

Technical analysis is the study of market action, primarily through the use of charts, for the purpose of forecasting future price trends.

Technical analysts (or technicians) identify non-random price patterns and trends in financial markets and attempt to exploit those patterns while technicians use various methods and tools, the study of price charts are primary. Technicians especially search for archetypal patterns, such as the well-known head and shoulders reversal pattern, and also study such indicators as price, volume, and moving averages of the price. Many technical analysts also follow indicators of investor psychology (market sentiment).

Essentially, technical analysis examines two areas of investing: the analysis of market "psych" (or sentiment), and the analysis of supply/demand (whether investors have the funds to support their hopes and fears). A bullish investor without funds cannot take the market higher.

Technicians seek to forecast price movements such that large gains from successful trades exceed more numerous but smaller losing trades, producing positive returns in the long run through proper risk control and money management.

There are several schools of technical analysis. Adherents of different schools (for example, candlestick charting, Dow Theory, and Elliott wave theory) may ignore the other approaches, yet many traders combine elements from more than one school. Technical analysts use judgment gained from experience to decide which pattern a particular instrument reflects at a given time, and what the interpretation of that pattern should be. Technical analysts may disagree among themselves over the interpretation of a given chart.

Technical analysis is frequently contrasted with fundamental analysis, the study of economic factors that some analysts say can influence prices in financial markets. Pure technical analysis holds that prices already reflect all such influences before investors are aware of them, hence the study of price action alone. Some traders use technical or fundamental analysis exclusively, while others use both types to make trading decisions.

### Charting indicators

- + Accumulation/distribution index
- + Average true range
- + Bollinger bands
- + Commodity Channel Index
- + Elliott wave principle
- + MACD - moving average
- + Momentum
- + Money Flow
- + Moving average

- + Pivot point
- + Point and figure charts
- + Relative Strength Index (RSI)
- + Resistance
- + Stochastic oscillator
- + Trend line and Plus calibration methods