

COLLEGE LEVEL INTRODUCTION TO TECHNICAL ANALYSIS

LECTURE OUTLINE

Master Textbook

Technical Analysis: The
Complete Resource for
Financial Market Technicians
2nd Edition
Charles D. Kirkpatrick and
Julie R. Dahlquist
(FT Press, Pearson Education, 2011)

*This lecture series is produced by the
Market Technicians Association
Educational Foundation
Copyright © 2011.
All rights are reserved.*



*Identifying and funding
educational programs
in the field of
Technical Analysis
since 1993*

MTA Educational Foundation
Wall Street Station
Post Office Box 1512
New York, NY 10268
212/480-2431
info@mtaef.org • www.mtaef.org

1. Introduction to Technical Analysis

- The Basic Principle of Technical Analysis – The Trend
- History of Technical Analysis
- An Overview of Markets
- Dow Theory

Reading Assignment: Chapters 1-6; pp. 3-87

2. History and Construction of Charts

- Advantages of presenting price information in a picture or chart format
- Construction of Line Charts
- Construction of Bars Charts
- Construction of Point & Figure Charts
- Construction of Candlestick Charts
- Differences between Arithmetic and Logarithmic Scales

Reading Assignment: Chapter 11; pp. 199-221

3. Trend Analysis

- Trends - The Basics
- Breakouts, Stops and Retracements
- Moving Averages

Reading Assignment: Chapters 12-14; pp. 223-298

4. Pattern Recognition

- Introduction
- Reversal Patterns
- Continuation Patterns
- Volume Studies
- Summary

Reading Assignment: Chapters 15-17; pp. 301-403

5. Momentum Indicators

- Introduction
 - Definition
 - Construction
 - Characteristics
- Analysis
- Volume Studies
- Types of Momentum Indicators
- Conclusion

Reading Assignment: Chapter 8; pp. 131-162. Chapter 18; pp. 407-446

Chart Reading and Interpretation Review

Reading Review: Chapters 1-4; Chapters 11-18

6. Other Volume Indicators and Trend & Momentum Review

- Total Volume
- Turnover
- Upside-Downside Volume and The Arms Index
- On-Balance Volume
- Tick Volume and Money Flow
- Open Interest
- Using Volume Indicators

Reading Assignment: Chapter 18; pp. 407-446

7. Theory of Stock Market Cycles

- Introduction theory of stock market cycles
 - Quality of Cycles
 - Principles of Cycles
- Cycle Investigators
 - Kitchin Wave

Lecture Outline

- Juglar Cycle
- Kondratieff Wave
- Schumpeter's Model
- Dewey & S.I.R.E.
- Elliott Wave
- Seasonal Cycles

Reading Assignment: Chapter 9; pp. 163-176. Chapters 19-20; pp. 449-499.

8. Intermarket Analysis

- Overview
- Link Between Bonds and Stocks
- Link Between Bonds and Commodities
- Link Between Commodities and the Dollar
- Stock Sectors and Industry Groups
- Link Between Stocks and Futures
- Intermarket Analysis and Sector Rotation
- Intermarket Analysis and the Business Cycle
- Conclusion

Reading Assignment: Chapter 21; pp. 503-526

9. Relative Strength

- Definition of Relative Strength
- Relative Strength Trading Model
- Relative Strength Discipline
- Using Relative Strength to Determine Future Market Leadership
- Relative Strength Charts

Reading Assignment: Chapter 21; pp. 503-526

10. Sentiment & Supply/Demand

- Long-Term Sentiment of (Mainly) Investors
 - Asset Allocations
 - Flow of Funds (Domestic Demand)
 - International Flows (International Demand)
 - Macro Supply/Demand
 - Mutual Fund Activity (Demand and Potential Demand)
 - Valuations (Long-Term Sentiment)
- Medium-Term Sentiment of (Mainly) Traders
 - Put/Call Ratios (Professional and Individual Sentiment)
 - Polls (Professional Trader Sentiment)
 - Customer Transactions (Individual Sentiment)
 - Short Selling (Trader Sentiment)
 - Miscellaneous

Reading Assignment: Chapter 7; pp. 89-129. Chapter 10; pp. 177-196. Interview with Phil Roth

11. Technical Analysis & Portfolio Management

- Investment Policy (Charles Ellis)
 - Investors need three characteristics
 - The Loser's Game
 - Beating the Market
- Invest Like The Best (James O'Shaughnessy)
 - Styles
 - Timing
 - Value factors
 - Growth factors
 - Mixing styles
- C-A-N S-L-I-M (William O'Neil)
 - C-A-N S-L-I-M defined
- The best time to buy

Reading Assignment: Chapter 21; pp. 503-526. Chapter 23; pp. 559-578

12. Point & Figure Charting

- History
- Characteristics
- Construction
- Deciding on Point & Figure Parameters
- Patterns and Signals
- Trend lines
- Price Targets
- Risk/Reward Ratios

Reading Assignment: Chapter 16; pp. 335-358