



Brainy's Articles on Technical Analysis

Beginners start here

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is NOT free*

Introduction

Technical analysis is basically the study of share price charts, to look for opportunities for share market investment in anticipation of future favourable price action. It is not a guaranteed science, and it is not 100% successful. However, the sound application of technical analysis principles does increase the chances of success when investing in the share market. It can certainly tip the odds well into your favour.

Now the subject of technical analysis itself is very broad, and rather extensive. To study the entire subject and master it would take many years. But the good news is that anyone who studies technical analysis does not need to study all aspects. It is possible to study a small portion of the total subject matter and then be able to use it effectively.

The challenge for anyone starting out on this journey is to work out how to start, where to start, and in which direction to head. It can be a real challenge to ignore the distractions that come along and try to drag your attention into another direction.

It is said that a journey is commenced with the first step. This article in Brainy's series on Technical Analysis, number TA-1100, "*Beginners start here*", helps to make sense of the much bigger picture, and offers some tips for navigating your way through the technical analysis maze.

Readers are encouraged to also see Brainy's Article TA-2000, "*Technical Analysis — Introduction*", for an introduction and overview of the topic.

Why learn about Technical Analysis?

In case you have any doubts, studying technical analysis is beneficial because with a reasonable amount of skill and knowledge you should be able to make better quality investment decisions.

You might like to use fundamental analysis to find quality stocks — that's fine. And you might like to use technical analysis to help make sure you are not buying an over-priced stock, or a stock whose share price is basically in a down trend. Now that is sensible.

But it is important to remember that technical analysis itself is not the be-all and end-all of investing. There are other things to be learnt along the way — like proper money management and risk management principles. These subjects provide tips about how to limit your risk, and how to go about keeping losses to a minimum so that you can protect your hard earned capital. The technical analysis knowledge and skill is only a portion of what is required.

With at least some useful knowledge of technical analysis you will be able to tackle the share market in a more productive way, with less risk, and well-managed risk, and better able to see and exploit opportunities as they arise.

Your journey — an overview

In order to learn enough about technical analysis to be able to usefully apply it, and to succeed at investing or trading in the share market, the following steps are one useful approach and explained in more detail in the notes below.

1. Learn the basics of technical analysis, and how to read the secrets in the price charts. The section "*Step 1 — Where to start?*" below provides some detail on this.
2. Develop a Trading Plan and a Trading Strategy, incorporating proper money and risk management.
3. Test out your Trading Strategy by back-testing and/or paper-trading.
4. Fine tune your skills and knowledge.

You might also refer to Brainy's **Share-Market-Ready Checklist** for additional detail.