Indicator types and examples:

- **TREND:** Moving Average, Moving Average Convergence Divergence (MACD)
- **MOMENTUM:** Relative Strength Index (RSI), Stochastic Oscillator
- **VOLATILITY:** Bollinger Bands, Bollinger Percent Bandwidth (%b), Chandelier Exit

**Support and resistance:**

- **Support:** Price level at which demand is thought to be strong enough to prevent the price from declining further
- **Resistance:** Price level at which selling is thought to be strong enough to prevent the price from rising further

**Moving Average:**

- **TREND indicator**
- The longer the moving average, the more lag is observed
- Exponential moving average has less lag, it is more sensitive to recent prices
- Simple moving average are better suited to identify support/resistance levels
- Type and period choices depend on objectives, analytical style and time horizon
- Chartists should experiment with different types and periods
- Short periods indicate falling and rising prices, longer periods indicate uptrends and downtrends
- Moving averages work brilliantly in strong trends
- Moving averages ensure that a trader is in line with the current trend
- It gives late signals so do not expect to sell at top and buy at bottom

**Price Crossover:**

- When price crosses above the moving average: bullish crossover, expected rise
- When price crosses below the moving average: bearish crossover, expected fall

**Double Crossover:**

- When shorter average cross above the longer one: bullish crossover, expected rise
- When shorter average crosses below the longer: bearish crossover, expected fall
- Lots of whipsaws in absence of a strong trend, applying time/price filters may be necessary
- Similarly, the triple crossover can also be used for this purpose

**Relative Strength Index (RSI):**

- Created by J. Welles Wilder Jr. in 1978, but it is still pretty useful
- Period of 14 is suggested by Wilder in his book
- Oscillates between 0 and 100, above 70 interpreted as overbought and below 30 as oversold
- Can be used to identify the general trend
- Momentum oscillators can become overbought (or oversold) and remain so in a strong up (or down) trend, prior readings can foreshadow consolidations
- Divergences signal potential reversal points, a higher high may indicate a bearish divergence, a lower low may indicate a bullish divergence

**Bollinger Bands:**

- **VOLATILITY indicator**
- Created by John Bollinger, along with 22 rules on how to interpret and use it
- Generally uses 20-day average and variation, constructs bands using 2 standard deviations
- Prices closer to upper band can be interpreted as they are overbought, for lower band it means they are oversold
- It is suggested to use 2.1 deviations with 50-day, 1.9 deviations with 10-day periods
- Squeeze: Bands coming close together, means future increased volatility, possible trading opportunities. Vice versa also holds true. It is not a signal as it doesn't tell which way the prices will move.
- Breakout: It states approx. 90% of the action happens between bands, again it's not a signal
- M-type top pattern signals a fall, W-type bottom pattern signals a rise
- W-type happens like this: Prices achieve a first low possibly by touching the lower band, then they move to central line, they do a second low but this time it holds above the lower band, lastly the prices move above the resistance and are expected to subsequently rise more