COLLEGE LEVEL INTRODUCTION TO TECHNICAL ANALYSIS

LECTURE OUTLINE

Master Textbook

Technical Analysis: The Complete Resource for Financial Market Technicians

2nd Edition

Charles D. Kirkpatrick and Julie R. Dahlquist

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MARKET TECHNICIANS ASSOCIATION EDUCATIONAL FOUNDATION

Identifying and funding educational programs in the field of Technical Analysis since 1993

MTA Educational Foundation
Wall Street Station
Post Office Box 1512
New York, NY 10268
212/480-2431
info@mtaef.org • www.mtaef.org

1. Introduction to Technical Analysis
- The Basic Principle of Technical Analysis – The Trend
- History of Technical Analysis
- An Overview of Markets
- Dow Theory

Reading Assignment: Chapters 1-6; pp. 3-87

2. History and Construction of Charts
- Advantages of presenting price information in a picture or chart format
- Construction of Line Charts
- Construction of Bars Charts
- Construction of Point & Figure Charts
- Construction of Candlestick Charts
- Differences between Arithmetic and Logarithmic Scales

Reading Assignment: Chapter 11; pp. 199-221

3. Trend Analysis
- Trends - The Basics
- Breakouts, Stops and Retracements
- Moving Averages

Reading Assignment: Chapters 12-14; pp. 223-298

4. Pattern Recognition
- Introduction
- Reversal Patterns
- Continuation Patterns
- Volume Studies
- Summary

Reading Assignment: Chapters 15-17; pp. 301-403

5. Momentum Indicators
- Introduction
  - Definition
  - Construction
  - Characteristics
- Analysis
- Volume Studies
- Types of Momentum Indicators
- Conclusion

Reading Assignment: Chapter 8; pp. 131-162. Chapter 18; pp. 407-446

Chart Reading and Interpretation Review

Reading Review: Chapters 1-4; Chapters 11-18

6. Other Volume Indicators and Trend & Momentum Review
- Total Volume
- Turnover
- Upside-Downside Volume and The Arms Index
- On-Balance Volume
- Tick Volume and Money Flow
- Open Interest
- Using Volume Indicators

Reading Assignment: Chapter 18; pp. 407-446

7. Theory of Stock Market Cycles
- Introduction theory of stock market cycles
  - Quality of Cycles
  - Principles of Cycles
- Cycle Investigators
  - Kitchin Wave

- Juglar Cycle
- Kondratieff Wave
- Schumpeter's Model
- Dewey & S.I.R.E.
• Elliott Wave
• Seasonal Cycles

Reading Assignment: Chapter 9; pp. 163-176. Chapters 19-20; pp. 449-499.

8. Intermarket Analysis
• Overview
• Link Between Bonds and Stocks
• Link Between Bonds and Commodities
• Link Between Commodities and the Dollar
• Stock Sectors and Industry Groups
• Link Between Stocks and Futures
• Intermarket Analysis and Sector Rotation
• Intermarket Analysis and the Business Cycle
• Conclusion

Reading Assignment: Chapter 21; pp. 503-526

9. Relative Strength
• Definition of Relative Strength
• Relative Strength Trading Model
• Relative Strength Discipline
• Using Relative Strength to Determine Future Market Leadership
• Relative Strength Charts

Reading Assignment: Chapter 21; pp. 503-526

10. Sentiment & Supply/Demand
• Long-Term Sentiment of (Mainly) Investors
- Asset Allocations
- Flow of Funds (Domestic Demand)
- International Flows (International Demand)
- Macro Supply/Demand
- Mutual Fund Activity (Demand and Potential Demand)
- Valuations (Long-Term Sentiment)
• Medium-Term Sentiment of (Mainly) Traders
- Put/Call Ratios (Professional and Individual Sentiment)
- Polls (Professional Trader Sentiment)
- Customer Transactions (Individual Sentiment)
- Short Selling (Trader Sentiment)
- Miscellaneous

Reading Assignment: Chapter 7; pp. 89-129. Chapter 10; pp. 177-196. Interview with Phil Roth

11. Technical Analysis & Portfolio Management
• Investment Policy (Charles Ellis)
- Investors need three characteristics
- The Loser's Game
- Beating the Market
• Invest Like The Best (James O'Shaughnessy)
- Styles
- Timing
- Value factors
- Growth factors
- Mixing styles
• C-A-N S-L-I-M (William O'Neil)
- C-A-N S-L-I-M defined
• The best time to buy

Reading Assignment: Chapter 21; pp. 503-526. Chapter 23; pp. 559-578

12. Point & Figure Charting
• History
• Characteristics
• Construction
• Deciding on Point & Figure Parameters
• Patterns and Signals
• Trend lines
• Price Targets
• Risk/Reward Ratios

Reading Assignment: Chapter 16; pp. 335-358