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Trading Central

An Event-driven Approach to Technical Analysis

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An Event Driven Approach to Technical Analysis

Gary Christie

Head of North American Research @ Trading Central

Agenda

- Intro to Trading Central
- Event Driven Technical Analysis
- Types of Technical Events
- Finding Ideas with Technical Insight
- Q & A





Your Analyst

Gary Christie is a senior technical analyst who heads the North American Research desk at Trading Central. His team provides market coverage, risk management and market direction on equities, options, FX and commodity futures to retail clients, hedge funds and various institutions around the globe.

Prior to joining TRADING CENTRAL, Gary served 8 years as a Senior Investment Representative, options specialist and trade mitigation officer for TD Bank as well as an account manager for Bank of America.

Gary has been an active proprietary trader in the US Equity and Options/FX market, and has over 15 years of experience studying technical analysis strategies and developing trading plans. Gary is regularly quoted in Bloomberg News and regularly contributes to Canada's Globe and Mail number cruncher column and has been a guest speaker at the New York and Las Vegas Traders Expo.

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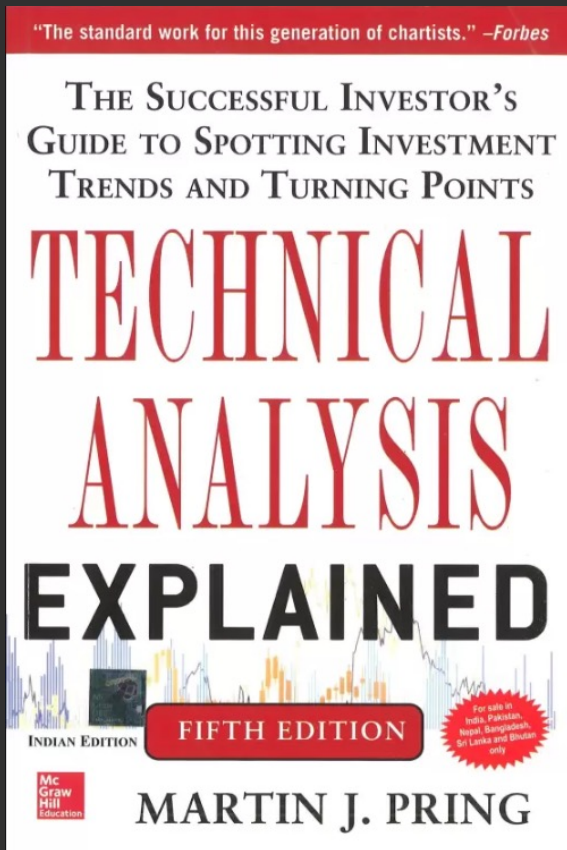


What is Technical Analysis

- Technical Analysis is used to determine the trend of the stock
- Helps be disciplined and work within a trading plan
- Prices reflect all available information in the market

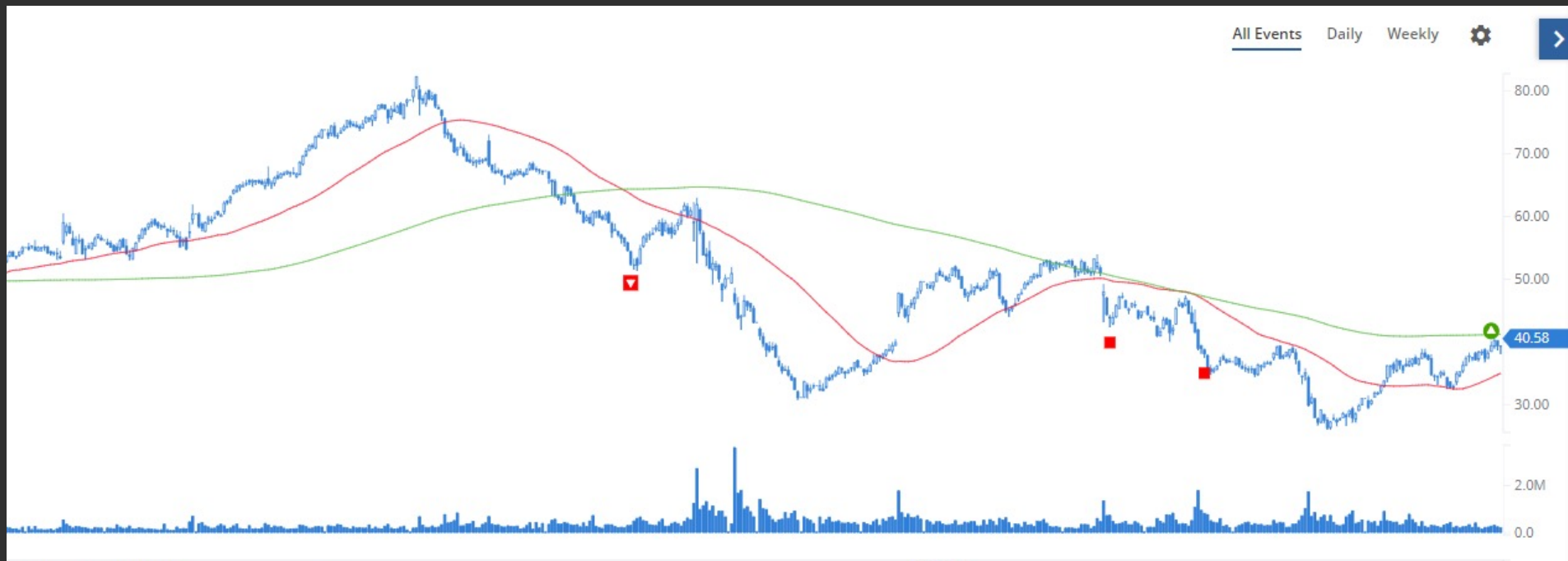


Why Study Price?



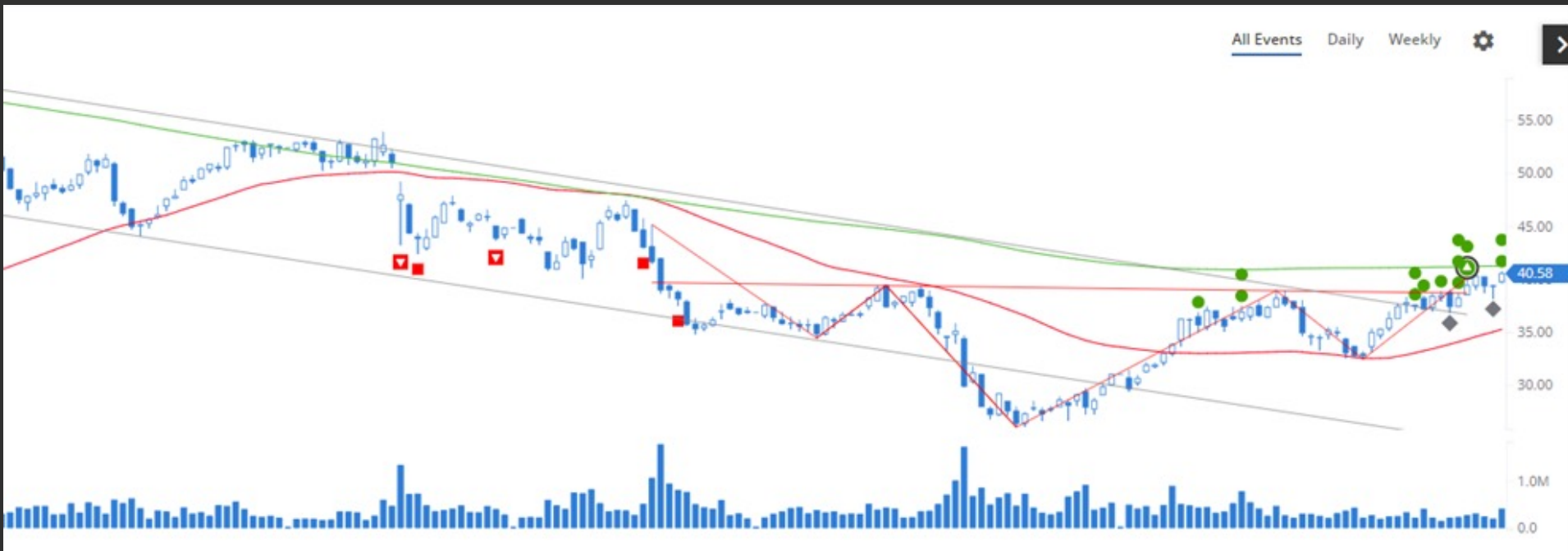
Martin Pring's *Technical Analysis Explained* considered a classic among professionals.

An Example



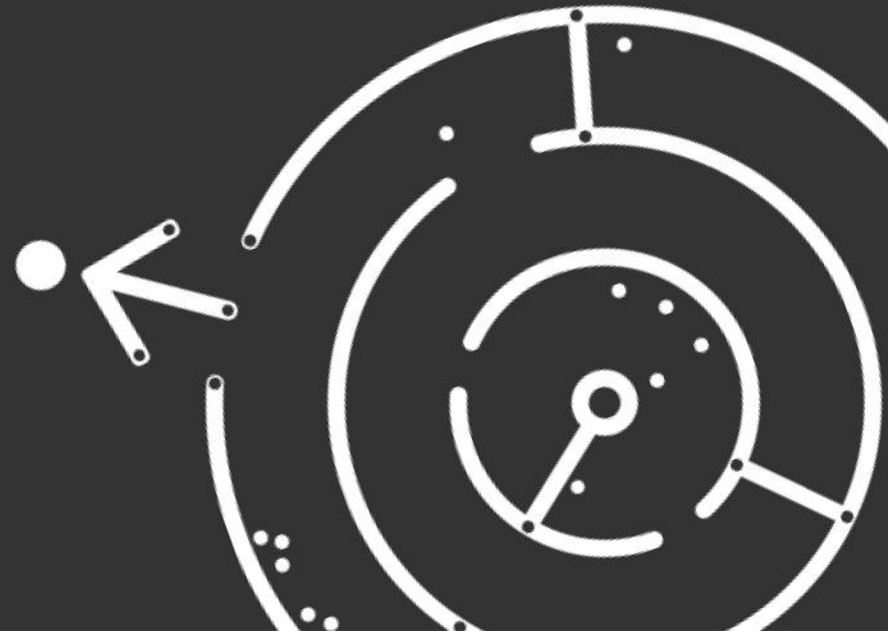
Prices move in trends until...
Something changes to affect supply and demand

An Example



Prices move in trends until...
Something changes to affect supply and demand
Marked by patterns in price and volume history

Traditional Approach



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An event driven approach

Candlestick & Bar Patterns

- Hammers
- Shooting stars
- Gap ups and downs
- Bullish engulfing line
- Bearish engulfing lines
- Gravestones
- Hanging man
- Inverted hammers
- Island bottoms
- Island tops
- Shooting stars
- And more...

Indicators and Oscillators

- Price Crosses Moving Average
- Double moving average crossovers
- Triple moving average crossovers
- MACD (Moving average convergence divergence)
- Momentum
- Relative strength indicator (RSI)
- Short-term KST
- Intermediate-term KST
- Long-term KST
- And more...

Classic Chart Patterns

- Head and shoulders tops and bottoms
- Symmetrical continuation triangles
- Double tops and bottoms
- Ascending continuation triangles
- Descending continuation triangles
- Bottom triangles / wedges
- Top triangles / wedges
- Continuation diamonds
- Continuation wedges
- Diamond tops and bottoms
- Megaphone tops and bottoms
- Triple tops and bottoms
- Upside/downside breakouts
- And more...

**Trading Central automatically detects
60+ different Technical Events**



Technical Event Types

- Candlestick and Bar Patterns
 - Based on the shape and relationship of candlesticks or price bars
- Indicators & Oscillators
 - Based on moving averages and various mathematical functions
- Classic Patterns
 - Distinct price swings forming shapes on charts

Candlestick Patterns

Invesco Ltd forms bullish "Hammer" chart pattern

Jul 28, 2021

Trading Central has detected a "Hammer" chart pattern formed on Invesco Ltd (IVZ:NYSE). This bullish signal indicates that the stock price may rise from the close of \$24.14.

Tells Me: The price may have reached the bottom of the recent downtrend, having recovered high up from a sharp decline for the session. The Hammer appears during a downtrend, displaying a long lower shadow with a small real body at the top of the range. The price may be developing a bottom and due for a reversal to the upside.

This bullish pattern can be seen on the following chart and was detected by Trading Central proprietary pattern recognition technology.



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Candlestick Patterns

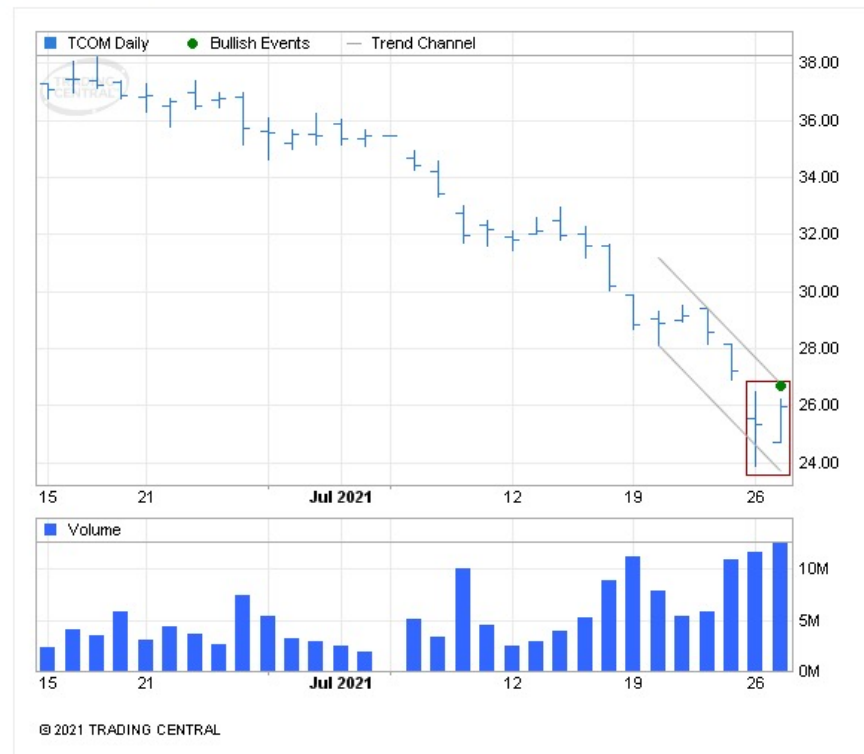
Trip.com Group Ltd forms bullish "Inside Bar" chart pattern

Jul 27, 2021

Trading Central has detected an "Inside Bar (Bullish)" chart pattern formed on Trip.com Group Ltd (TCOM:NASDAQ). This bullish signal indicates that the stock price may rise from the close of \$25.99.

Tells Me: The balance between buyers and sellers, recently dominated by the bears, is evening out. We may see higher prices ahead. An Inside Bar develops during a strong downtrend, when the trading range is completely within the boundaries of the prior bar. This suggests the balance between buyers and sellers is becoming more evenly balanced i.e. a weakening in power for the bears and increasing in power for the bulls.

This bullish pattern can be seen on the following chart and was detected by Trading Central proprietary pattern recognition technology.



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Candlestick Patterns

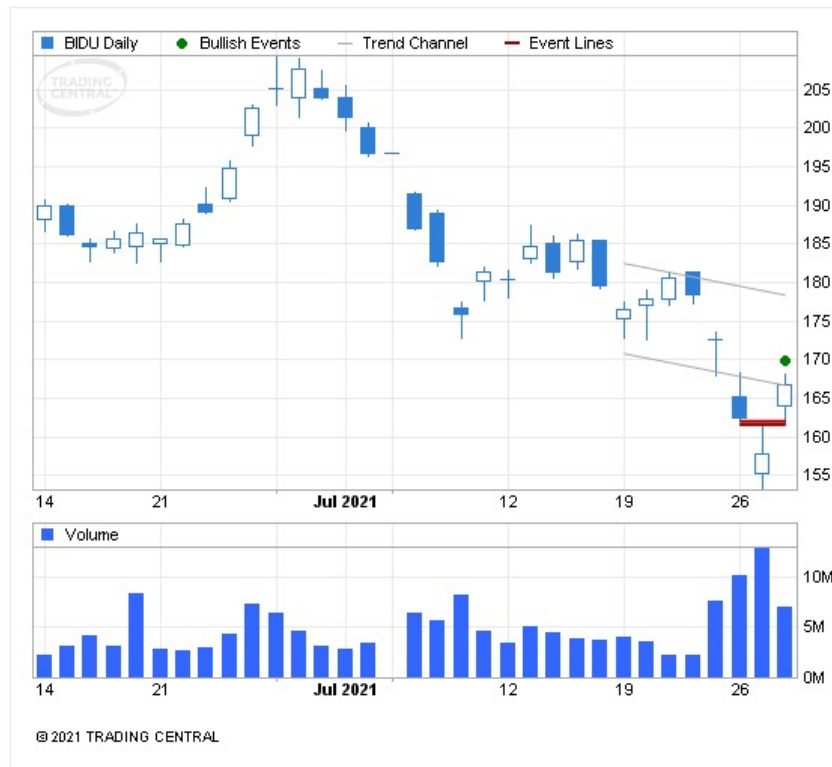
Baidu Inc forms bullish "Island Bottom" chart pattern

Jul 28, 2021

Trading Central has detected an "Island Bottom" chart pattern formed on Baidu Inc (BIDU:NASDAQ). This bullish signal indicates that the stock price may rise from the close of \$166.78.

Tells Me: The recent decline has reached a bottom, signaling a (minor) reversal to the upside. An Island Bottom forms after a sustained downtrend, as a narrow trading range develops that is separated from the previous price action by first an exhaustion gap and then a breakaway gap.

This bullish pattern can be seen on the following chart and was detected by Trading Central proprietary pattern recognition technology.



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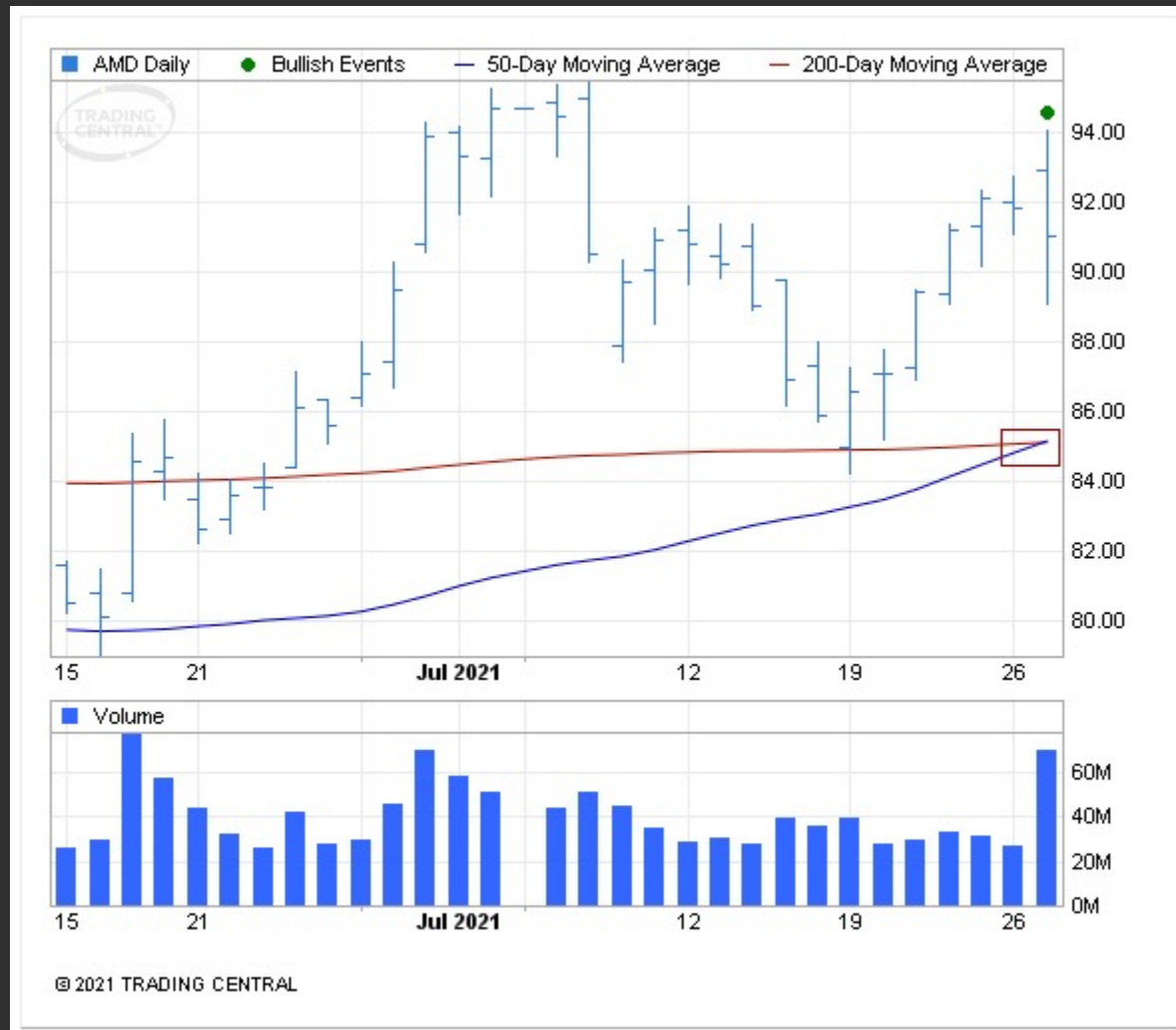


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Indicators & Oscillators

- *moving average crossovers*



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Indicators & Oscillators

- *moving average crossovers*

Dentsply Sirona Inc forms bullish "Triple Moving Average Crossover" chart pattern

Jul 28, 2021

Trading Central has detected a "Triple Moving Average Crossover" chart pattern formed on Dentsply Sirona Inc (XRAY:NASDAQ). This bullish signal indicates that the stock price may rise from the close of \$65.16.

Tells Me: The price is generally in an established trend (bullish or bearish) for the time horizon represented by the moving average periods. Moving averages are used to smooth out the volatility or "noise" in the price series, to make it easier to discover the underlying trend. By plotting the average price over the last several bars, the line is less "jerky" than plotting the actual prices. In the triple crossover method, a bullish signal is generated when a faster moving average (4 bar) crosses above an intermediate moving average (9 bar), which in turn crosses above a slower moving average (18 bar). In this state, the price is likely in an established uptrend. The opposite is true when the 4 bar crosses below the 9 bar which in turn crosses below the 18 bar, triggering a bearish event.

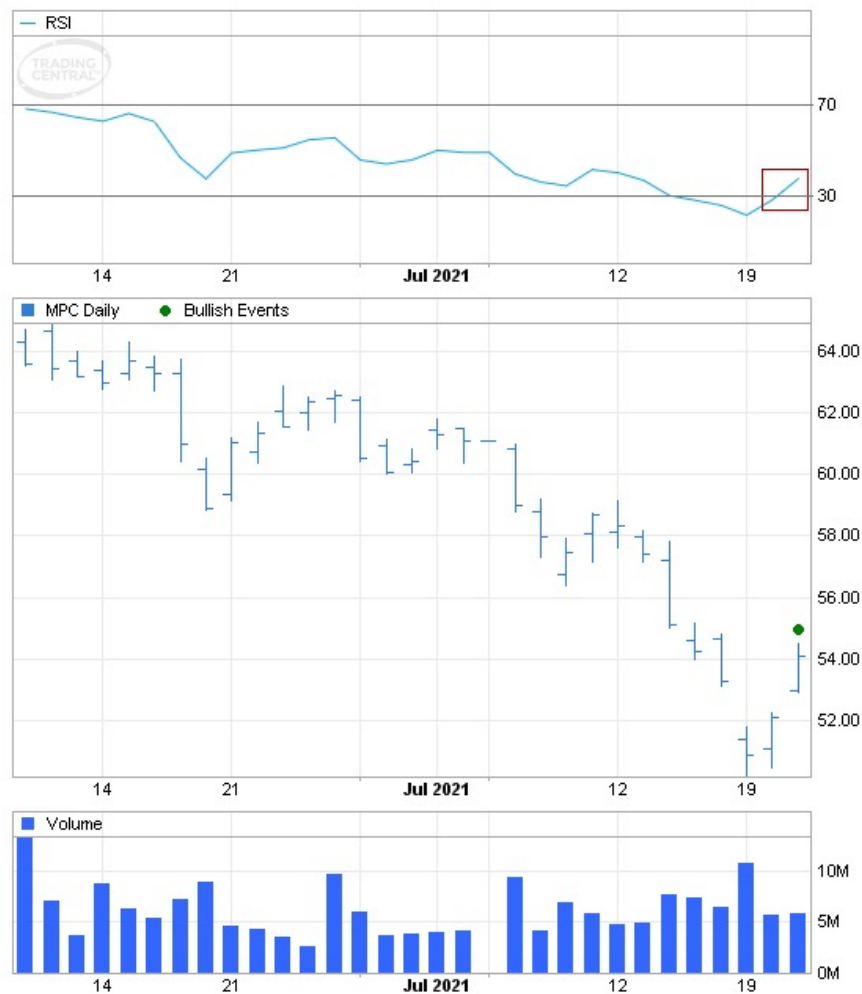
This bullish pattern can be seen on the following chart and was detected by Trading Central proprietary pattern recognition technology.



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Relative Strength Index (RSI)



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Technical Event Types

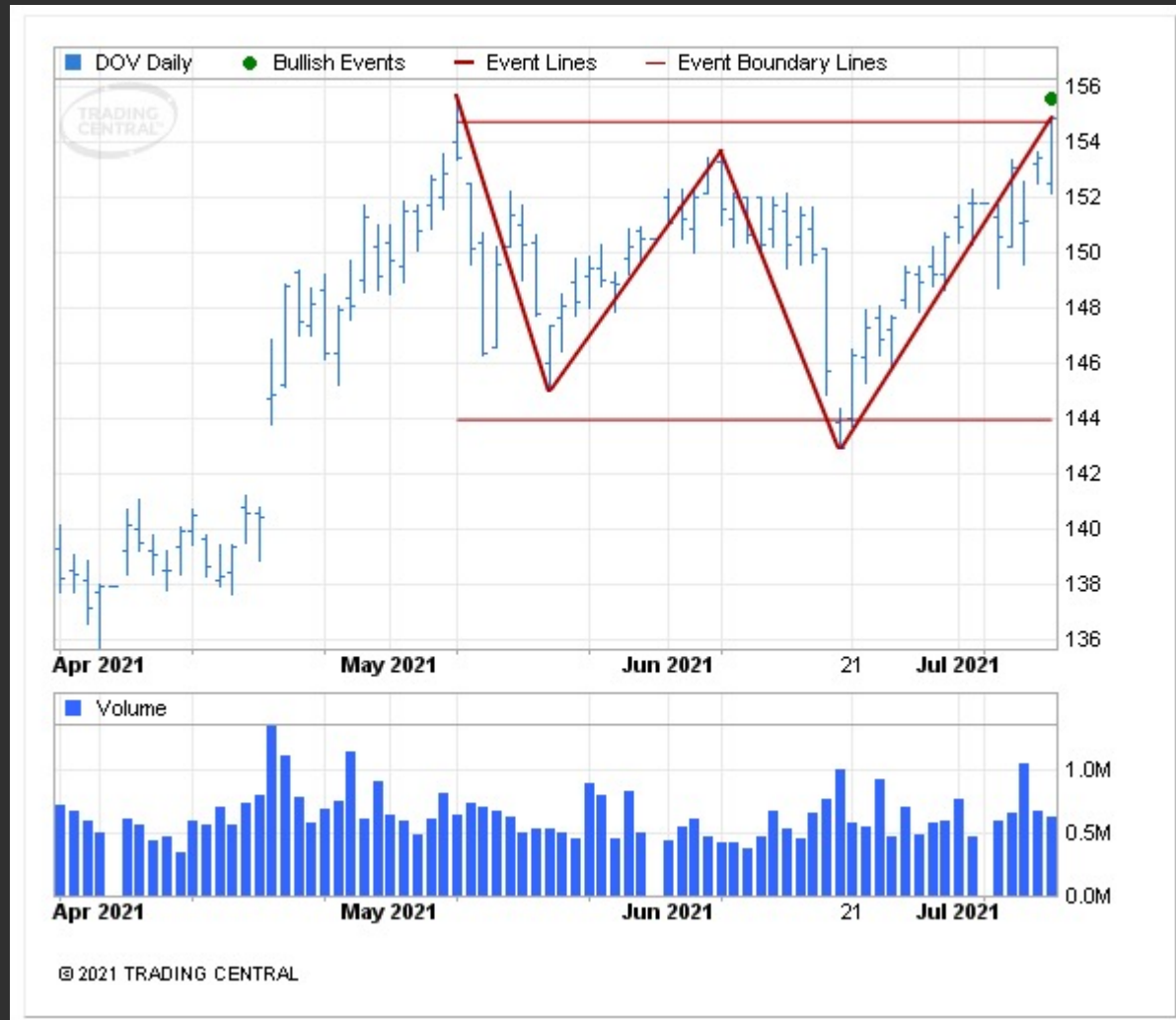
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Classic Patterns Falling Wedge



Classic Patterns

Rectangle Breakout



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