

Investing in the Share Market using Technical Analysis

Thinking of investing wisely in the markets?

Investing in the share market using Technical Analysis (Part 1 and 2)

for U3A Waverley April 2025

candlestick patterns

chart patterns

monthly candle chart

price breakout

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Version: 10.3

Introduction

Additional comments

When Robert publishes presentation slides such as this set, there is usually a version of the slides available for Brainy's Share Market Toolbox (premium) members which includes additional explanatory comments — referred to as the "Speaker Notes".

Each page in the set has the slide on the top half of the page and the "notes" on the bottom half (as shown at right).

Slide#2

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Introduction


Special comments

This set of presentation slides "Part 1" & "Part 2" is a general introduction to investing/trading the share market using T.A. In particular for U3A Waverley, March 2025.

This full slide set comprises many more slides than can be delivered in the time available; but they are offered here in order to provide a more detailed explanation of the topic.

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Investing in the Share Market using Technical Analysis



Introduction


Today's Agenda – Part 1, INTRODUCTION

Investing in the share market using Technical Analysis:

- Starting thoughts, and fundamental analysis
- Technical analysis – What is it? and Why is it useful?
 - Trends, uptrends, downtrends, support, resistance
 - candlesticks, bars, chart patterns
- Real systems and strategies – an introduction, samples
- Next steps and some tips.

Part 2 / More advanced? – see next slide ... /


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Introduction

Today's Agenda – Part 2, More Advanced

Investing in the share market using Technical Analysis

- Your system – entries, exits and back-testing (ASX Game)
- What Resources? – brokers, websites, software, computer
- How much time does it take? – The "journey"!
- How much money? How many shares?
- What type of person to "trade" shares?
- Risk and money management (no, not today)

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Introduction

Firstly – *trading v investing*

- Terminology:
"trading" versus "investing" – a grey area
also: *trader* versus *investor*
- "Shorter term investing" ~ "trading"
- Both investors and traders can hold positions
for several days up to several years
- The material in this presentation
applies to all these people!
- "Day trading" is a special (short term) activity.

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Introduction


SCOPE

- Today's focus is only on investing/trading in Australian **shares**
- CFDs might be mentioned as an aside;
- Cryptocurrency might get a mention;
- Not discussed: currencies (forex), options, warrants, futures;
- But the principles still apply.



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Introduction

About... Robert Brain

Nimble Short term Investor
consultant, educator and part-time* share trader
web-based sharemarket-support business


- Many years experience as trainer, presenter, conference facilitator (*Scouts*)
- Share Market – active 20+ years* (slowly at first)
- Chartist i.e. technical analyst (ATAA member and national director)
- Provide support and tuition to traders and investors [Brainy's Share Market Toolbox](http://www.brainbros.com)
- Former member Mensa
- Engineering Degree (structured thinking with an eye for charts and diagrams)
- 30+ years – professional experience (IT and management)
- **No AFS license!** (Can't give advice)
- **BullCharts software** (convenor Australian BullCharts User Group and authorised reseller offering special pricing)






* - Not yet enough capital to live off the proceeds of trading (after trading as a hobby until a career change in 2008).

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Conflict of interest?




Introduction


Important Notice — No Advice!


- This presentation does not include any advice.
- For proper advice, your personal financial situation needs to be considered.
- This presentation is pure education, only for your general awareness.
- There are no recommendations to take any action, or to invest any money in any way.
- Always consult a properly licensed advisor before making investment decisions.



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Introduction

Important Notice



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1. Investing / Trading?

Thinking of trading or investing in the share market; but doing it **smarter**?



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1. Investing / Trading?

If you already have investments...

- Do you feel comfortable and in control of your investments?
- Have you seen your investments reduce in value?
- Have you felt helpless while the markets have fallen?

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1. Investing / Trading?

Are you interested in:

- Easily protecting your capital from downside risk and;
- Minimising any losses?



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1. Investing / Trading?

Two basic analysis methods

- Fundamental analysis:
 - An analysis method to evaluate the *intrinsic value* of an asset (eg. shares) by examining financial statements, industry trends, and economic factors, aiming to determine if it's overvalued or undervalued.
- Technical analysis:
 - The interpretation of past share prices and volume (typically on share price charts) to try to gauge likely future price action.

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1. Investing / Trading?

Two basic analysis methods

Which is "best"?

- Fundamental analysis or
- Technical analysis?

Is one analysis method better than the other?

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1. Investing / Trading?

Fundamental analysis

Very briefly:

- Examine company financial statements
- Study industry trends
- Consider a range of economic factors
- Consider company earnings guidance
- Consider the estimates/guesses of analysts and brokers
- Try to work out what the future share price ought to be.

✓

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1. Investing / Trading?

Fundamental analysis

There is one thing about fundamental analysis:


- Ask a hundred analysts and brokers what they think a company's shares are worth.
- And you will get many different answers.

Ask ten brokers for a buy/hold/sell recommendation:

- And there is a good chance they will NOT all give you the same recommendation.

✓

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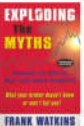
1. Investing / Trading?

Beware the common investing traps

- The vast majority of finance industry professionals peddle falsehoods;
- They want to maintain control over your investments, and keep taking the commissions;
- Beware myths such as:
"It's time in the market that's important, because you cannot time the market!"
- *Actually*, we CAN "time the market"!
- Frank Watkins' book explains more:-

✓

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1. Investing / Trading?

The mindset is very important

- Beware the long-term investor buy-and-hold mindset, even though the professionals claim it wins over the very long term
- Be prepared to sell down a position, and not hold indefinitely – to protect capital
- Don't be distracted by "blue chips"
- In stock picking, a 100% success rate is a good aspiration, but is not achievable.



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1. Investing / Trading?

Analysis – summary

- The usefulness of fundamental analysis is not really all it's cracked up to be
- Too much focus on "fair value" or "share price valuations" and forward estimates (which are really just "educated opinions" with a variety of built-in assumptions)
- Technical analysis certainly provides an advantage for the investor and trader (because it summarises the current opinions of the market participants about "fair value").




Every chart tells a story.

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2. What is Technical Analysis?

Technical Analysis
What is it?
Why use it?
Is it useful for investors?
Can we make money with it?




**Every chart tells a story.
It pays to understand the stories in the charts.**


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2. What is Technical Analysis?

Technical Analysis is very useful!
for investors and traders!







*Share market price charts summarise the underlying opinions and emotions of the **real market participants** (the actual buyers and sellers).*



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2. What is Technical Analysis?


Why use technical analysis?

- ✓ To help understand more about WHY the share prices are moving (it's to do with opinions and emotions)
- ✓ Minimise downside risks
- ✓ Maximise upside potential
- ✓ Protect hard-earned capital
- ✓ Minimise any losses


The more successful traders and shorter-term investors use some form of technical analysis.



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2. What is Technical Analysis?


T.A. is a very broad field including:

1. Price charts – candlestick charts or bar charts
2. Chart patterns
3. Chart Indicators:
 - Moving Average, MACD, RSI, P-SAR, etc.
4. Numeric (computational) analysis
5. Specialist topics:
 - Fibonacci, Elliott Wave, W.D.Gann
6. Using charting software


But you don't have to master all of it!!



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2. What is Technical Analysis?


The most useful aspects (for investors)

1. Uptrends and downtrends
2. Support and Resistance
3. Chart patterns
4. Volume (or daily value) – is important
5. Price breakouts as one example.


Technical analysis is very useful for both investors and traders

*Every chart tells a story.
It pays to understand the stories in the charts.*





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2. What is Technical Analysis?

Uptrends


Could you have been tempted to buy this stock?

If only we could readily spot *uptrends* and take profits.




Up 81% in 40 weeks.


A weekly line chart of BHP over 10 months



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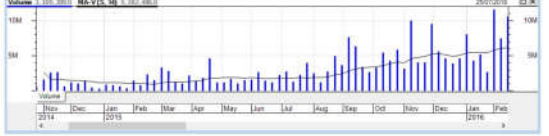



2. What is Technical Analysis?



Up 780% in 52 weeks!

A weekly line chart of BAL over 52 weeks



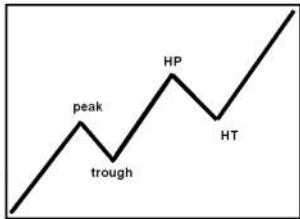



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2. What is Technical Analysis?


Defining an "uptrend" – it's simple

1. Identify the Peaks and Troughs.
2. Look for: Higher Peaks (HP) and Higher Troughs (HT) (or Higher Highs and Higher Lows).





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2. What is Technical Analysis?


uptrend = Higher Highs and Higher Lows

Get a feel for what the price is doing.


Identify trends: *uptrend*, or *downtrend*, or non-trending.



Terminology:-
Higher High = Higher Peak
Higher Low = Higher Trough

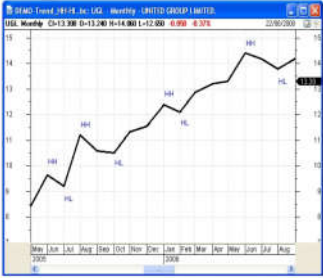


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2. What is Technical Analysis?

uptrend = Higher Highs and Higher Lows




Terminology:-
Higher High = Higher Peak
Higher Low = Higher Trough

"The trend is your friend"


Once in place, an **uptrend** is likely to continue*.

Join the trend until it has finished.

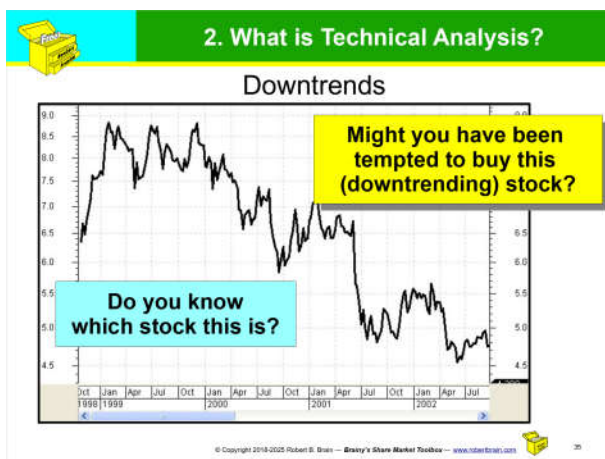
* – One of the six tenets of Dow Theory

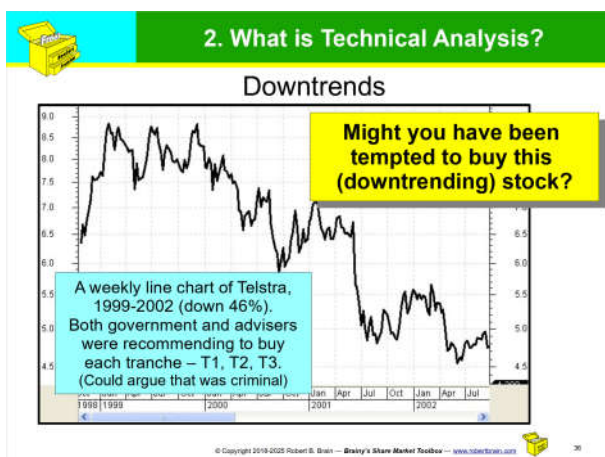


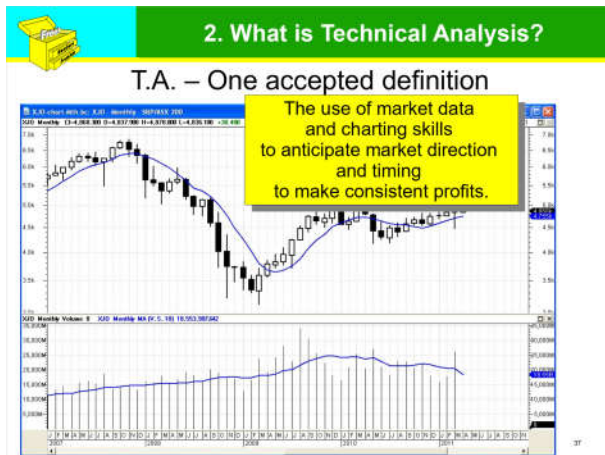
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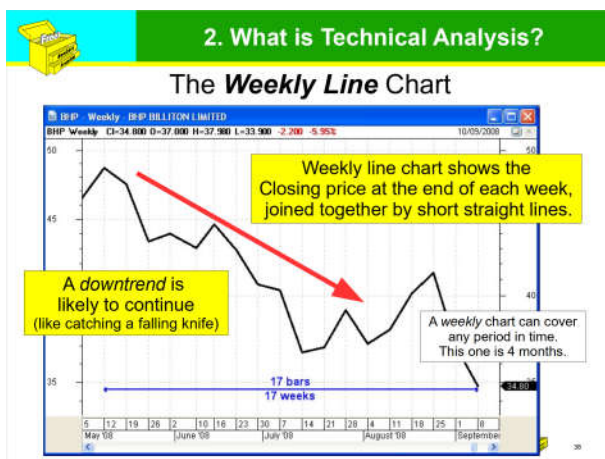


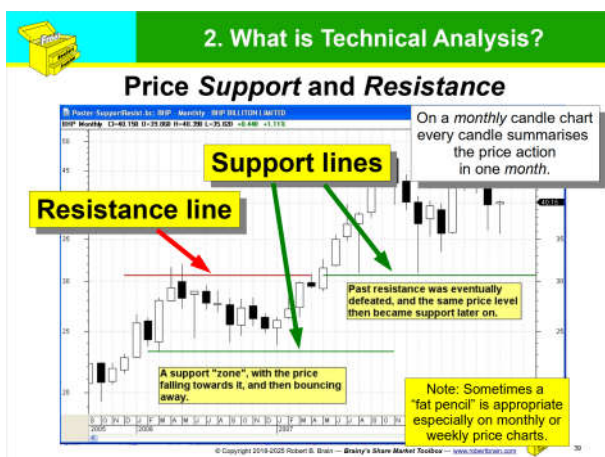


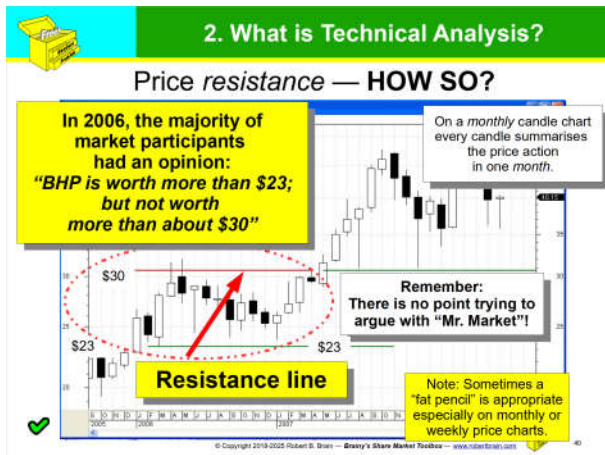


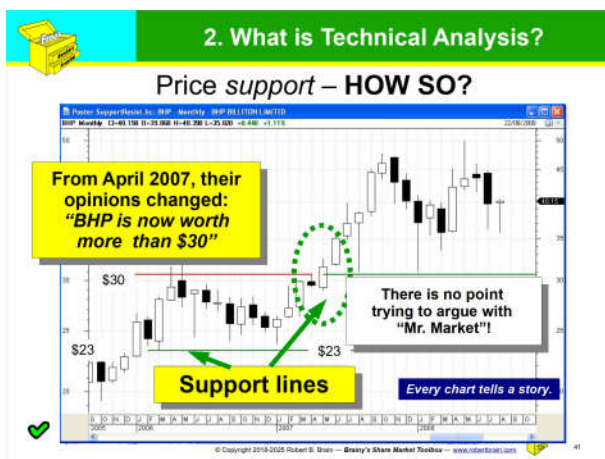




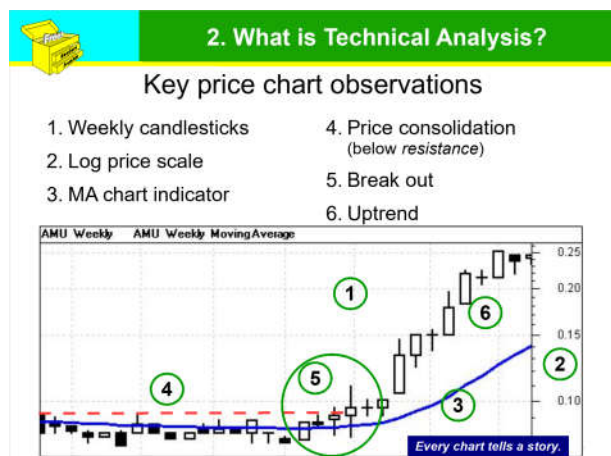


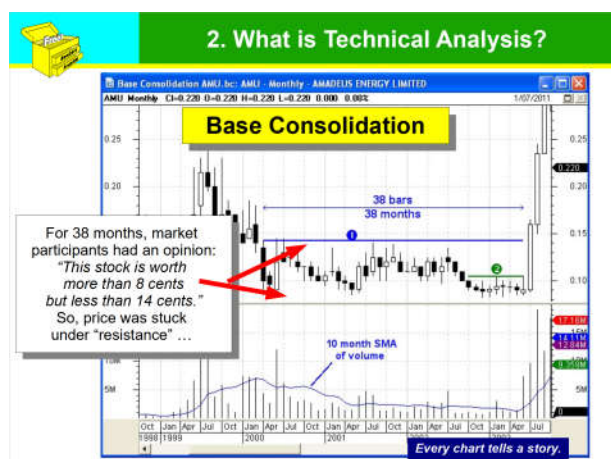


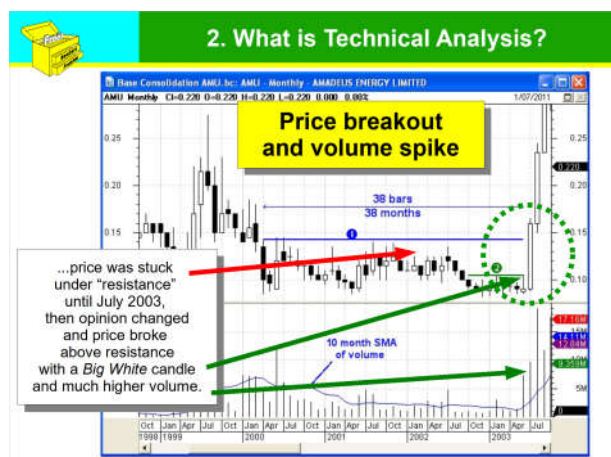
















2. What is Technical Analysis?


Chart patterns – Ascending Triangle

Price trades in a narrower and narrower range. In this example there is a horizontal resistance at \$4, but there is a rising lower level – indicating progressively more and more “support” at higher levels.

(There are many different Chart patterns)



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2. What is Technical Analysis?


Bars and Candles

The **bars** and the **candles** on a price chart tell us a lot about the opinions of the market participants.

(do you know how?)



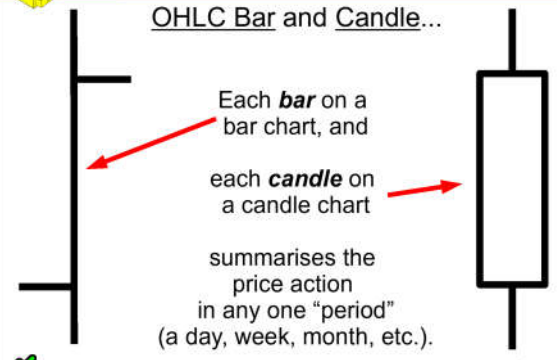
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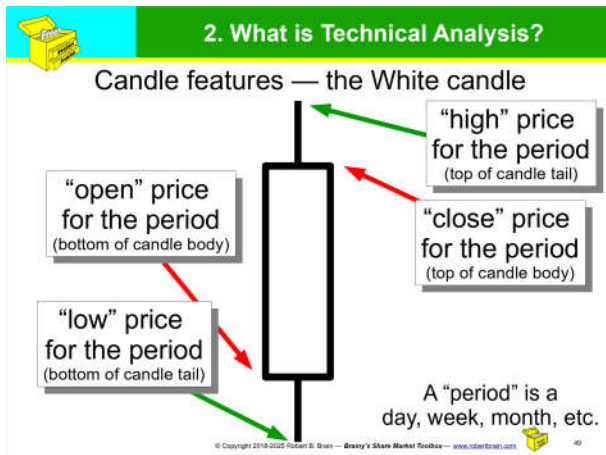
2. What is Technical Analysis?

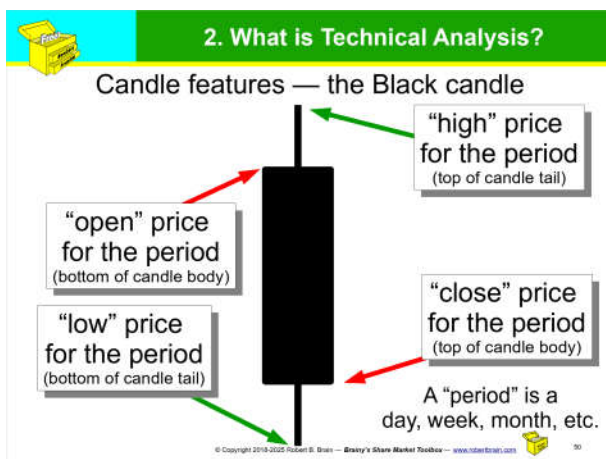
OHLC Bar and Candle...

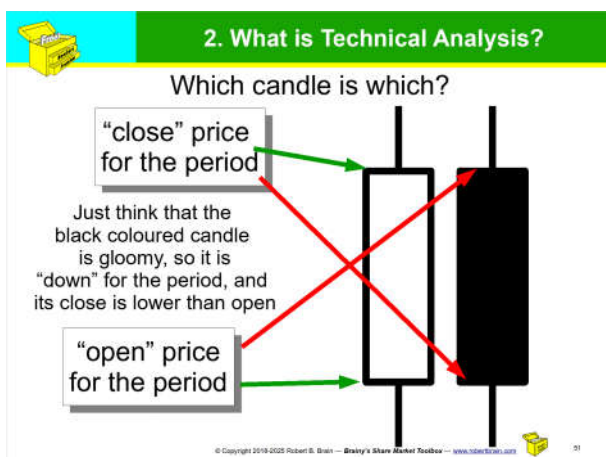
Each **bar** on a bar chart, and each **candle** on a candle chart summarises the price action in any one “period” (a day, week, month, etc.).




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2. What is Technical Analysis?

T.A. Summary Comment


1. Technical analysis (T.A) can be used on:
 - company share price charts
 - commodity price charts (eg. oil, gold, etc.)
 - foreign currency (forex) charts
2. T.A is very good; but not 100% guaranteed, nor 100% reliable (because the charts summarise the opinions of the real market participants).



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2. What is Technical Analysis?


T.A. Summary Comment

1. Technical analysis (T.A) can be used on:
 - company share price charts
 - commodity price charts
 - foreign currency (forex) charts
2. T.A is very good; but not 100% guaranteed, nor 100% reliable
3. Using T.A can give an unfair advantage over the buy-and-hold investors.
4. Also need to use wise *money management* and *risk management* principles.






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2. What is Technical Analysis?

Technical Analysis is very useful!

- *Share market price charts summarise the underlying opinions and emotions of the real market participants*
- *Every chart tells a story*
- *It pays to understand the stories in the price charts.*









Every chart tells a story.

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2. What is Technical Analysis?

Can you make money?


Many technical analysts
do make money;

but many do not,
because of their misuse of T.A. or
their lack of preparation or understanding.

*Every chart tells a story.
It pays to understand the stories in the charts.*



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2. What is Technical Analysis?


Research papers?

Over the years a number of researchers
have performed simulations and case studies
to test the veracity and usefulness
of technical analysis and
many conclusions are
based on incorrect or misinformed use
of technical analysis.

Beware of the inherent
confirmation cognitive bias
of believing these without reviewing the
arguments and studies in favour of T.A.



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Introduction

Part 1, INTRODUCTION – Summary

Investing in the share market using Technical Analysis:

- Starting thoughts, and fundamental analysis
- Technical analysis – What is it? and Why is it useful?
 - Trends, uptrends, downtrends, support, resistance
 - candlesticks, bars, chart patterns
- Real systems and strategies – an introduction, samples
- Next steps and some tips.

(The following slides are also Part 1, but not shown at
U3A Waverley in March 2025 due to lack of time)



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 - Weekly Market Updates and Watch List
 - monthly e-Newsletter topics
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3. Systems and Strategies

Real
Systems
and
Strategies



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3. Systems and Strategies

Plans, Strategies, Systems?


- **The plan** — Focuses on the reason for investing and takes into account the investor's age, tolerance for risk, time frame, types of investments etc.
- **The strategy** — Looks at how that plan will be implemented, for example using a value, fundamental, technical or passive, etc.
- **The system** — Provides a set of rules which tell the investor what and when to buy and sell, how the risks are managed and it provides specific guidelines on portfolio management.



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3. Systems and Strategies


Success for traders and investors...

Success is dependent on...

- Having a specific, **defined set of criteria** for stock selection, entry conditions, and the exit conditions
- Having **confidence** that your strategy is likely to be successful over time
- And **adhering to the strategy** (which can be challenging due to **emotional inputs** and inherent **cognitive biases**).



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3. Systems and Strategies

Trading strategy thoughts

1. Find stocks using *fundamental analysis* and time entry with *technical analysis* (this is *Funda-Technical Analysis*);
2. Long term bull market strategy, different to shorter term bull market strategy;
3. Different for a bear market.



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3. Systems and Strategies

Sample Trading Strategies


- Trend following
- Price breakout
- Chart patterns (eg. triangles, double top, etc.)
- High dividend yield
- Reversal trading
- Momentum indicator + MA-of-Momentum (see next slide)

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3. Systems and Strategies

Sample Strategies



Momentum indicator and MA-of-Momentum

Weekly candles

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3. Systems and Strategies



MOVING AVERAGE CROSS-OVERS


Daily chart of BHP.

MA Cross-Over on Closing price using 5 and 21 day Simple MA.

Golden Cross - Buy Signal
Faster MA crosses "Above" the slower MA.

Dead Cross - Sell signal (also Death Cross)
Faster MA crosses "Below" the slower MA.

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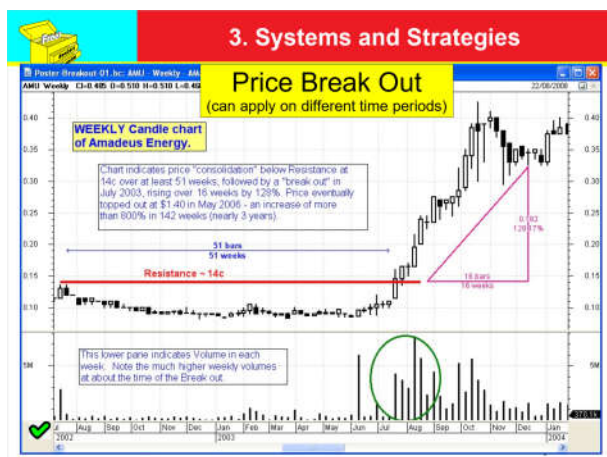



3. Systems and Strategies

More sample strategies

- Use **ADX** chart indicator for entry (refer Chuck le Beau)
- Use **Parabolic SAR** for exits
- Price Breakout (see next slide)

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3. Systems and Strategies

Some successful strategies


These are in use by some successful traders:

- Use the **MACD** and the **RSI** indicators. Look for RSI **divergence** against the share price.
- Use **Stochastic** indicator and **Directional Movement (ADX)** to give joint signals.

Tip!

Caution:- Not guaranteed!!


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3. Systems and Strategies

How to do this?

- Identify *uptrend*, and ride the trend
- Identify Moving Average increasing (confirming the trend)
- Identify *Support* and *Resistance* levels and then set buys, sells and stop loss
- Look out for potential *Break outs*, then identify, confirm and respond quickly (use Scan feature in charting software)
- Many, many more possibilities....



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3. Systems and Strategies

Isn't this gambling?

- Some people think that share trading is just gambling?
- Without a proper **trading plan** and **trading strategy** then maybe it is.
- Sensible **risk and money management** make a very big difference.
- But if you have a proper, proven and tested **plan**, then it is actually calculated **risk taking**.
- Compare with other professions:
 - farming, retail business, catering,
 - tourist trade, tradesman, handy man, etc.



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4. Next steps and tips

NEXT STEPS
and
TIPS


Tips!



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4. Next steps and tips

Next steps


- Continue to learn about technical analysis and possible strategies
- Gather your thoughts and ideas
- Think about entries and exits
- Test out some ideas in a "sand box" (paper trade)
- Understand the motives and strategies of the "big boys"
- Talk and meet with like-minded people
- Find useful organisations (eg. ATAA).



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4. Next steps and tips


ATAA — networking, and more

For totally unbiased and broad support:




**Australian
Technical Analysts
Association**

- **Member-focused** national association
- Seven locations around Australia
- **Monthly meetings** and more
- **Online meetings** and more
- **Lots of resources** — www.ataa.asn.au



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4. Next steps and tips

Arguments for and against

| <u>FOR</u> | <u>AGAINST</u> |
|--|--|
| <ul style="list-style-type: none">• Can be rewarding | <ul style="list-style-type: none">• Can be high risk |
| <ul style="list-style-type: none">• Can be profitable | <ul style="list-style-type: none">• It can take time |
| <ul style="list-style-type: none">• Aim for success rate of about 50%+ | <ul style="list-style-type: none">• There will be losses |
| <ul style="list-style-type: none">• Let profits run | <ul style="list-style-type: none">• But quit losses early |
| | <ul style="list-style-type: none">• Can be traumatic and emotional |



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4. Next steps and tips

Trading — Final Tips

Watch out for:

- Use a stop loss!
- Beware low liquidity securities
- Watch diligently (don't take your eyes off the ball)
- Understand retracements
- Look out for sucker rallies
- Profit takers exist and move the price
- Beware the 3-period pause in a rally


Tips!



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Introduction

Part 1, INTRODUCTION – Summary


Investing in the share market using Technical Analysis:

- ➔ Starting thoughts, and fundamental analysis
- ➔ Technical analysis – What is it? and Why is it useful?
 - ➔ Trends, uptrends, downtrends, support, resistance
 - ➔ candlesticks, bars, chart patterns
- ➔ Real systems and strategies – an introduction, samples
- ➔ Next steps and some tips.

Part 2 / More advanced? – Follows .../



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Share Strategies

ADVANCED MATERIAL FOLLOWS

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MORE INFORMATION

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MORE INFORMATION


Don't forget my Toolbox

- Brainy's **Share Market Toolbox**
 - www.robertbrain.com
 - Loads of eBook (PDF) Articles
 - Info: share market, charting, BullCharts
 - Weekly Market Updates and Watch List
 - monthly e-Newsletter topics
- Good charting software — BullCharts
www.robertbrain.com/bullcharts/
- My contact details:
 web site above, or phone: 0438 355 910



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Introduction


Today's Agenda — Part 2, More Advanced


Investing in the share market using Technical Analysis

- Your system — entries, exits and back-testing (ASX Game)
- What Resources? — brokers, websites, software, computer
- How much time does it take? — The "journey"!
- How much money? How many shares?
- What type of person to "trade" shares?
- Risk and money management (no, not today)



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**5. Your system / strategy**

Your system / strategy

The entries, and exits.
Documenting and testing.
The ASX Game?


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**5. Your system / strategy**

Your Trading Plan / Strategy / System

- Have all this recorded — very beneficial
- Include things like:
 - Investment objectives and horizon
 - Funding arrangements (eg. cash, loan, security, margin lending, etc.)
 - Your preferred financial instrument or
 - Multiple instruments?
(eg. equities, stocks, CFDs, warrants, options, futures, currencies, etc.)
 - Your *stock universe*.

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**5. Your system / strategy**

Trading Strategies / Systems

“A predetermined set of rules for making trading decisions”

- That is, the stock selection criteria, the buy criteria and the sell criteria
- Stop loss, profit levels, and money mgt
- The trading mechanical and automatic, no subjectivity, no gut-feel and no emotion
- Can have multiple strategies.

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5. Your system / strategy


Discretionary trading

Without a carefully prepared and tested strategy/system → *discretionary trading*

- Trading decisions based on “intuition”
- Need many hours of experience to be successful

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5. Your system / strategy


Key elements


- Stock universe
- Entry criteria
- Exit criteria
- Money and risk management aspects

Money and risk management

More details on these on next slides.../

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5. Your system / strategy

Stock universe

- Set up a particular set of stocks (securities)
- To help stay focused
- Helps remove distractions
- Might be “all stocks”.

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5. Your system / strategy

Entry criteria

- For example:
- Definite *uptrend*, eg:
 - Moving Average (MA) increasing
 - higher peaks and higher troughs
- Highest High value in last x days.
- Other...
- But, make it clear, so the signal will be clear.

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5. Your system / strategy


Why have an Exit strategy?


Sensible *money management*

- We cannot be 100% correct with investing or trading decisions.
- Protect hard-earned capital
- Capture and maximise the profits
- Minimise losses



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5. Your system / strategy


Sample exit conditions

- Break below *uptrend* line
- Moving Average Cross-over
- Based on a technical analysis chart indicator such as the ATR (eg. Chandelier Exit).
- A pre-determined *Stop Loss* price level
 - Break below Support level
 - Using indicator like P-SAR.

Popular T.A. chart based features

Horizontal price-specific levels


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5. Your system / strategy

Back test or Paper trade

- Important to “back test” somehow
 - Use back testing software
 - Use charting software and test stock selection criteria over time
- Paper trading is essential
 - Studying the theory and actually doing it are different (emotions come into play)
 - Trade on paper – hypothetical trades
 - Play an online stock market game (eg. asx.com.au)


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5. Your system / strategy

Online Trading Games

- Play an online stock market game eg. www.asx.com.au — set up your MyASX logon account, and register for the game
- Game #1 for 2025 started 6th March, and runs until mid-June.


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6. Resources and time

The resources?

Brokers, Websites, Software, a computer?

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6. Resources and time

Full service brokers v Online

Be aware of the difference


Full service brokers:

- Will place the trades for you
- Are likely to charge more than online brokers

Online brokers:

- Generally much cheaper
- Have many tools and much info to share
- Give you more control and flexibility.

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6. Resources and time

Websites

Many different websites with resources:

- Your online broker's website
- Various third party websites
- Reference sources
(eg. ex-div dates, reporting dates, dividend amounts, etc.)
- Discussion forums
(eg. HotCopper, Aussie Stock Forums — beware of some)

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6. Resources and time

Charting and software

- Web-based charting options
- Real charting software
- Features and costs?
- Share price data
- Trading platforms

Beware “Black Box” software versus “you are in control” software


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6. Resources and time

A good computer?

- A good computer might be useful
- Especially if using charting software with a built-in database of stock prices
- Otherwise, a laptop or tablet, especially if using the broker's online tools
- Beware of trying to do this on a smartphone — not so easy.


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6. Resources and time

Use good charting software

- If using a basic charting tool, the information might be limited to the basics
- Use a better tool for greater flexibility and more informative results.


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6. Resources and time

Charting software – key features

- **Data** — Easy access to download data
- Price charts in various **time frames**
- **Intraday** data (optional)
- **Indicators** – draw them on the chart
- **Watchlists** – several lists of stocks to easily keep an eye on them
- **Scans** – Specify selection criteria, and scan the data for stocks that match the criteria
- **Line studies** and **annotations** on the chart

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6. Resources and time

How much time
does this take?

The “journey”!

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6. Resources and time

How much time is required?

It depends on:

- Your investing/trading *objective*
- Your *investment horizon* — months, years, etc.
- Your degree of aggressiveness
(eg. this can impact your *exit strategy*)
- Your *level of interest* in the market.

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6. Resources and time

How much time is required?

It can be:

- 40 hours per week (full time job), or
- Maybe just 2 hours per day
- Or only 2 hours per week (eg. on the weekend)

Suggested:
At least weekly (for an hour or so).


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6. Resources and time

Your interest and availability

- A few minutes each day, possible to respond to “exit signals” and lock in more profit, minimise any loss, and preserve capital.
- If you only do weekly, then:
 - greater slips of share price,
 - slower to respond to “exit signals”,
 - able to lock in only smaller profits, and
 - perhaps suffer larger losses.

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6. Resources and time

The Journey

Many people don't realise they customise their activities, focus on enjoyable aspects
=> so that *the “journey” is important.*


The more time you devote to the right aspects, the greater the chance of being more successful.

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Share Strategies

7. How much money

How much money do I need?

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Share Strategies

7. How much money

How much money do I need?

- Maybe just \$5,000
- Some professional traders make 20% pa
- If you had \$250,000 in capital, and if you made 20% pa profit, this equates to \$50,000 pa.
Is this enough?
- About \$100,000 is a good starting amount
- Don't forget other costs:
 - Brokerage, interest on borrowed funds, tax on profits, software costs, data costs, other subscription costs, etc., etc.

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Share Strategies

7. How much money


Using leverage

It is possible to use leverage to start with a smaller amount of capital and magnify the wins and the losses.

- Margin Loan
- CFD (Contract for Difference)
- These can be very dangerous and need very special care.

CAUTION

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Share Strategies

7. How much money

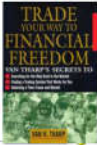
Position Size is important

- If too small, then it gets swallowed up by brokerage and slippage.
- \$1500 is about the minimum.
- Ideally, more than \$2500 to \$3000.

Strategy options:

- Fixed Position Size every time, OR
- Adjust the Position Size using something like the "Two Percent Rule" (refer van Tharp)

Money and risk management



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Share Strategies

8. How many shares?

How many shares to invest in?

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Share Strategies

8. How many shares?

How many shares?

- Many people prefer / suggest about 10 different companies ("...it's easier to manage").
- Some *risk management* rules:
 - Invest no more than 10% of capital in any one position
 - Limit the position size to no more than 5% of daily volume, and/or 5% daily value
 - Keep the "amount at risk" to less than 2% of total portfolio value (refer van Tharp).

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Share Strategies

8. How many shares?

Stock liquidity

If your Exit Strategy specifies to sell a holding on a specific condition, then it's important to be able to **sell the entire holding**.

- Many listed companies are not liquid enough to help ensure that a complete sale is possible.
- The daily *volume*, or daily *trades*, values might be too small.

eg. Try selling 10,000 shares at \$1 each (\$10,000) when daily values are around: **volume — 5,000 shares** and **value — \$5,000**. That's half of the normal amount.

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9. What type of person?

What “type” of person do you need to be to spend your day trading / investing?

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9. What type of person?

Trading styles / types

Personal preference which style(s) to adopt:

- *Trader versus investor*
- Intra-day trading? ~ Day trader
- Inter-day trading? — for investors and traders
- Position trader — for investors and traders
- Trend trader — for investors and traders
- Momentum trader — for investors and traders

(some of these terms are not clearly defined)

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9. What type of person?

Is trading* for you?

- Emotions — Fear and Greed (and Hope)
- Could you sleep at night?
 - If you have thousands tied up and at risk, could you sleep easily?
 - What if one position went belly up? Would that worry you?
- What about your Risk Tolerance and Profile?

* trading, or short-term investing

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9. What type of person?


Why would you want to do this?

- To make a reasonable living
- To increase your net worth
- To build capital
- To produce an income stream
- Because the activity is enjoyable (it's the journey).

But, how does it compare with the alternative ways of achieving the same end?




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9. What type of person?

Some home truths about “trading”

- Day-trading can be a lonely experience, sitting in front of a screen all day (but it does not have to be this way)
- Every one has some losses – you need to accept this, and minimise them
- Try to maximise the profits
- If you follow the “rules”, you might come out ahead
- If not, then you could have significant losses.



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9. What type of person?

Attributes of a successful trader


Common attributes that apply to the more successful traders/investors:

| | | |
|--------------------------|------------------------|------------------------|
| • have a trading plan | • open minded | • attitude |
| • trading strategy | • flexible | • good physical health |
| • proper money mgt | • confident | • spiritual health |
| • proper position sizing | • commitment | • responsibility |
| • discipline | • independence | • psychology |
| • intuition | • willingness to learn | • passion |
| • relevant experience | • action oriented | |
| • goal setting | | |

Note: “Day trading” — Is a specialised activity, and rather different to inter-day trading!!!
It can be very challenging!



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Summary & Wrap up


Summary and re-cap


Investing in the share market using TA, Part 1:

- Starting thoughts, and fundamental analysis
- Technical analysis – What is it? and Why is it useful?
 - Trends, uptrends, downtrends, support, resistance
 - candlesticks, bars, chart patterns
- Real systems and strategies – an introduction, samples
- Next steps and some tips.

Part 2 / More advanced? – see next slide ...!



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Summary & Wrap up

Summary and re-cap

Investing in the share market using TA, Part 2:-

- Your system – entries, exits and back-testing (ASX Game)
- What Resources? – brokers, websites, software, computer
- How much time does it take? – The "journey"!
- How much money? How many shares?
- What type of person to "trade" shares?
- Risk and money management (no, not today)



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Summary & Wrap up

THE END

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Summary & Wrap up

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- Brainy's **Share Market Toolbox**
 - www.robertbrain.com
 - Loads of eBook (PDF) Articles
 - Info: share market, charting, BullCharts
 - Weekly Market Updates and Watch List
 - monthly e-Newsletter topics
- Good charting software – BullCharts
www.robertbrain.com/bullcharts/
- My contact details:
✔ web site above, or phone: 0438 355 910




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Summary & Wrap up

Q & A

Questions?



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Introduction


BTW

- I send occasional email to interested people
- My **Share Market Toolbox** web site:
 - Toolbox Members receive weekly email with (charts) analysis of our market
 - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: www.robertbrain.com



Slide#8

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Summary & Wrap up

Backup slides may follow
(they may be “hidden”)

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