

Price Chart Secrets (Technical Analysis)

The slide features a central yellow box with the title "Price charts Unlocking the Secrets (Technical Analysis)". To the left, there are three candlestick patterns labeled "candlestick patterns". To the right, there is a line chart labeled "chart patterns". Below the title, it says "U3A Nunawading Summer School January, 2019". In the center, there is a "monthly candle chart" showing price movement over time. To the right of the monthly chart is a "price breakout" chart showing a stock price breaking through a horizontal line. At the bottom left, there is a copyright notice: "© Copyright 2018-2019 www.robertbrain.com". At the bottom right, there is a logo for "Share Market Toolbox" and the website "www.robertbrain.com".

The slide has a blue header with "Price Chart Secrets" on the left and "Introduction" on the right. The main text reads: "U3A Nunawading Summer School 2019 Presenting three 2-hour sessions:" followed by a bulleted list: "• Share Market 101", "• **Share Market Price Charts — Unlocking Secrets**", and "• Trend Trading ASX Shares". Below the list, it says "One-page outline hand-out." and "Detailed notes from these sessions are available in Brainy's *Share Market Toolbox* website: www.robertbrain.com/presentations". It concludes with "Three versions — brief handout, the slides, 'speaker' notes." At the bottom, there is a copyright notice: "© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com".

The slide has a blue header with "Price Chart Secrets" on the left and "Introduction" on the right. The main heading is "Additional comments?". The text reads: "When Robert publishes presentation slides such as this set, there is usually a version of the slides available for Brainy's Share Market Toolbox (premium) members which includes additional explanatory comments — referred to as the 'Speaker Notes'." To the right, there is a small image of a presentation slide titled "Trend Trading ASX Shares" with a red circle around the title and a red arrow pointing to it from the text. Below the image, there is a small text box with a disclaimer: "This presentation is of Robert's only opinion and strategy and does not constitute an offer or recommendation. The speaker is to identify the opportunity, not to provide a recommendation. It is not intended to be used as a basis for investment decisions. Prepared in U3A, May 2019, and then for the ASX Toolbox May 2019 presentation in August 2019." At the bottom, there is a copyright notice: "© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com".

Price Chart Secrets Introduction

Today's Agenda

Technical analysis:

- Technical analysis — why is it useful?
- Price charts — line, candle, Support, Resistance
- Trends — up, down, none
- Simple indicators
- Volume is important
- Chart patterns
- Candlestick patterns
- How to implement and use TA
- Next steps and some tips.

Price Chart Secrets Introduction

Firstly — *trading v investing*

- Terminology:
“trading” versus “investing” — grey area
also: *trader* versus *investor*
- “Shorter term investing” ~ “trading”
- Both investors and traders can hold positions for several days up to several years
- The material in this presentation applies to all these people!
- “Day trading” is a special activity.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainystools.com

Price Chart Secrets Introduction

Assumptions

- Today's focus is only on trading/investing in Australian **shares**
- CFDs will be mentioned as an aside
- Not discussed: currencies (forex), options, warrants, futures.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainystools.com

Price Chart Secrets Introduction

About... Robert Brain

Nimble Short term Investor
consultant, educator and part-time* share trader
web-based sharemarket-support business

- Many years experience as trainer, presenter, conference facilitator (*Scoufs*)
- Share Market – active 20+ years* (slowly at first)
- Chartist ie. technical analyst (ATAA member and national director)
- Provide support and tuition to traders and investors *Brainy's Share Market Toolbox*
- Former member Mensa
- Engineering Degree (structured thinking with an eye for charts and diagrams)
- 30+ years – professional experience (IT and management)
- **No AFS license! (Can't give advice)**
- **BullCharts software (convenor Australian BullCharts User Group and authorised reseller offering special pricing)**




Conflict of interest?

* - Not yet enough capital to live off the proceeds of trading (after trading as a hobby until a career change in 2008).
© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainystan.com

Price Chart Secrets Introduction

Important Notice — No Advice!

- This presentation does not include any advice.
- For proper advice, your personal financial situation needs to be considered.
- This presentation is pure education, only for your general awareness.
- There are no recommendations to take any action, or to invest any money in any way.
- Always consult a properly licensed advisor before making investment decisions.





© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainystan.com

Price Chart Secrets Introduction

Important Notice





© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainystan.com

Price Chart Secrets 1. Technical Analysis — useful

Technical Analysis
What is it?
Why use it?
Can we make money with it?
Is it useful for investors?

Every chart tells a story.
It pays to understand the stories in the charts.

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets 1. Technical Analysis — useful

Technical Analysis is very useful!
for investors and traders!

Share market price charts summarise the underlying opinions and emotions of the real market participants (the actual buyers and sellers).

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets 1. Technical Analysis — useful

Technical Analysis is very useful!

The usefulness of technical analysis is based on the notion that past share price history and behaviour is somewhat repeatable and predictable, because the observations are based on observing how the opinions of market participants have changed over time.

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets **1. Technical Analysis — useful**

T.A. — One accepted definition

The use of market data and charting skills to anticipate market direction and timing to make consistent profits.

Price Chart Secrets **1. Technical Analysis — useful**

Why use technical analysis?

- ✓ To help understand more about why the prices are moving (opinions and emotions)
- ✓ To optimise the entry and exit
- ✓ Minimise downside risks
- ✓ Maximise upside potential
- ✓ Protect hard-earned capital
- ✓ Minimise any losses

} Risk and money management using technical analysis

The more successful traders and shorter-term investors use some form of technical analysis.

© Copyright 2019 Robert B. Brain — *Brain's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets **1. Technical Analysis — useful**

T.A. is a very broad field comprising:

1. Price charts, and chart patterns
2. Candlestick (or bar) charts, and candle patterns
3. Chart Indicators
 - Moving Average, MACD, RSI, P-SAR, etc.
4. Numeric (computational) analysis
5. Specialist topics:
 - Fibonacci, Elliott Wave, W.D.Gann
6. Using charting software

But you don't have to master all of it!!

© Copyright 2019 Robert B. Brain — *Brain's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **1. Technical Analysis — useful**

The most useful aspects

1. Uptrends and downtrends
2. Support and Resistance
3. Volume — is important
4. Chart and candle patterns
5. Price breakouts as one example.

We will focus on these today

Technical analysis is very useful for both investors and traders

Every chart tells a story. It pays to understand the stories in the charts.

© Copyright 2019 Robert B. Brain — *Analyst's Share Market Toolbox* — www.usshare.com

Price Chart Secrets **1. Technical Analysis — useful**

Example price chart observations

1. Weekly candlesticks
2. Log price scale
3. MA chart indicator
4. Price consolidation (below resistance)
5. Break out
6. Up trend

AMU Weekly AMU Weekly MovingAverage

Price Chart Secrets **1. Technical Analysis — useful**

Base Consolidation

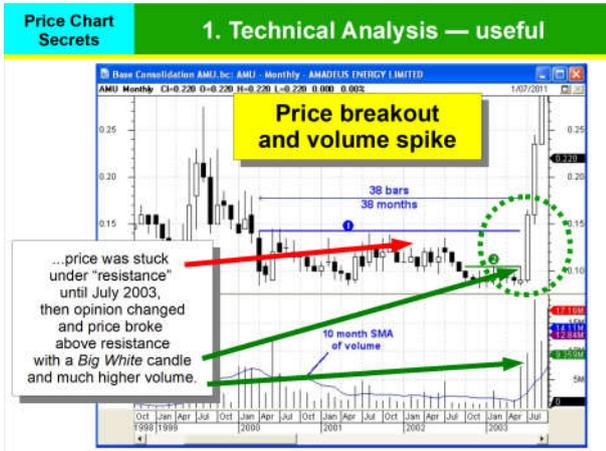
For 38 months, market participants had an opinion:
"This stock is worth more than 8 cents but less than 14 cents."
 So, price was stuck under "resistance" ...

38 bars
38 months

10 month SMA of volume

Every chart tells a story.

Price Chart Secrets (Technical Analysis)



Price Chart Secrets **1. Technical Analysis — useful**

Fundamental vs Technical

1. The usefulness of fundamental analysis is not really all it's cracked up to be
2. Too much focus on "fair value" or "share price valuations" and forward estimates (which are really just "educated opinions" with a variety of built-in assumptions)
3. Technical analysis certainly provides an advantage for the investor and trader (because it summarises the current opinions of the market participants about "fair value").

✓ **Every chart tells a story.**

© Copyright 2010 Robert B. Brain — Brain's Share Market Toolbox — www.usbnet.com.au

Price Chart Secrets **1. Technical Analysis — useful**

Can you make money?

Many technical analysts do make money;

but many do not, because of their misuse of T.A. or their lack of preparation or understanding.

✓ **Every chart tells a story.**
It pays to understand the stories in the charts.

© Copyright 2010 Robert B. Brain — Brain's Share Market Toolbox — www.usbnet.com.au

Price Chart Secrets **1. Technical Analysis — useful**

Research papers?

Over the years a number of researchers have performed simulations and case studies to test the veracity and usefulness of technical analysis and many conclusions are based on incorrect or misinformed use of technical analysis.

Beware of the inherent **confirmation cognitive bias** of believing these without reviewing the arguments and studies in favour of T.A.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 22

Price Chart Secrets **1. Technical Analysis — useful**

Technical Analysis is very useful!

Share market price charts summarise the underlying opinions and emotions of the real market participants.

Every chart tells a story.

It pays to understand the stories in the price charts.



Every chart tells a story.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 23

Price Chart Secrets **2. Price charts...**

Price charts

TOPICS:

- Line charts versus candlestick charts
- Periods — daily, weekly, monthly
- Support and Resistance

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 24

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **2. Price charts...**

Line chart

Daily line chart, shows the close price each day, joined together with straight lines.

Q: How much volatility was there during the week?



Price Chart Secrets **2. Price charts...**

Candlestick chart

Daily candle chart, shows the range in price during the day.

Some candles are short, and some are long



Price Chart Secrets **2. Price charts...**

Bars and Candles

The **bars** and the **candles** on a price chart tell us a lot about the opinions of the market participants.

(do you know how?)



Price Chart Secrets (Technical Analysis)

Price Chart Secrets **2. Price charts...**

OHLC Bar and Candle...

Each **bar** on a bar chart, and each **candle** on a candle chart summarises the price action in any one "period" (a day, week, month, etc.).

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 28

Price Chart Secrets **2. Price charts...**

Candle features — the White candle

"open" price for the period (bottom of candle body)

"close" price for the period (top of candle body)

"high" price for the period (top of candle tail)

"low" price for the period (bottom of candle tail)

A "period" is a day, week, month, etc.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 29

Price Chart Secrets **2. Price charts...**

Candle features — the Black candle

"open" price for the period (bottom of candle body)

"close" price for the period (top of candle body)

"high" price for the period (top of candle tail)

"low" price for the period (bottom of candle tail)

A "period" is a day, week, month, etc.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 30

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **2. Price charts...**

Which candle is which?

“close” price for the period

Just think that the black coloured candle is gloomy, so it is “down” for the period, and its close is lower than open

“open” price for the period

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 31

Price Chart Secrets **2. Price charts...**

Price Support and Resistance

On a *monthly* candle chart every candle summarises the price action in one month.

Support lines

Resistance line

Past resistance was eventually defeated, and the same price level then became support later on.

A support “zone”, with the price falling towards it, and then bouncing away.

Note: Sometimes a “fat pencil” is appropriate especially on monthly or weekly price charts.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 32

Price Chart Secrets **2. Price charts...**

Price resistance — HOW SO?

On a *monthly* candle chart every candle summarises the price action in one month.

In 2006, the majority of market participants had an opinion: “BHP is worth more than \$23; but not worth more than about \$31 to \$32”

Resistance line

Remember: There is no point trying to argue with “Mr. Market”!

Note: Sometimes a “fat pencil” is appropriate especially on monthly or weekly price charts.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 33

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **2. Price charts...**

Price support — HOW SO?

From April 2007, their opinions changed: "BHP is now worth more than \$30"

There is no point trying to argue with "Mr. Market"!

Support lines

Every chart tells a story.

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.brainyshare.com

Price Chart Secrets **2. Price charts...**

Daily chart

Daily candle chart, shows the range in price each day. Some candles are short, and some are long.

Telstra (TLS) daily candles

This chart covers just 5 months.

Price Chart Secrets **2. Price charts...**

Daily line chart

Daily line chart, shows the close price each day, joined together with straight lines.

Q: How much volatility was there during the day?

Telstra (TLS) Daily chart

A daily chart can cover any period in time. This one is 1 year.

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.brainyshare.com

Price Chart Secrets **2. Price charts...**

Weekly chart

Weekly line chart, shows the close price each week, joined together with straight lines.

Q: How much volatility was there during the week?



A *downtrend* is likely to continue (like catching a falling knife)

A weekly chart can cover any period in time. This one is 3 years.

Telstra (TLS) Weekly chart

Price Chart Secrets **3. Trends — up, down, none**

Price trends

- The notion of a share price trend is very important.
- “*The trend is your friend*”
- A share price will be either:
 - up trending, or
 - down trending, or
 - have no trend.

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.usatools.com 38

Price Chart Secrets **3. Trends — up, down, none**

Up Trends

Could you have been tempted to buy this stock?

If only we could readily spot *uptrends* and take profits.



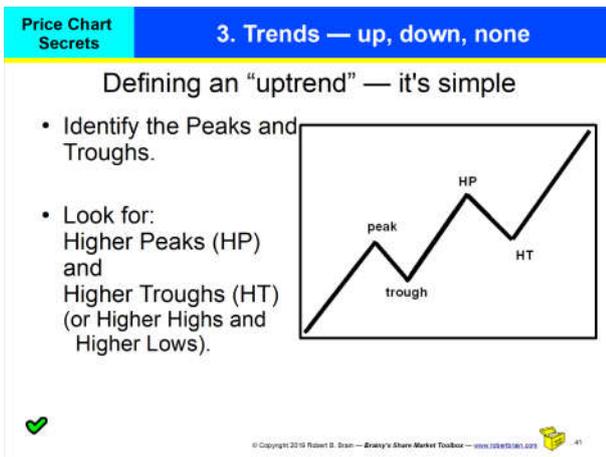
Up 81% in 40 weeks.

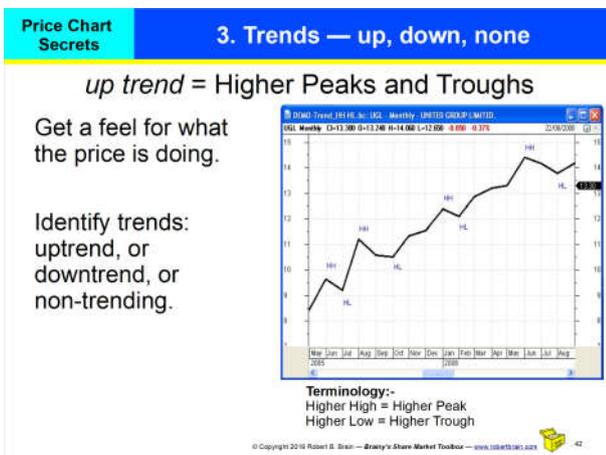
A weekly line chart of BHP over 10 months

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.usatools.com 39

Price Chart Secrets (Technical Analysis)



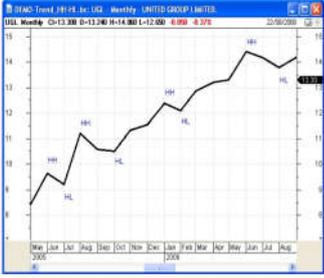




Price Chart Secrets (Technical Analysis)

Price Chart Secrets 3. Trends — up, down, none

up trend = Higher Peaks and Troughs



"The trend is your friend"

Once in place, an **uptrend** is likely to continue.
Join the trend until it has finished.

Terminology:-
Higher High = Higher Peak
Higher Low = Higher Trough

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com

Price Chart Secrets 3. Trends — up, down, none

Beware the down trend



On a weekly candle chart every candle summarises the price action in one week.

Not a good idea to invest in a down-trending stock, until the trend has finished.*

* based on the principles of Dow Theory

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com

Price Chart Secrets 3. Trends — up, down, none

Down Trends



Might you have been tempted to buy this (down-trending) stock?

Do you know which stock this is?

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **3. Trends — up, down, none**

Down Trends

Might you have been tempted to buy this (down-trending) stock?

A weekly line chart of Telstra, 1999-2002 (down 46%). Both government and advisers were recommending to buy each tranche — T1, T2, T3. (Could argue that was criminal)

© Copyright 2019 Robert B. Brain — [Brain's Share Market Toolbox](http://www.brainssharemarket.com) — www.brainssharemarket.com

Price Chart Secrets **4. Simple indicators**

Technical analysis chart indicators

- Can more easily give greater insight into what the share price has been doing, and the opinions of the market participants
- Can assist with identifying the existence and strength (or weakness) of a price trend
- Can help to identify over-sold or over-bought situations
- Can be used to give “buy trigger” conditions, and “exit triggers”.

© Copyright 2019 Robert B. Brain — [Brain's Share Market Toolbox](http://www.brainssharemarket.com) — www.brainssharemarket.com

Price Chart Secrets **4. Simple indicators**

Technical analysis chart indicators

There are many, many chart indicators; but we only need to be familiar with a few.

- Moving Average (MA)
- Momentum
- MACD
- RSI

© Copyright 2019 Robert B. Brain — [Brain's Share Market Toolbox](http://www.brainssharemarket.com) — www.brainssharemarket.com

Price Chart Secrets **4. Simple indicators**

Moving Average — simple and common

- The Moving Average (MA) chart indicator is very useful and very common.

Stan Weinstein's Secrets for Profiting in Bull and Bear Markets

Price Chart Secrets **4. Simple indicators**

Moving Average — example

- In this example, the MA helps to read the chart at a glance.
- Identify when the price is “tending” to move higher, or lower.
- Note when the share price crosses the MA.

Price Chart Secrets **4. Simple indicators**

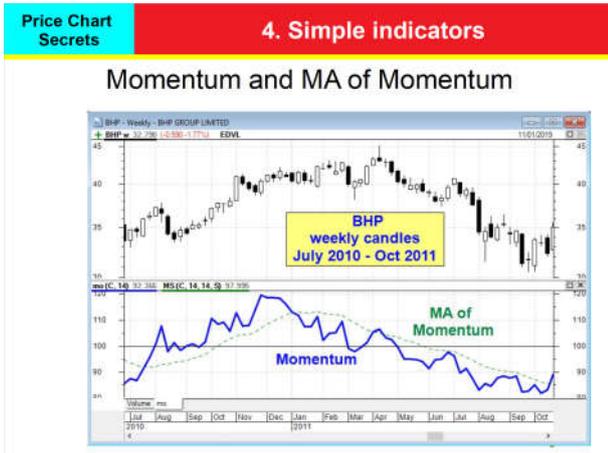
MA Cross-over strategy

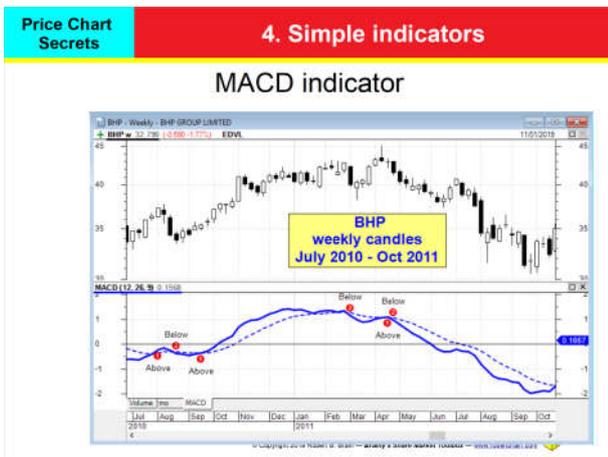
MOVING AVERAGE CROSS-OVERS
Daily chart of BHP.
MA Cross-Over on Closing price using 5 and 21 day Simple MA.

Golden Cross - Buy Signal
Faster MA crosses "Above" the slower MA.

Dead Cross - Sell signal (also Death Cross)
Faster MA crosses "Below" the slower MA.

Price Chart Secrets (Technical Analysis)





Price Chart Secrets **5. Volume is important**

Volume — daily, weekly, etc.

- Very important to observe the volume
- *Volume* = the number of shares that change hands
- *Daily volume* = the number of shares in the day
- *Weekly volume* = the number of shares in the week.

✓

© Copyright 2010 Robert B. Brain — *Brain's Share Market Toolbox* — www.sharemarkettoolbox.com

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **5. Volume is important**

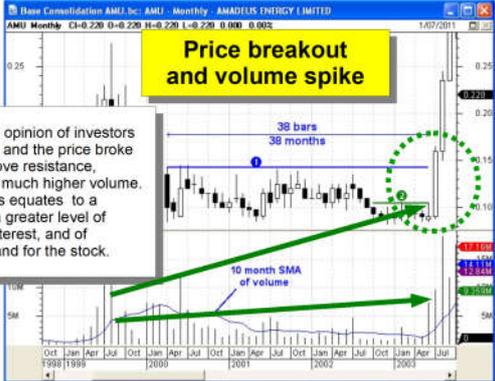
Volume on the price chart
Often shown at the bottom of the price chart.



Price Chart Secrets **5. Volume is important**

Price breakout and volume spike

When the opinion of investors changed, and the price broke above resistance, there was much higher volume. This equates to a much greater level of interest, and of demand for the stock.



Price Chart Secrets **6. Chart patterns**

6 Chart patterns

- Very, very useful
- Chart patterns help to understand the collective opinions of the market participants over a period of time
- Identify the extreme moves in price
- Observe the volume in each period compared to the recent volume.

© Copyright 2010 Robert B. Brain - Brain's Share Market Toolbox - www.usb87360221 57

Price Chart Secrets (Technical Analysis)

Price Chart Secrets **6. Chart patterns**

Some chart patterns

- Triangles:
 - Symmetrical
 - Ascending
 - Descending
- Double/Triple Top / Bottom
- Head and Shoulders
- Pennants
- Flags
- Wedges (and megaphone!)

© Copyright 2010 Robert B. Brain - Analyst's Share Market Toolbox - www.sharemarket.com.au 58

Price Chart Secrets **6. Chart patterns**

eg. Triangle chart pattern

Price develops within a smaller vertical range due to the opinions and the psychology of the market participants.



Price Chart Secrets **6. Chart patterns**

eg. Double Top pattern

Double/Triple Top — a repeated attempt to break past a specific price level. Repeated attempts fail due to the opinions of the market participants.



Price Chart Secrets (Technical Analysis)



Price Chart Secrets **7. Candlestick patterns**

7 Candlestick patterns

- Each candle shows the: open, high, low, and closing prices.
- Individual features of each candle can provide clues to the opinions, emotion and psychology of the market participants.
- There are clues in:
 - Length of the upper or lower tail (or wick),
 - Height of the candle body, and
 - Whether the Open is above the Close, or below it.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robbrain.com

Price Chart Secrets **7. Candlestick patterns**

Candle body and tails

- Their presence or absence is important
- Their length (ie. their height) is important.

Also:

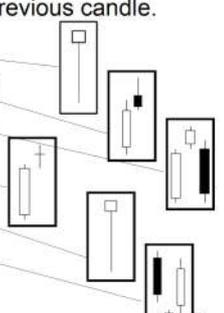
- Individual candles, and multiple candles, have names.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robbrain.com

Price Chart Secrets **7. Candlestick patterns**

eg. Candle patterns — small bodies

- With or without a gap from previous candle.
- Hanging Man (at tops)
- Shooting Star (2-candle pattern)
- Evening Star (3-candle pattern)
- Doji Star (2-candle pattern)
- Hammer (1-candle pattern)
- Morning Star (3-candle pattern)
- Inverted Hammer (not shown, 1-candle pattern)

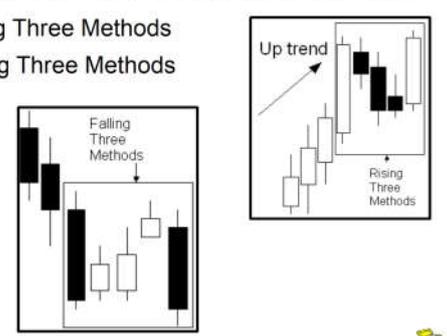


© Copyright 2019 Robert B. Brain — www.stockcharts.com — www.stockcharts.com

Price Chart Secrets **7. Candlestick patterns**

eg. Multi-candle continuation patterns

- Rising Three Methods
- Falling Three Methods



© Copyright 2019 Robert B. Brain — www.stockcharts.com — www.stockcharts.com

Price Chart Secrets **8. How to implement**

Technical analysis includes...

The broad subject of technical analysis includes:

- Simple price charts and price trends
- Support and Resistance levels
- Observing Volume
- Chart patterns
- Candlestick patterns
- Chart indicators
- Fibonacci, Elliott Wave and W.D.Gann
- ✓ Quantitative analysis

© Copyright 2019 Robert B. Brain — www.stockcharts.com — www.stockcharts.com

Price Chart Secrets **8. How to implement**

How to use technical analysis

- Explore the broad sub-topics, and choose to focus on only some aspects — you don't need to know about everything.
- Use price charts? and/or quantitative methods?
- Decide how to produce price charts, using the many charting tools available...

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com  07

Price Chart Secrets **8. How to implement**

Charting and software

- Web-based charting options:
 - Stockcharts.com
 - Bigcharts.marketwatch.com
 - Google finance
 - Yahoo finance
- Real charting software (for a cost):
 - IncredibleCharts
 - BullCharts
 - AmiBroker
- Charting/trading platform (from your broker)

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com  08

Price Chart Secrets **8. How to implement**

Charting software costs

- Approx \$300 to about \$1500

Beware “Black Box” software versus “you are in control” software

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com  09

Price Chart Secrets **8. How to implement**

A good computer?

- A good computer might be useful
- Especially if using charting software with a built-in database of stock prices
- Otherwise, a laptop or tablet, especially if using the broker's online tools
- Beware of trying to do this on a smartphone — not so easy.

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarket.com  70

Price Chart Secrets **8. How to implement**

Use good charting software

- If using a basic charting tool, the information might be limited to the basics
- Use a better tool for greater flexibility and more informative results.

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarket.com  71

Price Chart Secrets **8. How to implement**

Charting software – key features

- **Data** — Easy access to download data
- Price charts in various **time frames**
- **Intraday** data (optional)
- **Indicators** – draw them on the chart
- **Watchlists** – several lists of stocks to easily keep an eye on them
- **Scans** – Specify selection criteria, and scan the data for stocks that match the criteria
- **Line studies** and **annotations** on the chart

 © Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarket.com  72

Price Chart Secrets **8. How to implement**

Don't rush into it!

- More than 90% of investors/traders go broke because they rush into it ill-prepared!!
- Make sure to properly Plan your approach
- Do lots of practise, eg. ASX Share market game <https://www.asx.com.au/education/sharemarket-game.htm>

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 73

Price Chart Secrets **8. How to implement**

The "mindset"

- Be clear about the traders' / investors' mindset
- Do you want to use T.A. to assist with both buy and sell decisions? (so as to time the entry and exit)?
- Will you be happy to sell shares if the charts tell you to sell?
- Beware the traditional investors' mindset of long-term Buy and Hold.

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 74

Price Chart Secrets **8. How to implement**

Money and Risk Management

Make sure to understand, and plan, your money management and risk management.

- Position size can be important.
- Brokerage costs are important.
- Be aware of how much money to risk.

Risk management



© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 75

Price Chart Secrets **8. How to implement**

One issue — stock liquidity

If your Exit Strategy specifies to sell a holding on a specific condition, then it's important to be able to **sell the entire holding**.

- Many listed companies are not liquid enough to help ensure that a complete sale is possible.
- The daily *volume*, or daily *trades*, values might be too small.

eg. Try selling 10,000 shares at \$1 each (\$10,000) when daily values are around: **volume — 5,000 shares** and **value — \$5,000**. That's half of the normal amount.

Risk management

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com 76

Price Chart Secrets **9. Next steps and tips**

NEXT STEPS
and
TIPS

Tips!

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com 77

Price Chart Secrets **9. Next steps and tips**

Next steps

- Continue to learn about technical analysis and possible strategies
- Gather your thoughts and ideas
- Think about entries and exits
- Test out some strategy ideas in a "sand box" (eg. paper trade, ASX Game)
- Understand the motives and strategies of the "big boys"
- Talk and meet with like-minded people
- Find useful organisations (eg. ATAA).

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.sharemarkettoolbox.com 78

Price Chart Secrets **9. Next steps and tips**

ATAA — networking, and more
For totally unbiased and broad support:



**Australian
Technical Analysts
Association**

- **Member-focused** national association
- Eight locations around Australia
- **Monthly meetings** and more
- **Online meetings** and more
- **Lots of resources** — www.ataa.asn.au

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.rob42.com.au 79

Price Chart Secrets **9. Next steps and tips**

Arguments for and against

<u>FOR</u>	<u>AGAINST</u>
<ul style="list-style-type: none">• Can be rewarding• Can be profitable• Aim for success rate of about 40%+• Let profits run	<ul style="list-style-type: none">• Can be high risk• It can take time• You won't be right all the time• There will be losses• But quit losses early• Can be traumatic and emotional

© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.rob42.com.au 80

Price Chart Secrets **9. Next steps and tips**

Trading — Final Tips

Watch out for:

- Use a stop loss or clear exit strategy!
- Beware low liquidity
- Watch diligently (don't take your eyes off the ball)
- Understand retracements
- Look out for sucker rallies
- Profit takers exist and move the price
- Beware the 3-period pause in a rally



© Copyright 2019 Robert B. Brain — *Brainy's Share Market Toolbox* — www.rob42.com.au 81

Price Chart Secrets (Technical Analysis)

Price Chart Secrets | **Summary & Wrap up**

T.A. Summary Comment

- Technical analysis (T.A) can be used on:
 - company share price charts
 - commodity price charts (eg. oil, gold, etc.)
 - foreign currency (forex) charts
- T.A is very good; but not 100% guaranteed, nor 100% reliable (because the charts summarise the opinions of the real market participants).

 © Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 42

Price Chart Secrets | **Summary & Wrap up**

T.A. Summary Comment

- Technical analysis (T.A) can be used on:
 - company share price charts
 - commodity price charts
 - foreign currency (forex) charts
- T.A is very good; but not 100% guaranteed, nor 100% reliable
- Using T.A can give an unfair advantage over the buy-and-hold investors. 
- Also need to use wise *money management* and *risk management* principles.

 © Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 43

Price Chart Secrets | **Summary & Wrap up**

Summary and re-cap

- Technical analysis — why is it useful?
- Price charts — line, candle, Support, Resistance
- Trends — up, down, none
- Simple indicators
- Volume is important
- Chart patterns
- Candlestick patterns
- How to implement and use TA
- Next steps and some tips.

**Every chart tells a story.
It pays to understand the stories in the charts.**

 © Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.brainyshare.com 44

Price Chart Secrets | **Summary & Wrap up**

Next Steps?

- Share trading/investing is a journey!!
- ATAA — Australian Technical Analysts Association www.ataa.com.au
- Bookshops
eg. Educated Investor (online)
www.educatedinvestor.com.au

© Copyright 2019 Robert B. Brain — Brain's Share Market Toolbox — www.robertbrain.com 85

Price Chart Secrets | **Summary & Wrap up**

Next Steps?

- Good software – BullCharts
www.robertbrain.com/bullcharts/
- Someone to help you: www.robertbrain.com
 - individual tuition, support
 - assistance with set-up, getting started
 - weekly e-Newsletters
- My contact details:
website above, or phone: 0438 355 910

© Copyright 2019 Robert B. Brain — Brain's Share Market Toolbox — www.robertbrain.com 86

Price Chart Secrets | **Summary & Wrap up**

BTW

- I send occasional email to interested people
- My **Share Market Toolbox** web site:
 - Toolbox Members receive weekly email with (charts) analysis of our market
 - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: www.robertbrain.com

Slide#8 

© Copyright 2019 Robert B. Brain — Brain's Share Market Toolbox — www.robertbrain.com 97

Price Chart Secrets **Summary & Wrap up**

Don't forget my Toolbox

- Brainy's **Share Market Toolbox**
 - www.robertbrain.com
 - Loads of eBook (PDF) Articles
 - Info: share market, charting, BullCharts
 - Weekly Market Updates and Watch List
 - monthly e-Newsletter topics
- Good charting software – BullCharts www.robertbrain.com/bullcharts/
- My contact details:
✔ web site above, or phone: 0438 355 910



© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com

Price Chart Secrets **Summary & Wrap up**

ATAA — networking, etc.

For totally unbiased and broad support:



Australian
Technical Analysts
Association

- Nine locations around Australia
- Monthly meetings
- Lots of resources — www.ataa.asn.au

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com

Price Chart Secrets **Summary & Wrap up**

THE END — Thank you

See free stuff here: www.robertbrain.com/free

**** And for the U3A handouts and freebies ****
www.robertbrain.com/docs

Detailed notes from these sessions are available in
Brainy's **Share Market Toolbox** website:
www.robertbrain.com/presentations/

www.robertbrain.com

or phone: 0438 355 910

© Copyright 2019 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com
