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JAMES CHEN, CTA, CMT, is Chief Technical Strategist at FX Solutions, a global leader in foreign exchange trading. An expert on technical analysis and financial market trading, he is also a registered Commodity Trading Advisor (CTA) and a Chartered Market Technician (CMT). Mr. Chen contributes daily and intraday technical analysis to key financial media, is a frequent speaker at trading seminars, and has authored numerous articles on trading strategies and technical analysis in major financial publications. His previous book, Essentials of Foreign Exchange Trading (Wiley), has become an industry-standard guide for currency traders.
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To my parents, my wife, my children, and technical analysts everywhere
Contents

Preface xiii

Acknowledgments xvii

1 Introduction to Technical Analysis: Pursuing Profit in the Financial Markets 1
What Is Technical Analysis? 2
Technical versus Fundamental 2
Methods 5
What to Expect 5
Summary 9

2 The Story of Technical Analysis: From the Japanese Rice Markets to Dow Theory to Automated Trading 11
The Beginning: Japanese Rice Markets 12
Dow Theory 14
Charting 17
Elliott Wave 18
W. D. Gann 20
Indicators 20

vii
Contents

3 The Power of Technical Analysis:
   Principles of Price Action 27
   Introduction to Price Action Concepts 28
   Components of Price Action 29
   Summary 32

4 The Basics of Technical Analysis:
   Bars, Candlesticks, Lines, and Point and Figure 33
   Bars and Candlesticks 34
   Line Charts 37
   Point-and-Figure Charts 38
   Summary 40

5 The Heart of Technical Analysis:
   Uptrends and Downtrends 41
   Introduction to Trend 42
   Effect of Time Frames on Trend Determination 50
   Parallel Trend Channels 52
   Trend Lines 54
   Summary 55

6 The Soul of Technical Analysis:
   Support and Resistance 57
   Introduction to Support and Resistance 58
# Contents

Support Becomes Resistance Becomes Support 60  
Summary 64

7 Primary Drawing Tools: Trend Lines, Trend Channels, and Horizontal Support and Resistance 65

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Drawing Tools</td>
<td>66</td>
</tr>
<tr>
<td>Static Support and Resistance</td>
<td>67</td>
</tr>
<tr>
<td>Dynamic Support and Resistance</td>
<td>72</td>
</tr>
<tr>
<td>Horizontal Support and Resistance Lines</td>
<td>78</td>
</tr>
<tr>
<td>Trend Lines</td>
<td>81</td>
</tr>
<tr>
<td>Parallel Trend Channels</td>
<td>87</td>
</tr>
<tr>
<td>Summary</td>
<td>89</td>
</tr>
</tbody>
</table>

8 Chart Patterns: Bar Shapes and Candlestick Formations 91

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Chart Patterns</td>
<td>91</td>
</tr>
<tr>
<td>Continuation Bar Patterns</td>
<td>93</td>
</tr>
<tr>
<td>Reversal Bar Patterns</td>
<td>102</td>
</tr>
<tr>
<td>Gaps</td>
<td>106</td>
</tr>
<tr>
<td>Candlestick Patterns</td>
<td>110</td>
</tr>
<tr>
<td>Single-Candle Patterns</td>
<td>111</td>
</tr>
<tr>
<td>Multiple-Candle Patterns</td>
<td>116</td>
</tr>
<tr>
<td>Summary</td>
<td>118</td>
</tr>
</tbody>
</table>

9 The World of Moving Averages 119

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Moving Averages</td>
<td>119</td>
</tr>
<tr>
<td>Moving Average Crossovers</td>
<td>123</td>
</tr>
<tr>
<td>Moving Averages as Support and Resistance</td>
<td>131</td>
</tr>
<tr>
<td>Summary</td>
<td>134</td>
</tr>
</tbody>
</table>
## Contents

10 **Key Technical Indicators and Oscillators** 135  
Introduction to Indicators and Oscillators 135  
Key Indicators 139  
Key Oscillators 148  
Summary 159

11 **Fibonacci and Elliott Wave** 161  
Fibonacci Theory and Methods 161  
Elliott Wave Theory 170  
Summary 175

12 **Point-and-Figure Charting** 177  
Introduction to Point and Figure 177  
Point-and-Figure Patterns 181  
Point-and-Figure Price Targets 188  
Summary 190

13 **Volume** 193  
Introduction to Volume 193  
On-Balance Volume 196  
Tick Volume 198  
Summary 199

14 **Technical Trading Strategies: Practical Applications** 201  
Introduction to Technical Trading Strategies 202  
Moving Average Crossovers 203  
Breakout Trading 212  
Trend Trading 224
15 Risk Control and Money Management 261

Introduction to Risk Control and Money Management 262
Stop-Losses 263
Reward:Risk Ratio 266
Maximum Allowable Loss 269
Multiple Fractional Positions 271
Diversification 273
Summary 273
Index 277
The practice of technical analysis has grown at a remarkably rapid pace in the last few decades. Traders, investors, and analysts involved in all of the various financial markets have increasingly turned to the principles of technical analysis both to interpret as well as to act on market price behavior. These practitioners recognize that technical analysis provides a concrete, logical, and effective approach to tackling any major financial market.

In addition, the development of new methods and techniques within the realm of technical analysis has been equally rapid. Whether it is the latest and greatest technical indicator or a fresh and innovative way to denote support and resistance, technical analysis has generally progressed in a swift, continuous manner since its inception. Many of these new developments have contributed substantially to the further evolution of the field.

Consequently, innumerable specialties and subspecialties have developed within the discipline of technical analysis. In my years as an analyst and trader, however, I have deliberately refrained from having my primary focus “progress” onto excessively complex or esoteric concepts within the field. As a result, many have asked me why I