An Analysis of Sentimental Impact of News and Its Ascertainment with the Help of Technical Analysis

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Abstract: This report mainly talks about the Technical analysis and Sentiment analysis of News and its ascertainment on stock. The report has been done supported news articles that brings major impact on the Stock prices of the company. The arrival of news at each moment changes the perception or sentiment towards a specific company. Also the news articles are studied using various technical indicators. The research study is carried out by taking sample of 5 Different stocks of NSE and one index, they're Dish TV, Mahindra & Mahindra, Reliance, Tata Motors, Bharti Airtel and Bank Nifty to know the impact of news articles on them. The study is grounded on primary data and secondary data extracted from various resources. The objectives of the study are to understand the sentiments of investors and trader after reading a particular news and how they react, and to know the movement of stock prices with the help of technical indicators.

The findings of the study revealed that each news articles brings certain impact on the stock prices and therefore the technical indicators also support the impact and determines the movement of stock prices. Also every news article has a time period to sustain. The findings suggest that it's necessary for investors and traders to analyse the stock technically and then consider about the choice to take a position. Also it suggests that technical analysis helps an investor and trader to pick stocks and also the timings of entry and exit from a specific investment.

Keywords: NSE-National Stock Exchange, EQ-Equity, MFI-Money Flow Index, RSI- Relative Strength Index, CCI- Commodity Channel Index, FDI- Foreign Direct Investment

I. INTRODUCTION

Today, the world is closely connected so we have access to all sorts of news articles and events that is taking place in the world. There are various sorts of information available on various platforms. These types of information makes it easier to make different choices about any topic. In this big data era, the amount of news articles has been increasing tremendously. These days due to the bliss of internet, every individual have constant access to the updated news article and events.

News articles are believed to have impacts on stock price returns. Stock market is a crucial and active part of nowadays financial markets. Both investors and trader in the market would like to make better profits by analysing market information. News articles referred to as one major source of market information are widely used and analysed by investors.

A news analysis is an evaluation of a news report that goes beyond the represented facts and provides an interpretation of the news. News is only supposed to relay news in an objective manner covering the questions like who, when, where, why and how. An analysis discusses the news from all the angles, gives perspective and addresses consequences.

There is a strong and complicated relation between the market and the information available in the form of news. The arrival of news at every moment changes the perception or sentiment towards a specific company. The news from standard and authentic sources helps to decide while investing funds into stock market.

If a trader or investor reads some positive news about certain company, then his positive sentiment finds a company worth investing and this boosts the growth of the company. On the other hand, if the trader reads some negative news, then his negative sentiment feels that particular company is not safe for investment and he withdraws his investments in order to avoid loss and as a result the stock price of the company goes down drastically.

1.1 OBJECTIVE

• To analyse the response of Trader & Investors after reading a particular news and revert on it.

• To understand the movement of stock prices because of the news with the help of using technical indicators.

• To understand how Trader & Investors get trapped by the news.

• To understand whether the news are discounted before the broadcast officially with the help of using technical indicators.

1.2 SCOPE

The geographical scope of research focuses on Indian stock market trader & investor on NSE- National Stock Exchange of India and Factors influencing investment behaviour of people on NSE due to specific news on company. These research is conducted for time duration 15th April 2020 to 01st September 2020.

Investors are those who buy long-term shares in a company with the expectation that the company has good potential for the future and Traders are market traders who buy stock in a business that focuses on the market itself rather than the fundamentals of the company or for shorter duration.

II. LITERATURE REVIEW

The Impact of Abnormal News Sentiment on Financial Markets

Yang, S. Y., Song, Q., Mo, S. Y., Datta, K., & Deane, A. (2015). The impact of abnormal news sentiment on financial markets. Available at SSRN 2597247.

This Research Paper investigates the connection between news sentiment and cumulative market returns and volatility.

They examine the effect of abnormal sentiment shocks to cumulative market returns and volatility and where two approaches are proposed: the primary is to detect "sentiment shocks" based on **moving average** and standard deviation of the sentiment scores; the second is to identify "sentiment trends" which is an aggregated change of sentiment levels.

There intuition behind this hypothesis is that if a large number of news articles from different sources report dramatic positive or negative tones about the market, these abnormal shocks will have lasting or persistent effect on market movement. Therefore, their impact to the cumulative returns and volatility during the period should be pronounced.

Stock Trend Prediction Using News Sentiment Analysis

Kalyani, J., Bharathi, P., & Jyothi, P. (2016). Stock trend prediction using news sentiment analysis. arXiv preprint arXiv:1607.01958.

The research report describes about taking non quantifiable data such as financial news articles about a company and predicting its future stock trend with news sentiment.

Some of the researchers showed that there is robust a relationship between news story about a company and its stock prices fluctuations. They also state that the time variation of News Sentiment shows a really strong correlation with the actual stock price movement.

If the news is positive, then we can state that this news impact is good in the market, so more chances of stock price go high. And if the news is negative, then it's going to impact the stock price to go down in trend.

The Impact of Technical Analysis on Stock Returns in an Emerging Capital Markets Country

Masry, M. (2017). The impact of technical analysis on stock returns in an emerging capital markets (ECM's) country: Theoretical and Empirical Study. International Journal of Economics and Finance, 9(3), 91-107.

The main aim of the study is examining the profitability of **Moving Average** ability, because moving average rules is the simplest rule of technical analysis, which is easy to be learned and applied by individual investor Moreover, to detect abnormal returns of the following technical analysis trading strategies, this study as well analyse the success of a —buy-and-hold strategy in the same period

Author as mentioned that large proportions of the investors suffer from the lack of qualification and experience in designing their investment strategies and effective market timing. Such deficiency makes the decision-making process based on speculative performance rather than a scientific investment base. This is because the individual investor cannot handle the same types and tools of technical and fundamental analysis, performed by professional financial institutions.

Lack of qualification and experience in Trader & Investor cannot handle the same types and tools of technical and fundamental analysis.

The Profitability of Technical Analysis: A Review

Park, C. H., & Irwin, S. H. (2004). The profitability of technical analysis: A review.

The purpose of this report is to review the evidence on the profitability of technical analysis.

The survey literature indicates that technical analysis has been widely used by market participants in futures markets and foreign exchange markets, and that about 30% to 40% of practitioners appear to believe that technical analysis is an important factor in determining price movement at shorter time horizons up to 6 months.

More than 130 empirical studies have examined the profitability of technical trading rules over the last four decades. In this report, empirical studies were categorized

into two groups, "early" studies and "modern" studies depending on the characteristics of testing procedures. In general, the majority of early studies examined one or two technical trading systems, and deducted transaction costs to compute net returns of trading rules. Among a total of 92 modern studies, 58 studies found positive results regarding technical trading strategies, while 24 studies obtained negative results. Ten studies indicated mixed results.

Sentiment Analysis of News Headlines for Stock Price Prediction

Kirange, D. K., & Deshmukh, R. R. (2016). Sentiment Analysis of News Headlines for Stock Price Prediction. Composoft, An International Journal of Advanced Computer Technology, 5(3), 2080-2084.

This study basically shows the effect of emotion classification of financial news to the prediction of stock market prices. In order to find correlation between sentiments predicted from news and original stock price and to test efficient market hypothesis they plot the sentiments of two companies (Infosys and Wipro) over a period of 10 years

The volatility of stock prices depends on gains or losses of certain companies. News articles are one of the most important factors which influence the stock market.

They have proposed a predictive model to predict sentiment around stock price. First the relevant real time news headlines and press-releases are filtered from the massive set of news sources, and then they are being analyzed to predict the sentiment around companies. In order to find correlation between sentiment predicted from news and original stock price and to test efficient market hypothesis, they plot the sentiments Infosys over a period of 10 years.

III. RESEARCH METHODOLOGY

3.1 RESEARCH PROBLEM

Understanding the effect of particular news and technical indicators on the movement of stock prices. There are various news articles that can have positive, negative or neutral impact on the stock prices of a particular company. Also, there are different technical indicators that can be used to analyse future movement of stock prices, and some of the technical indicators used in this research project are:-

• TRENDLINES:

A trendline could also be an easy charting technique that adds a line to a chart to represent the trend within the market or a stock. Drawing a trendline is as simple as drawing a line that follows a general trend. These lines clearly show the trend and also are utilized in the identification of trend reversals.
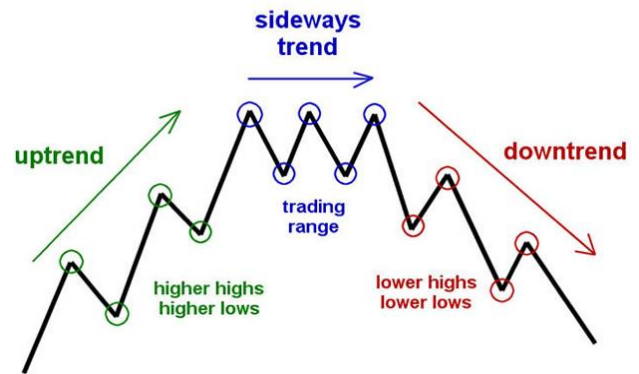

Figure No. 3.1 Trendline (Source: Investopedia)

Up Trend: Simply put an uptrend could be a series of higher highs and higher lows. In other words, an uptrend could be a series of successive rallies that extend though previous high points, interrupted by declines which terminate above the low point of the preceding sell-off. Often the high of the last "swing" within the trend will function support for subsequent low. These areas are circled.

Down Trend: Simply put a downtrend could be a series of lower highs and lower lows. In other words, a downtrend is a series of successive declines that reach though previous low points, interrupted by increases which terminate below the high point of the preceding rally. Often the low of the last "swing" within the stock's trend will function resistance for subsequent high. These are circled.

Sideways trend: Is that the horizontal price movement that happens when the forces of supply and demand are nearly equal. This typically occurs during a period of consolidation before the price continues a previous trend or reverses into a new trend.

• VOLUME:

Volume is just the number of shares or contracts that trade over a given period of time, usually each day. The higher the volume in stock, the more active the Stock is. To determine the movement of the volume (up or down), chartists check out the volume which will usually be found at the bottom of any chart. Volume bars illustrate how many shares have traded per period and show trends within the same way that prices do.

Volume may be a crucial aspect of technical analysis because it is used to confirm trends and chart patterns. Any price movement up or down with relatively high volume is seen as a stronger, more relevant move than an identical move with weak volume. Therefore, if you're watching a large price movement, you should also examine the volume.

• MOVING AVERAGE (MA):

A moving average calculates the average of a selected range of prices, usually closing prices, by the number of periods in that range. Single Line 20 MA on volume.

- **COMMODITY CHANNEL INDEX (CCI):**

A momentum indicator which defines trend and its strength supported overbought and oversold signals. CCI computes averages of last give 20 days' high, low and close prices of stock and compares it with current values and provides us positive or negative indications. Usually, above 100, the strength of the trend is considered positive (uptrend) and v.v.

Scalpers can consider a Buy after (going below and) coming above - 100 zone and a Sell are often considered after (going above and) coming below 100 level.

- **MONEY FLOW INDEX:**

It evaluates demand and supply of stock. How money is flowing and out of an underlying. Money flow index uses volume together with recent price movements to identify trends and to identify whether a market is overbought or oversold. Oscillator or Momentum Indicator considers price and volume both. It oscillates between 0-100. This is similar to RSI but considering the volume in this oscillator, it keeps it different than RSI. MFI can give us an extra edge to predict future price movements.

Default setting is 14.

80/90 is overbought and 20/10 is oversold. But it doesn't warrantee so, to for a confirmation we can check with divergence between prices higher high and MFI highs.

Many traders can use it to fast Buy and fast Sell above and below 50.

- **RELATIVE STRENGTH INDEX (RSI):**

A very widely popular Relative Strength Index (RSI) could also be a momentum oscillator that measures the speed and alter of price movements. RSI oscillates between zero and 100. According to Wilder, RSI is considered overbought when above 70/80 and oversold when below 30/20.

Note, entering below 70 is not buy signal but a signal that bottom is near and v.v. RSI tends to fluctuate between 40 and 90 in a bullish market (uptrend) with the 40-50 zones acting as support. On the flip side, RSI tends to fluctuate between 10 and 60 in a bearish market (downtrend) with the 50-60 zone acting as resistance. These ranges may vary provisional on RSI parameters, strength of trend and volatility of the underlying security.

Signals also can be generated by trying to find for divergences, failure swings and centreline crossovers. RSI also can be used to identify the general trend.

Default Setting – 14. But this will be lowered to increase sensitivity or raised to decrease sensitivity. 10-day RSI is more likely to identify overbought or oversold levels than 20-day RSI.

3.2 RESEARCH HYPOTHESISI

As mentioned in the objective above, "To analyse the response of Trader & Investors after reading a particular news and revert on it" the following hypothesis is:-

Dependent: Buying/Selling decision

Independent: News

H0- Null Hypothesis: - There is no relation between news and buying/selling decision of people about stock.

H1- Alternative Hypothesis: - There is a significant relation of number of people, buying/selling decision on the basis of news.

3.3 RESEARCH DESIGN

Research design is the collection of methods and procedures used in gather and analyse measurements of the variables specified in the research problem. There are different kinds of research designs such as:-

- Descriptive research design
- Exploratory research design
- Causal research design

The research design used for this research project is "Causal research design"

Causal Research design, a part of explanatory research is the investigation of cause and effect relationships. There are two research methods for exploring the cause and effect relationship between variables:-

- Experimental Research
- Statistical Research

In this research project, statistical research will be considered as there is no laboratory study required for such a study.

3.4 Data Collection Source

The data collection which is used for the study is Structured Questionnaire. A structured questionnaire is a document consists of specific questions that are related to the topic of research which are to be answered by the respondents.

Primary Data: Researcher Questionnaire

Secondary Data: News

3.5 Sampling

As mentioned in the objective above, "To analyse the response of Trader & Investors after reading a particular news and revert on it" the following sampling technique is:-

Quota Sampling: - Quota sampling technique is used to understand better about a population, and only need a sample, not the entire population. Further, we are interested in particular strata within the population. So, quota sampling helps in dividing the population into strata or groups.

Sample size: - 136 people with knowledge of stock market.

Sampling Frame: - From total 136 Responses 86 people trade in stock market on NSE and from 86 People 40 People follow **Analyse the news and React** and ie.47% of majority.

Facebook buys 9.9% stake in Reliance Jio for Rs 43,574 crore in largest tech FDI

Data Analysis Tool: - Pivot table tool is used for data analysis to sort the responses according to the objective and sort the three question step by step to get a final answer.

Other Remaining Objective:

Primary Data: Company Founder Blog

Secondary Data: News

Data Analysis Tool: Technical Analysis

Sample: All the stocks on National Stock Exchange of India with some news.

IV. DATA ANALYSIS AND INTERPRETATION

The Following data is **"To analyse the response of Trader & Investors after reading a particular news and revert on it."**

Graph No. 4.1 Graphical Representation of Response of Trader & Investors after reading a particular news.
(Source: Graph of Questionnaire Survey)
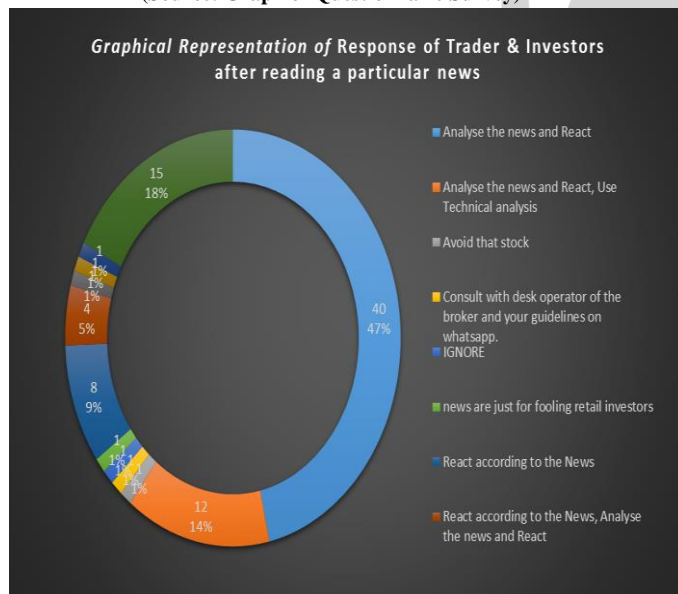
Do you invest in Stock Market?	Yes (From 136 Reponses 86 people trade in stock market on NSE)
While investing in Stock Market which basis would you refer to?	(All Row Labels)
Row Labels	Count of If a Sudden News Pop-up related to your Favourite Stock, what would you do?
Analyse the news and React	40
Analyse the news and React, Use Technical analysis	12
Avoid that stock	1
Consult with desk operator of the broker and your guidelines on whatsapp.	1
IGNORE	1

news are just for fooling retail investors	1
React according to the News	8
React according to the News, Analyse the news and React	4
React according to the News, Analyse the news and React, Use Technical analysis	1
Take a advise from the market expert	1
Take information from company website	1
Use Technical analysis	15
Grand Total	86

Table No. 4.1 Tabular Representation of Response of Trader & Investors after reading a particular news
(Source: Pivot table of Questionnaire Survey)

INTERPRETATION:

As per research questionnaire responses received, the data has been sorted according to the objective by using Pivot table and as observe above (Table no 4.1) the data sorted from 136 responses and got 86 people trade in stock market on NSE and from that 86 people majority of the people i.e. 40 follow **Analyse the news and React.**

And as per Graphical Representation (Graph no 4.1) interpretation is made that majority of people i.e 40 =47% of people trade in stock market on NSE and follow **Analyse the news and React.**

The Following data is **"To understand the movement of stock prices because of the news with the help of using technical indicators."**

❖ **News about Dish TV**

There was a News about Dish TV that "Yes Bank acquires 24% stake in Dish TV post invocation of pledged shares on 30th May 2020 at 09:22pm"

Chart No. 4.2 Dish TV

(Source:Upstox)

INTERPRETATION:

As news was declared on 30th May 2020 and it had Positive impact on the stock price and from observation of (Chart no.4.2) from 1st June 2020 till 23rd June 2020 stock price

was hitting daily upper circuit. Before news, stock was in range of 4 to 5rs price and after news the range was from 4.45 to it gone till 9rs approx. and as (Chart no 4.2) conveys the trend is uptrend and it shows the news effect.

https://www.moneycontrol.com/news/india/yes-bank-acquires-24-stake-in-dish-tv-post-invocation-of-pledged-shares-5337491.html

❖ News about Mahindra & Mahindra's Ltd

Chart No. 4.3 Mahindra & Mahindra's Ltd

(Source:Upstox)

❖ News about Mahindra & Mahindra's Ltd

There was two News about Mahindra & Mahindra's Ltd First was on Jul 01, 2020 03:45 PM that "Mahindra & Mahindra's tractor sales up 10% at 36,544 units in June" and Second news was "Ford, Mahindra to expand tie-up to muster up a rival to Hyundai's Creta" on Jul 02, 2020 10:22am.

INTERPRETATION:

As both the news are positive for the stock and had observed first news was declared on 1 June 2020 03:45 pm i.e. after trading section ends. So, the effect of first news was on 2nd June 2020 and second news effect was on the same day. Before news stock was in range of 490 to 530rs price and after news the range was from 504.50 to 569 approx. As (Chart no 4.3) conveys the trend is uptrend and it shows the news effect.

1. Mahindra & Mahindra's tractor sales up 10% at 36,544 units in June

Jul 01, 2020 03:45 PM

https://www.moneycontrol.com/news/india/mahindra-mahindras-tractor-sales-up-10-at-36544-units-in-june-5491811.html

2. Ford, Mahindra to expand tie-up to muster up a rival to Hyundai's Creta

Jul 02, 2020 10:22 AM

https://www.moneycontrol.com/news/technology/auto/ford-mahindra-to-expand-tie-up-to-muster-up-a-rival-to-hyundais-creta-5494531.html

The Following data is "To understand how Trader & Investors get trapped by the news"

❖ News about Reliance

Chart No. 4.4 Reliance - 22nd April 2020

(Source:Upstox)

Chart No. 4.5 Reliance – 11th May 2020

(Source:Upstox)

Chart no. 4.6 Reliance - 12th May 2020

(Source:Upstox)

Table no. 4.2 Investors in Jio Platforms

(Source: Company Data)

❖ **News about Reliance**

Facebook buys 9.9% stake in Reliance Jio for Rs 43,574 crore in largest tech FDI

INTERPRETATION:

In the above (chart no.4.4), it is observe that on the day of news i.e. 22 April 2020 there was a bullish candle. As observed further till 11th May 2020 the trend was uptrend and Different companies are still ongoing process to invest in reliance Ltd as shown in (Table no.4.2). But on 11th may the candle pattern was evening star and evening star signify that the uptrend is nearing its end Means everyone is selling the shares. So on 12th May 2020 as Observed in (Chart no 4.6) that MFI is 94.48, RSI is 75.04 and CCI is 127.19. Which clearly indicated all the three Oscillators Show overbought/Sell signal. Trader and investor thought that all the positive news are coming up and they did not expected the 5% fall and there they got trapped.

https://www.moneycontrol.com/news/business/companies/breaking-facebook-invests-5-7-billion-in-reliance-jio-5174861.html

❖ **News about Tata Motors Ltd**

Chart No. 4.7 Tata Motors

(Source:Upstox)

❖ **News about Tata Motors Ltd**

There was a News about Tata Motors that "Moody's downgrades Tata Motors rating, changes outlook to negative on Jun 18, 2020 at 08:18 PM"

INTERPRETATION:

The news was declared on Jun 18, 2020 at 08:18 PM. So, the impact will be on next trading session. After Reading this news interpretation was formed that the news is negative. So, the stock prices will be bearish but the stock reacted opposite and trader & investor got trapped. Before news stock was in range of 92 to 96rs price then after news the range was from 96 and gone upto104 approx. As every news has a shelf life and its impact on the stock price remains only for few days, therefore even in this stock, the impact was only for a day and next day the stock price started to flow.

Moody's downgrades Tata Motors rating, changes outlook to negative

https://www.moneycontrol.com/news/business/moodys-downgrades-tata-motors-rating-changes-outlook-to-negative-5425081.html

The Following data is "To understand whether the news are discounted before the broadcast officially with the help of using technical indicators"

❖ **News about Bharti Airtel**

Chart No. 4.8 Bharti Airtel – 31ˢᵗ August 2020 03:00pm

(Source:Upstox)

Chart No. 4.9 Bharti Airtel - 31ˢᵗ August 2020

(Source:Upstox)

❖ **News about Bharti Airtel**

There was a News on "AGR case | Supreme Court to pronounce verdict tomorrow on Aug 31, 2020 08:41 pm"

INTERPRETATION:

The AGR case news was declared on Aug 31, 2020 at 08:41 pm and the verdict was going to pronounce on 1st Sept 2020, But by observing chart no.4.8 on Aug 31, 2020 from approx. 03:00pm to 03:30pm sudden big volumes in Bharti Airtel! What's the reason behind it? As observed chart no.4.8 & chart no.4.9 from at 03:00pm to 03:30pm the Bharti Airtel movement of volume was almost of 7-8 million per min but, before that the volume was about under 1 million. So it is convenient to say that the news was discounted before officially disclosed on 1st September 11:30am. By seeing chart no.4.8 that MFI is 98.29, RSI is 84.06 and CCI is 316.84. Which clearly indicate that all the three Oscillators Show overbought signal.

https://www.moneycontrol.com/news/telecom/agr-case-supreme-court-to-pronounce-verdict-on-september-1-5779821.html

❖ **News about Bank Nifty**

Chart No. 4.10 Bank Nifty - 20th May 2020 10:03am

(Source: Sharekhan – Tradetiger)

Chart No. 4.11 Bank Nifty – 20th May 2020 10:05am

(Source: Sharekhan - Tradetiger)

Chart No. 4.12 Bank Nifty – 20th May 2020 10:05am

(Source: Sharekhan - Tradetiger)

❖ **News about Bank Nifty**

There was a News from RBI "RBI extends loan moratorium period by 3 months to August 31 2020" on May 22, 2020 at 10:30 am

INTERPRETATION:

The news was declared on May 22, 2020 at 10:30 am and the impact was negative on banking sector. But as observed chart no.4.10 on May 22, 2020 at 10:03am sudden big movement in bank nifty! What's the reason behind it? So by observing chart no.4.10 & chart no.4.11 from at 10:03am To 10:05am the bank nifty movement was almost of 209 Points. So interpretation is that the news was discounted before officially disclosed at 10:30am. By seeing chart no.4.12 that MFI is 99.49, RSI is 66.21 and CCI is285.41. Which clearly indicate that all the three Oscillators Show overbought signal.

https://www.moneycontrol.com/news/business/rbi-governor-shaktikanta-das-extends-loan-moratorium-period-by-3-months-5301301.html

V. FINDINGS

▪ Each news has an effect on stock prices i.e. either positive or either negative, or neutral effect. The indicators that were used also supported the impact of every type of event.

▪ Most individuals i.e. 40 =47% of individuals trading in stock market on NSE stock exchange follow "Analyse the news and React". Thus, Null hypothesis should be dismissed.

▪ In this analysis, it can be seen that any negative event brings a negative impact on the stock price of the particular company and vice versa.

▪ All the above impacts of news article were supported by the technical indicators which means that the trend was strong. Therefore, the small investors and traders should not blindly make an investment after reading any news about the particular company rather they should analyse using the various tools to check if the stock is technically strong or not and be aware of trapped by news articles.

VI. CONCLUSION

Since, stock price movements are the result of demand and supply in the market, this can be understood better with the help of some technical indicators. Relative Strength Index (RSI), Moving Average (MA), Commodity Channel Index (CCI) are oscillating indicators which takes into consideration volume of buyers and sellers and in case of Money Flow Index (MFI) indicator, it also takes into consideration money flow along with the volume. Therefore, these indicators helps an investor to understand the demand and supply for any stock in the market.

The technical indicators are very useful tools for any investor/trader in order to pick stocks for getting better returns. These technical indicators need to be used before making any investment. They not only help an investor in picking a stock but also suggests on timing of entry and exit from a particular investment.

An investor must not blindly put their money on a stock after reading any news on that stock, they must analyse the stock technically and then take their decision as combination of news and technical analysis will yield a good result. It is not important that all the indicators will support the trend, sometimes some indicators show false indications.

VII. SUGGESTIONS

Market experience says, 'Buy on rumour and Sell on News' and as an advisory firm, they can't believe just news and thus this project helped them to research each news to know its impact on its stock prices and to evaluate whether to enter or to exit.

A good analyst shouldn't believe one indicator. He should find his decision by using other indicators, chart patterns, trends, and volumes collectively. Only then the accuracy of the decision might be higher.

It's important to know the strengths and weaknesses of any indicator before using it in any real money trade. One among the foremost common mistakes new traders make is to start out placing indicators on their charts without having a true understanding of the calculations behind the indicator or the way its best utilized in analysis. Some might say that a full understanding of those indicators is unnecessary: Buy if prices fall into "oversold" zone, or Sell if prices reach "overbought" zone, what the individual will understand. That's the reason one should know the indicator before use.

Unfortunately, trading isn't this easy. If technical analysis was this easy, everyone might be a profitable trader. Even further, we could simply set software applications to seek out these signals and walk off as billionaires. The truth is that trading takes more work than this, and that we will got to do honest deal of homework before we will make our indicators work for us in consistent and repeatable ways.

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