



PRICE ACTION TECHNICAL ANALYSIS



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TECHNICAL ANALYSIS

“Price Discounts Everything”

Principle of Dow Theory

Meaning, all the information – past, current, and even future – is discounted into the markets and reflected in the prices of stocks and indices.

In simple terms the CMP captures everything @ past, present & future.

PRICE ACTION

- **Price action** trading is a simple trading strategy that helps the trader to decide the future price movements of stock/index based on the recent/past movement of the price rather than relying on technical indicators.
- **Time frame** is very important factor. Depending on your investment needs we can work on different Time Frames like 5 min, 15 min, Daily (1 Day) Time Frame etc.
- A trader usually uses the following tools during price action.
 1. Trend Analysis.
 2. Support, Resistance and Breakouts (Pivot points, Fibonacci).
 3. Trend Lines/parallel Channels.
 4. Candlestick chart pattern (Hammer, Engulfing, Doji etc.).
 5. Chart Patterns (Double top, Double bottom, head & shoulder, Inverted Head & shoulder etc.), Triangle Pattern (Symmetrical/Ascending/Descending).

PRICE ACTION

Price Action – Challenges

- Every trader can have their own subjective/independent view.
- No two traders will necessarily interpret a particular price action in the same way. Every trader has his own analysis, rules and behavior. Instead, in a technical indicator strategy i.e., in a stock, when the line of 20 DMA crosses the line of 50 DMA from below, traders generally take a long position.
- Generally more useful for short duration.

Price Action – Benefits

- Generally traders use price action trading to earn profits in short periods of time.
- In this one can make good profit if your view is correct because position can be taken earlier than indicator based strategy, risk can be reduced and profit can be increased. (Better Risk to Reward)
- Can be used for any market product like Equity, Commodity, Currency, F & O, FOREX.

PRICE ACTION

Analysis paralysis is a common phrase that describes the feeling of being unable to make a decision due to overthinking a problem.

It can happen when someone is dealing with too many variables, perfectionism, or too much input.



Thank You
Any Queries