

# Technical Analysis: Build Your Foundation

PART OF MAYBANK KIM ENG'S INVEST ACADEMY SERIES



## 1 What Is It?

A study of past price movement patterns to forecast future price movement direction.

## 2 Assumptions<sup>1</sup>

Key factors are accounted for 

The company's fundamentals, broader economic factors and market psychology, are all priced into the stock, removing the need to consider these factors separately.



Prices follow trends

After a trend has been established, prices tend to move in the same direction.

History tends to repeat itself

This is because market participants tend to react consistently to similar market events over time.

## 3 Candlestick Charts

Candlestick charts<sup>2</sup> are the most commonly used charts by traders and investors.



Highest price for the day  
Opening or closing price

Opening or closing price  
Lowest price for the day



Body is green (or white) if stock closed higher

Body is red (or black) if stock closed lower

\* Illustration of a candlestick

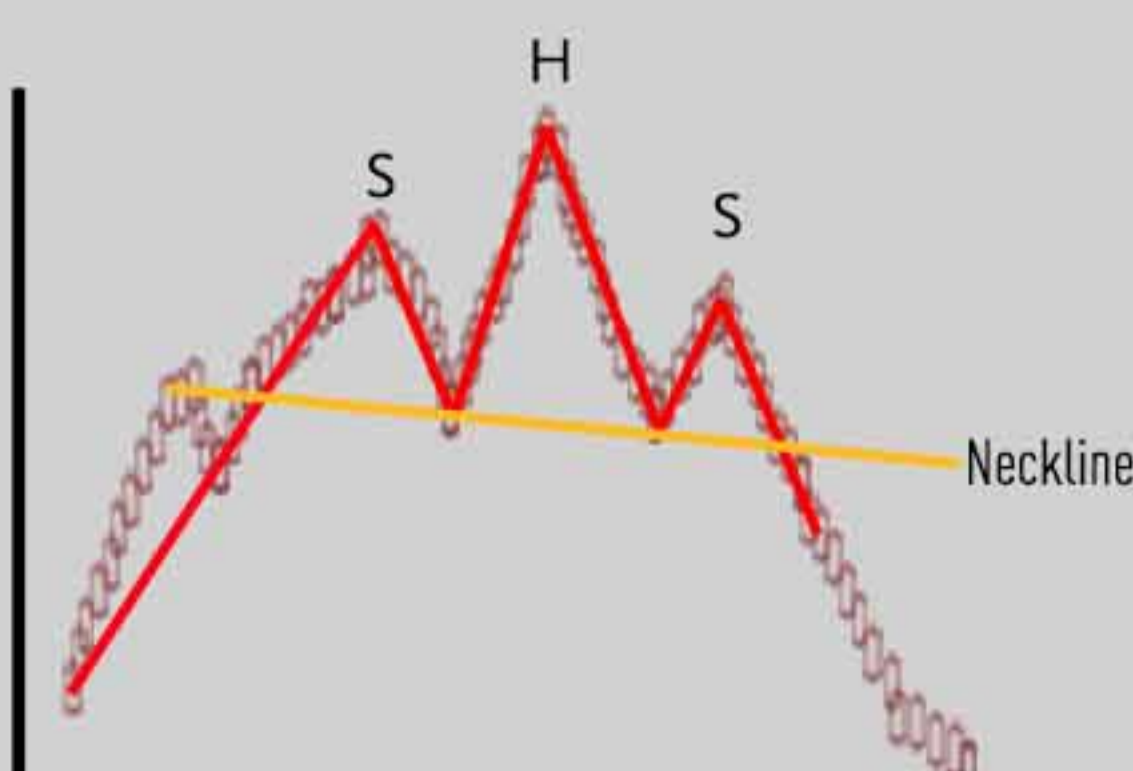


The candlestick was invented by a Japanese man named Homma Munehisa in the 1700s.

Look for patterns to get trading ideas!  
Two common ones are:

## Patterns 4

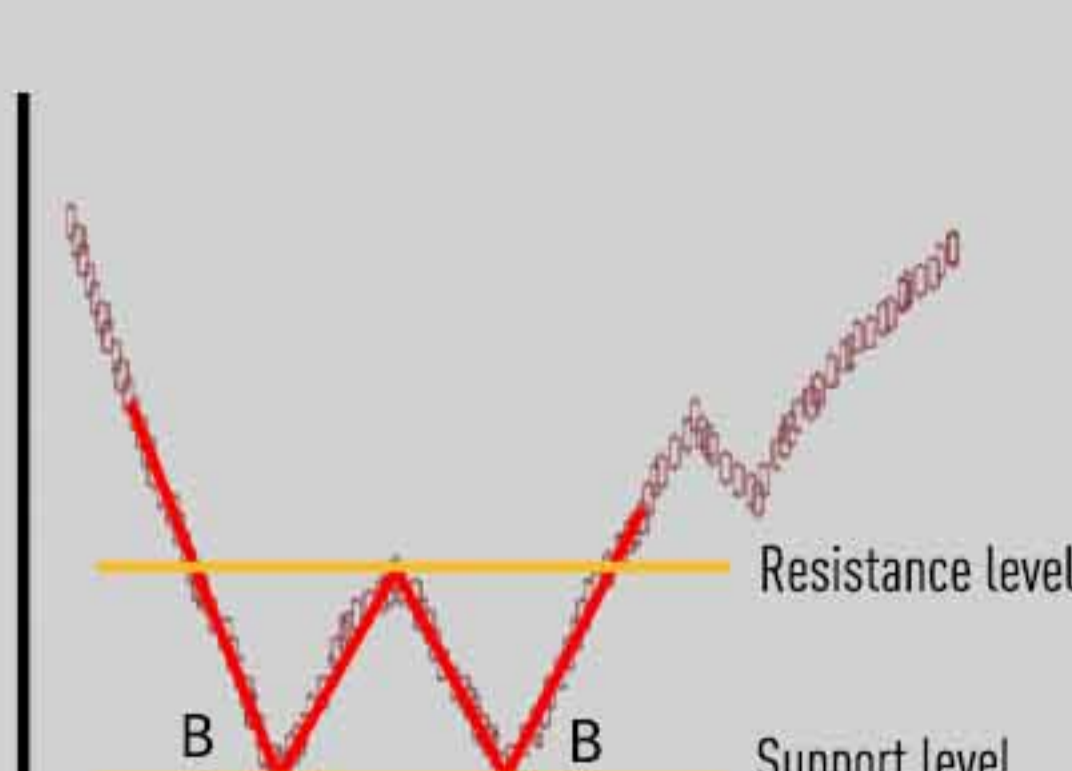
### Head and shoulders



The formation of head and shoulder after an uptrend price movement could indicate a bearish reversal.

Upon breaking the neckline, a downward trend is expected.

### Double bottoms



The price movement tests the support levels twice.

An upward trend is expected once it breaks through the resistance level.

## Ready for Hands-On Experience?

Try this strategy or build your own using  
KE Trade's Technical Insight.

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