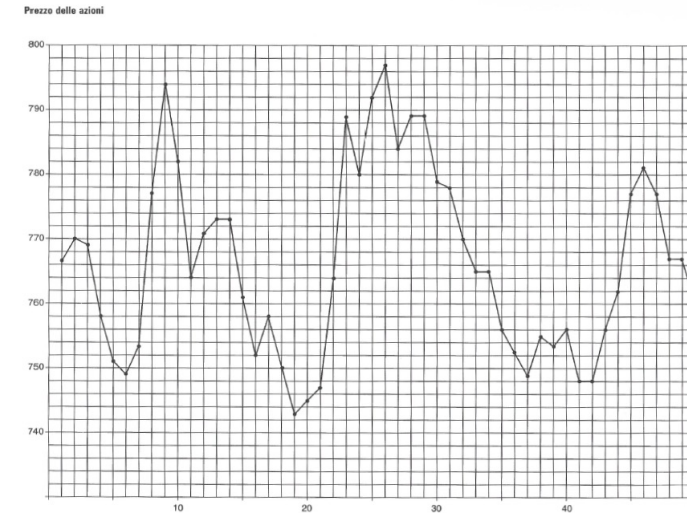
Prezzo delle azioni





Charts & Pricing

Giorno	Prezzo dell'azione	Giorno	Prezzo dell'azione
1	766,5	26	797
2	770	27	784
3	769	28	789
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Charts & Pricing

Line Chart

Bar Chart

Japanese Candles



Charts & Pricing





Charts & Pricing

"LINE" chart

The line chart is the most basic. The line shown in the chart "connects closing prices" over the displayed time period.

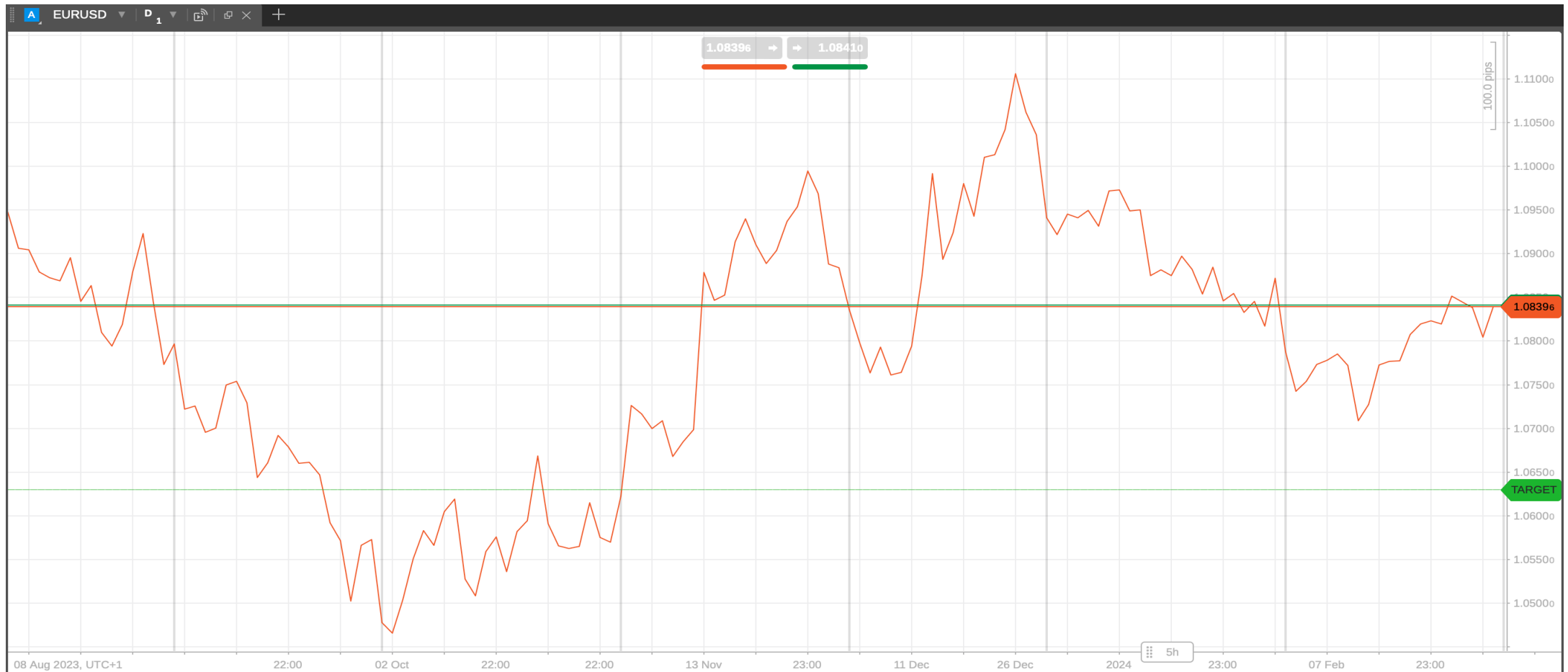
The line chart is now used almost exclusively on "daily" dynamics and, although it is also possible to select other references (open/close...), most traders focus on the closing price, which is considered the most important.

The obvious limitation of this type of chart is that it deprives the trader of very important additional information about price activity (open/high/low/close).





Charts & Pricing "LINE" chart





Charts & Pricing

Chart with «BARRE»

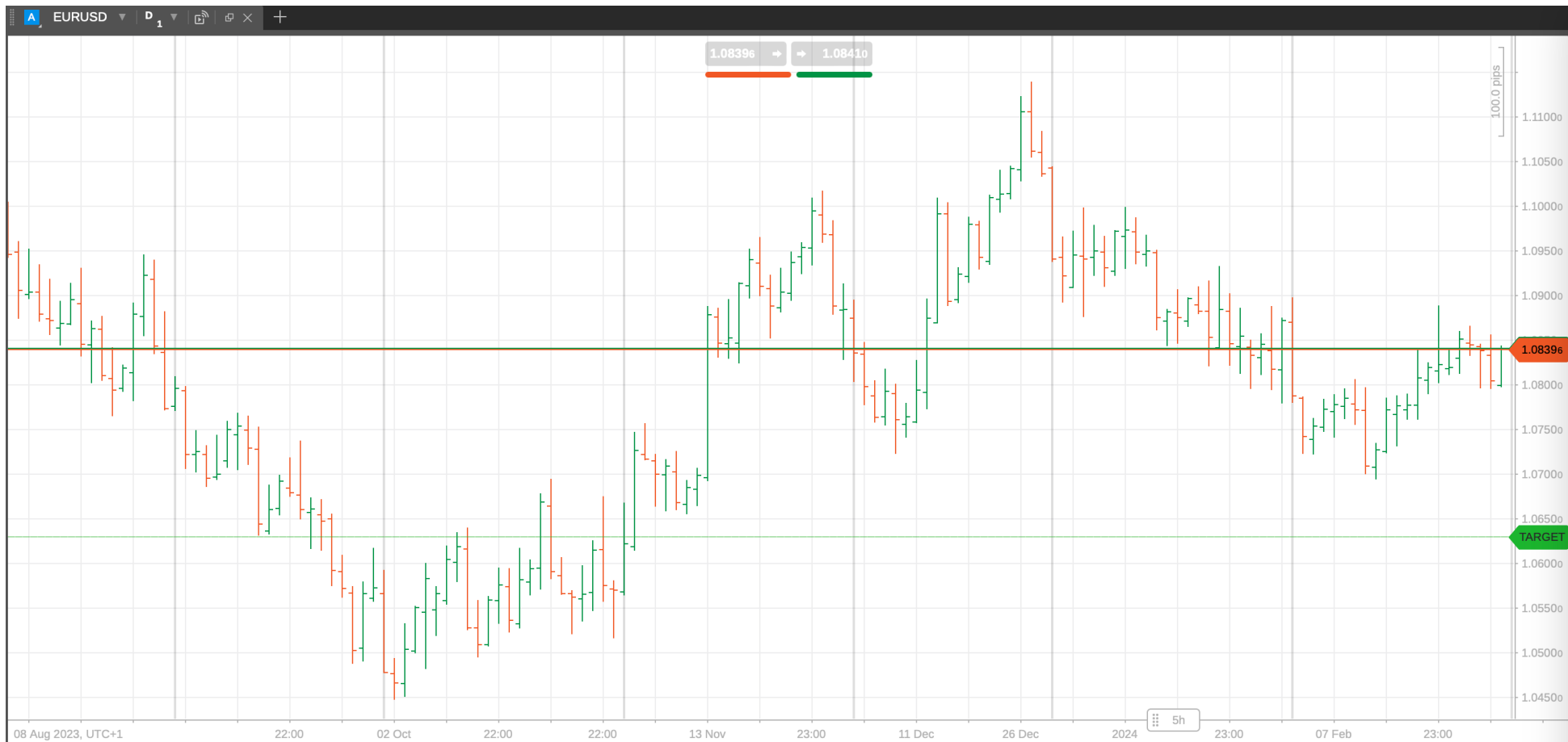
Each vertical bar shows the opening, high, low and closing price of the considered candle based on the time frame used:

1. The top and extreme of the bar indicates the maximum price
2. The bottom and extreme part of the bar indicates the minimum price
3. The mark on the left of the bar indicates the opening price
4. The mark on the right of the bar indicates the closing price



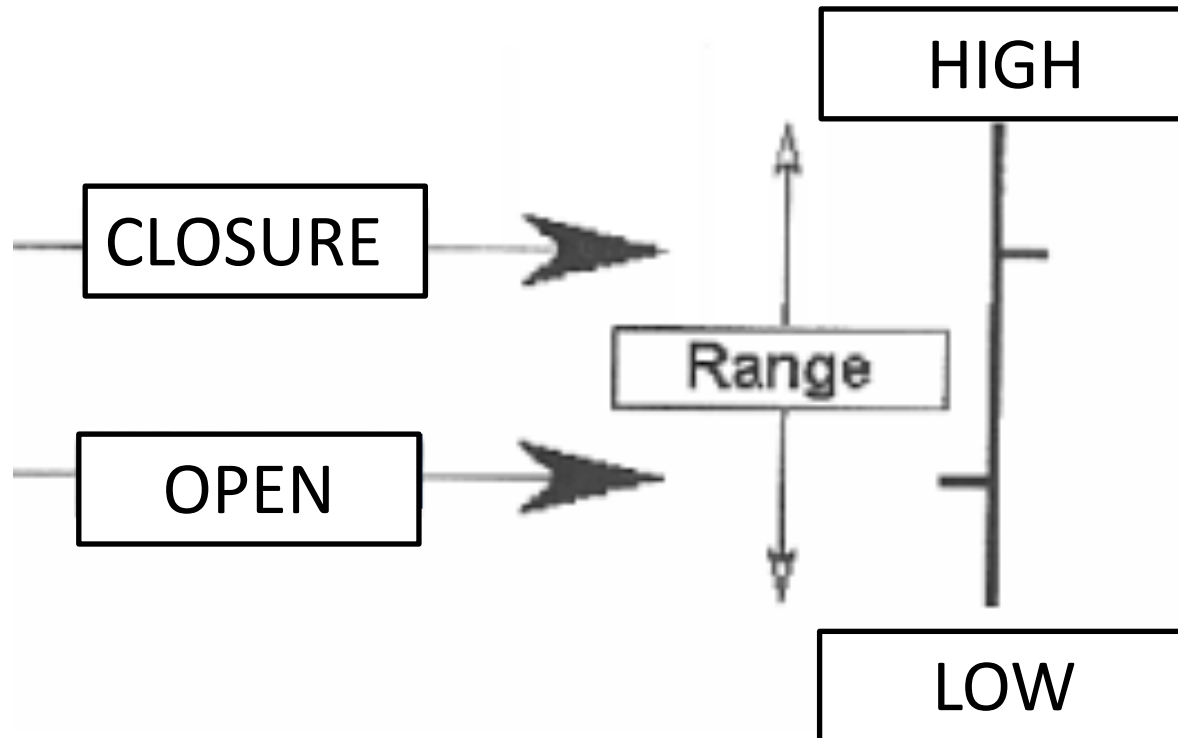


Charts & Pricing Chart with «BARRE»





Charts & Pricing Chart with «BARRE»

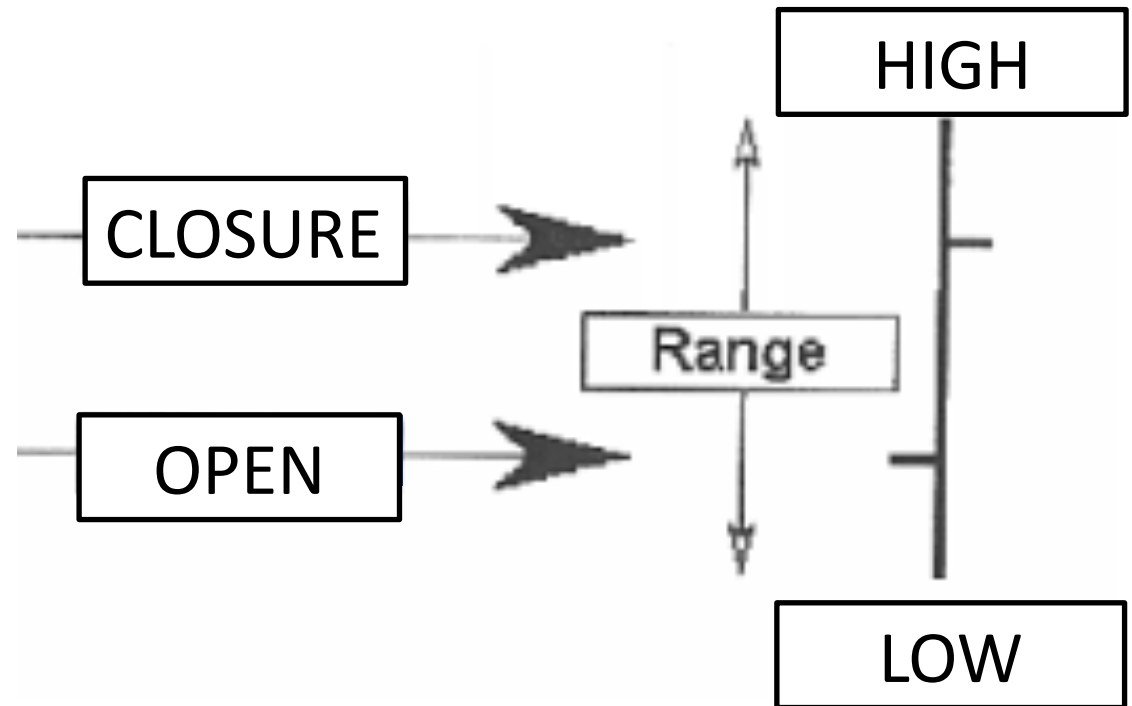




Charts & Pricing Chart with «BARRE»

Each observed period is represented by a bar that is larger the greater the price range between the minimum and the high; The notch on the left marks the opening price, the notch on the right marks the closing price.

Compared to the line chart, there is the presence of no-trading zones, the Price Gaps, important signals to assess the quality of an ongoing movement.



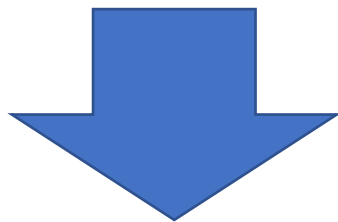


Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

The Japanese candlestick chart is closely related to the bar chart, as it also represents the four main prices: high, low, open, and close.

Depending on whether the opening is higher or lower than the close, the "body" of the candlestick will take on a different color, making it even more intuitive and immediate to recognize patterns and technical figures than bar charts.





Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»



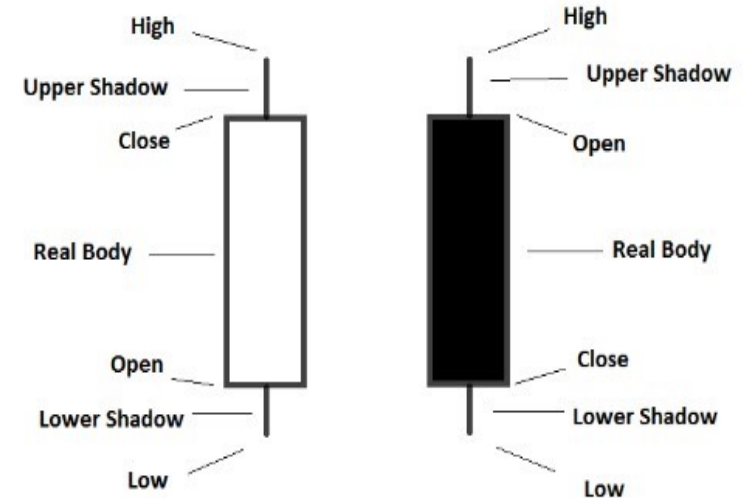


Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

Each candle consists of two parts (the body and the shadows):

- The "BODY" is the thick part of the candle and represents the opening and closing
- The thin lines above and below the body are the "shadows" (SHADOWS) and represent the extremes (max/min) of the observed prices.
- The upper shadow (above the body) measures the maximum price of the session, while the lower shadow (under the body) measure the minimum one.



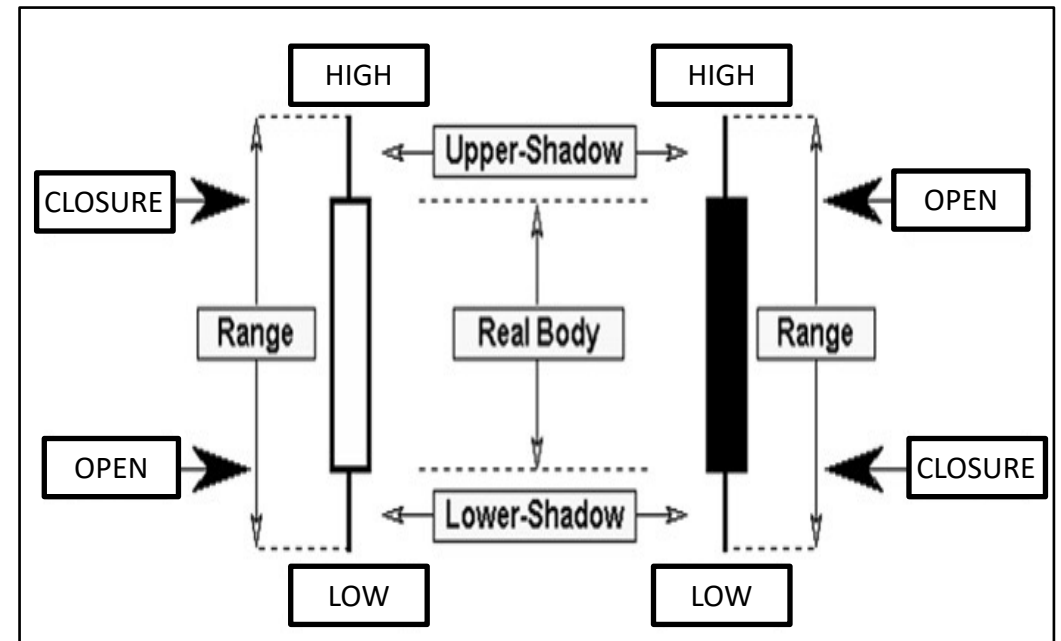


Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

Candlestick analysis is the most widely used methodology for studying price movements and can be applied to any form of technical analysis and any time horizon.

The candlestick chart, better than others, highlights the four prices of a session (open, low, high, close), giving a much more precise overview than that of the bar chart.

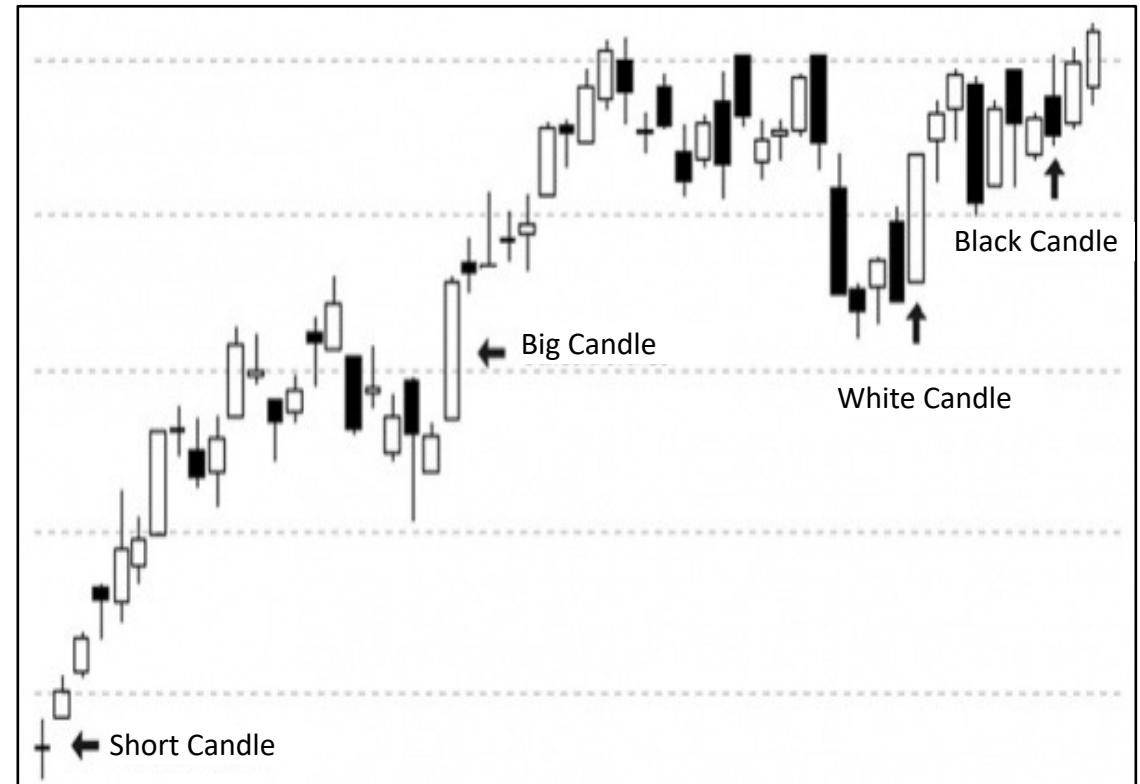




Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

In a candlestick chart, if the close is higher than the open, the body of the candlestick will be white; If the close is less than the opening, the body will be black. All candlestick patterns fall into four different primary categories, from which all the others are derived: white candlesticks, black candlesticks, large candlesticks, small candlesticks





Charts & Pricing

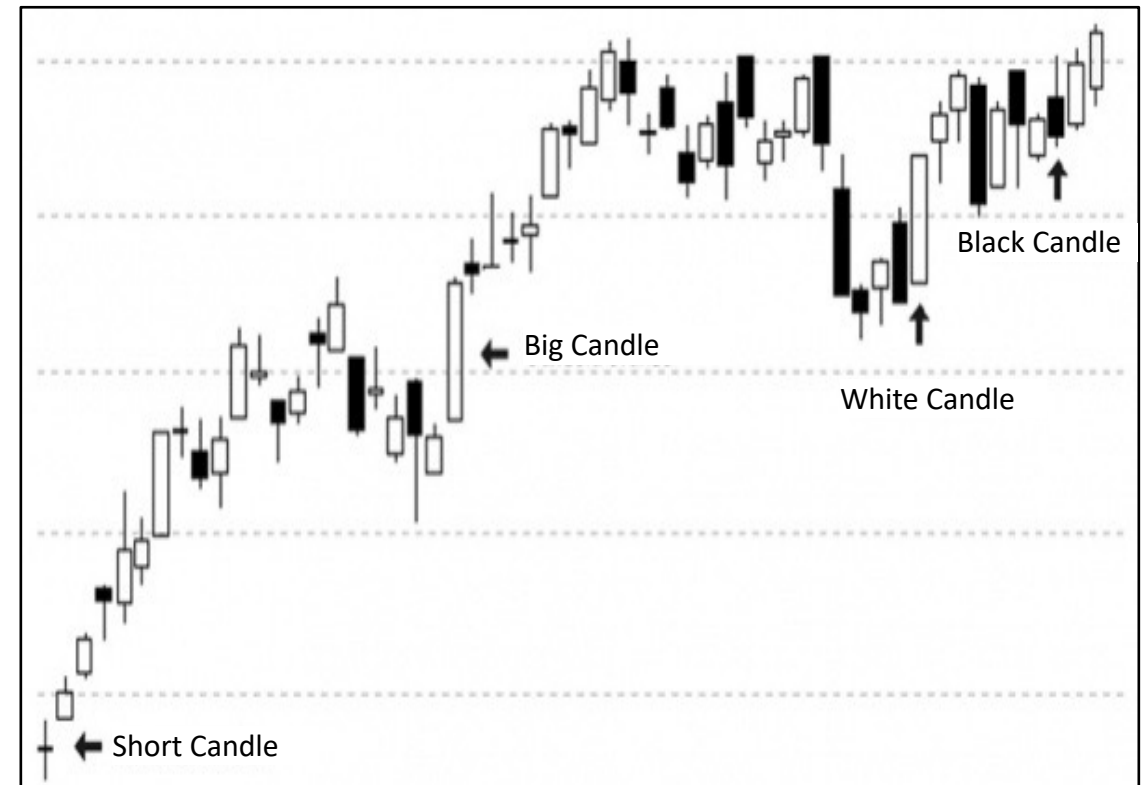
Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

A **white candlestick** indicates that there has been an increase in buyers' pressure on sellers within the observed session.

A **black candlestick**, on the other hand, indicates that sellers have taken over their buyers within the observed session.

A **large candle** expresses a hard-fought battle between sellers and buyers.

A **small candlestick** is the symptom of an indecisive market, without too much directionality and conviction; When it is accompanied by low volumes, it represents a stalemate between buyers and sellers.

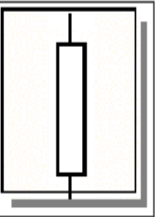
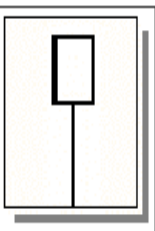
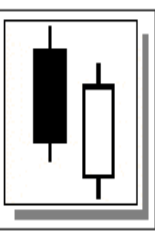




Charts & Pricing

Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

Aboard are the most well-known patterns, which can be obtained by examining two or three successive candlesticks.

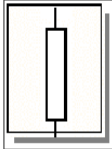
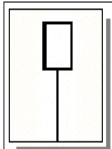
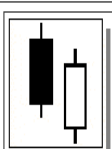
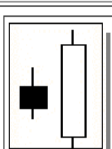
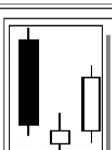

	<p>Long white line (bianca)</p>
	<p>Hammer (martello) / Hanging Man (Impiccato)</p>
	<p>Piercing Line</p>



Charts & Pricing

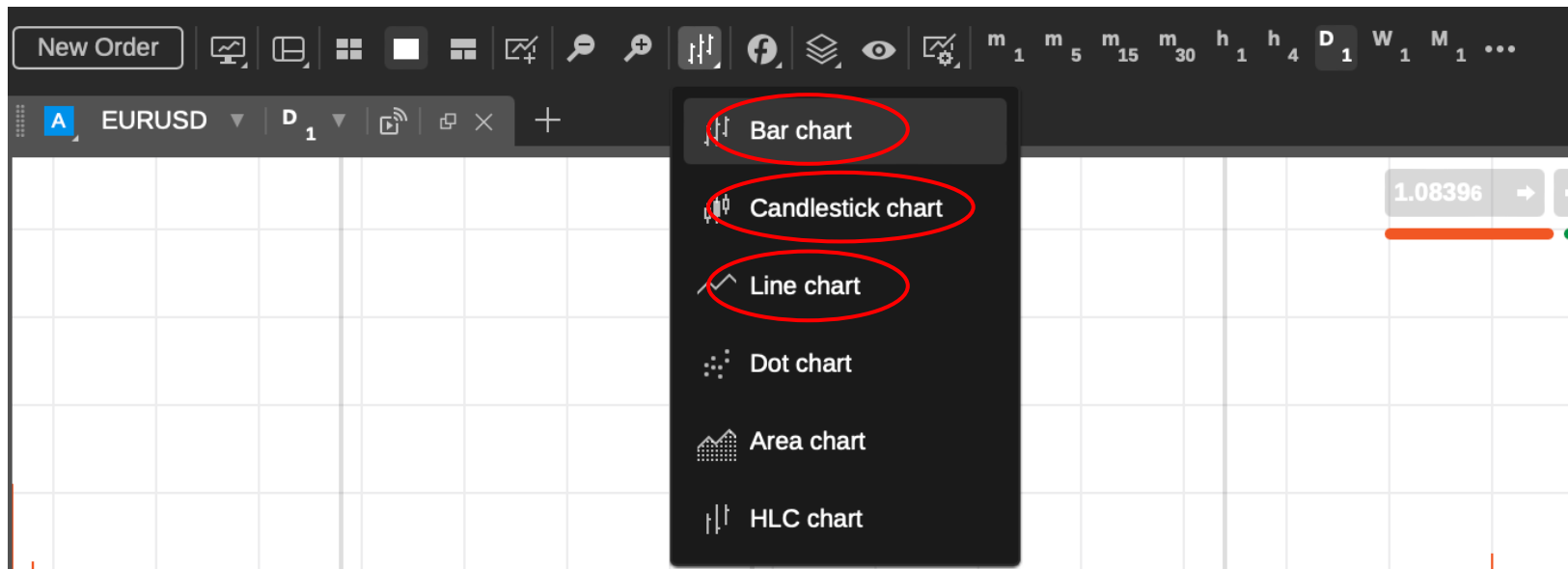
Chart «CANDLESTICKS/JAPANESE CANDLESTICKS»

Aboard are the most well-known patterns, which can be obtained by examining two or three successive candlesticks.

	Long white line (bianca)
	Hammer (martello) / Hanging Man (Impiccato)
	Piercing Line
	Bullish Engulfing Lines
	Morning Star (Stella del mattino)
	Bullish Doji Star



Charts & Pricing





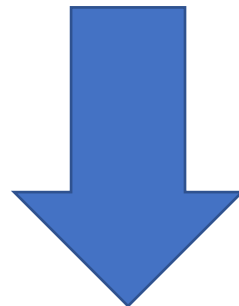
Charts & Pricing

Line Chart

Bar Chart

Japanese Candles

IN SUMMARY...

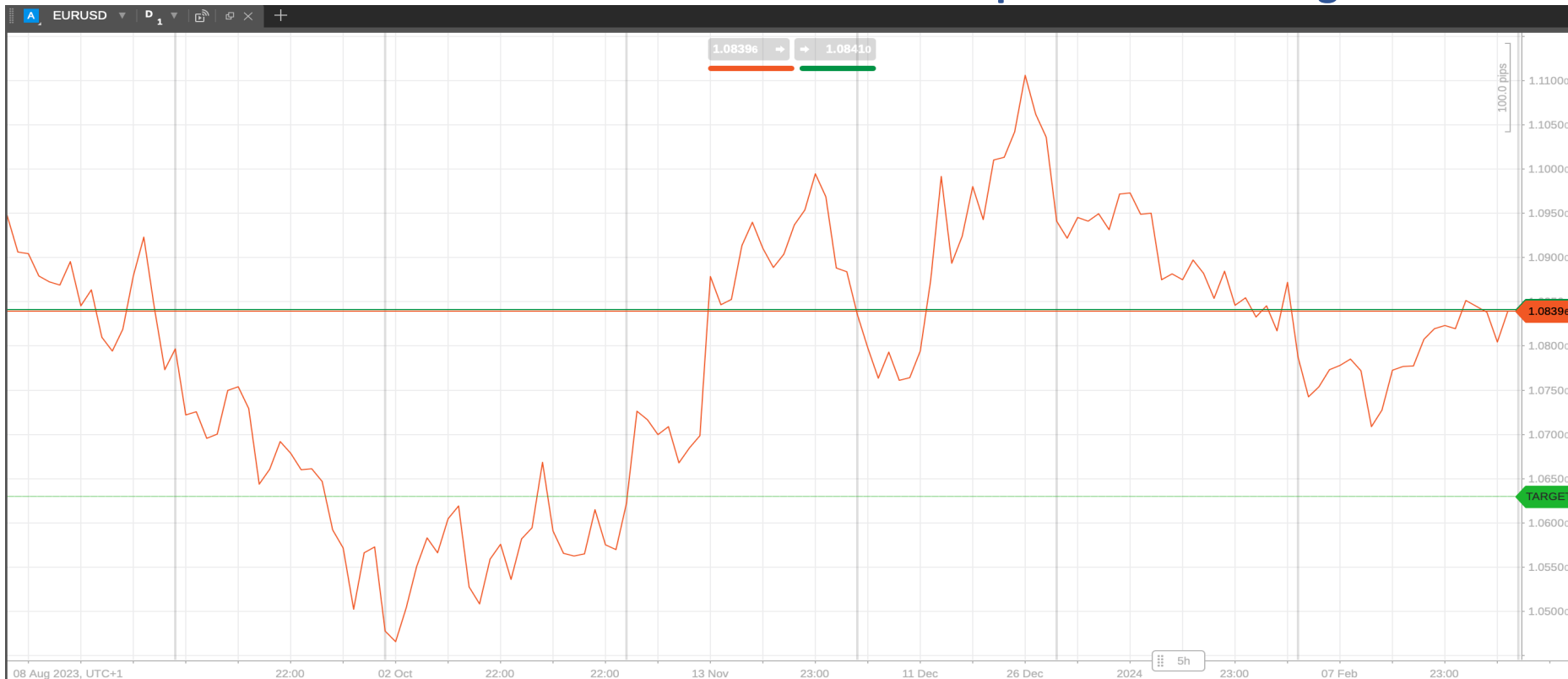




Charts & Pricing

Line charts

Line charts highlight only the closing price and are, in fact, continuous lines; The aperture, minimum and maximum values of the observation period are missing.





Charts & Pricing

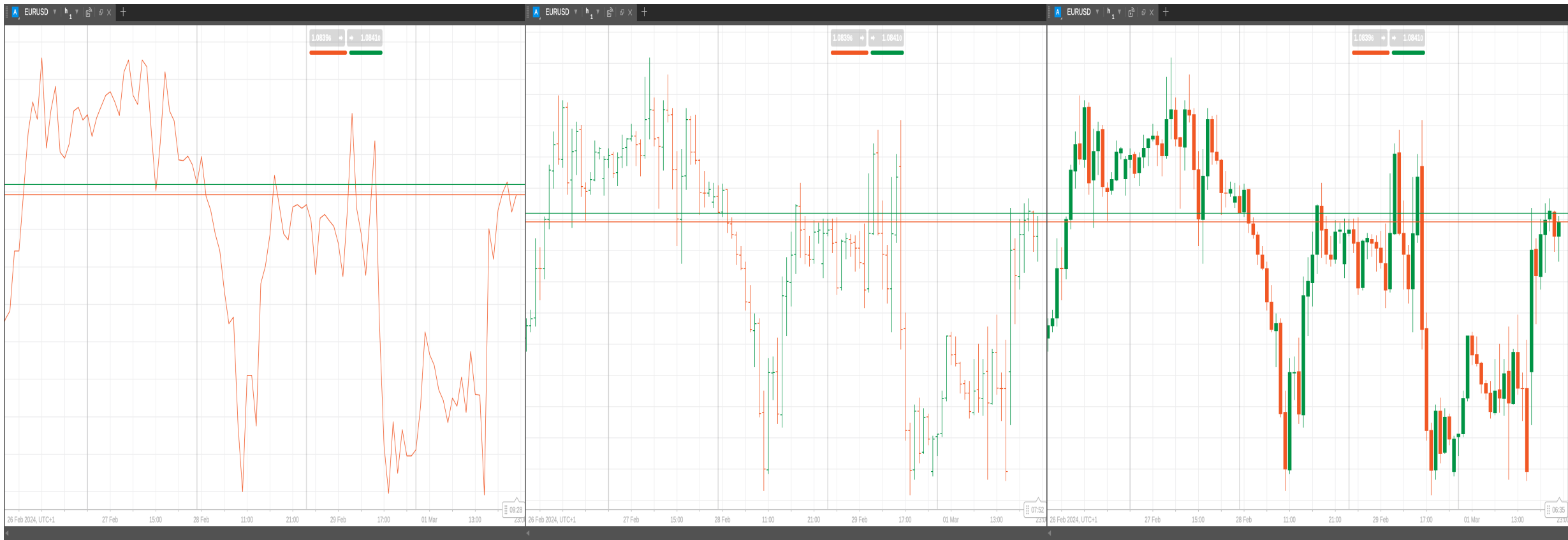
Bar charts

Bar charts, compared to line charts, contain more information: the minimum, the maximum, and the opening value. This type of chart is best suited to correctly highlight support or resistance bands.





Charts & Pricing ULTIMATELY... CANDLESTICK THE BEST OVERALL



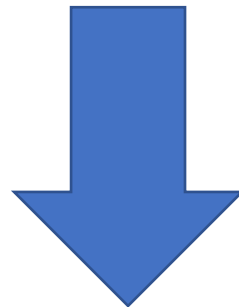


Charts & Pricing

ULTIMATELY...

CANDLESTICK THE BEST OVERALL

LET'S FIND OUT WHY...





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Line Chart / Bar Chart / Japan Candlesticks

**THE DIFFERENCES ARE NOTICEABLE WHEN PLOTTING
TRENDLINES!!**





Charts & Pricing

Line Chart: Selecting a Trend...



But will the selected touchpoints also be reflected on bar charts or candlesticks?



Charts & Pricing

But will the touchpoints you selections also reflect on bar charts or candlesticks?

DEFINITELY NOT!! Nor on the bar ones...





Charts & Pricing

But will the touchpoints you selections also reflect on bar charts or candlesticks?

DEFINITELY NOT!! Nor on those candlesticks...





Charts & Pricing

A GOOD TECHNICAL ANALYST STARTS FROM THE ASSUMPTION OF HAVING A CLEAR AND CLEAN VIEW OF THE CHARTS, WITHOUT BEING DISTRACTED BY TOO MANY ELEMENTS THAT RATHER THAN HELPING THE PERCEPTION OF THE CURRENT PRICE DYNAMICS MAKE IT CHAOTIC AND CONFUSING...



Charts & Pricing

STARTING WITH SIMPLE PRICES

THE JAPANESE CANDLESTICK DISPLAY

«CANDLESTICK»

IT DEFINITELY SEEMS THE MOST APPROPRIATE...



Charts & Pricing

ONLY THE "CANDLESTICK" GRAPHIC GIVES US VARIOUS AND VALUABLE INFORMATION AT A GLANCE:

- 1. OPEN, CLOSE AND DAILY RANGE**
- 2. PARTICULAR PATTERNS AND VISUAL ALARMS BASED ON THE BODY OF THE SINGLE OR TWO OR MORE CANDLES**
- 3. DIRECTIONALITY AND VOLATILITY...**



Charts & Pricing

**WE WILL LEARN TO ACCURATELY AND EASILY IDENTIFY
THE MOST SENSITIVE AREAS OF PRICES AND MARKET
TRENDS...**



Charts & Pricing

**WE WILL LEARN TO IMMEDIATELY DISTINGUISH
MOVEMENTS THAT ARE “CONSISTENT” WITH THE
DOMINANT TREND OR ITS REVERSAL...**



Charts & Pricing

**WE'LL LEARN HOW TO DODGE THE TRAPS OF FALSE
BREAKOUT MOVES...**





Charts & Pricing

**BUT FIRST OF ALL WE WILL READ THE GRAPHS IN THE
MOST COMPLETE WAY EVER:**

JAPANESE CANDLESTICKS

