



## **De basis van Technische Analyse**

### **Deel II van III**

Kim Cramer Larsson, TA specialist  
Peter Siks, beleggerstrainer

# Programma

- Wie is Kim Cramer Larsson
- De basis van Technische Analyse deel 2
- POLL: Ik gebruik TA voor ....% in mijn beleggingsbeslissingen

# Disclaimer

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# The basic of Technical Analysis - part 2

Kim Cramer Larsson

# Technical Analysis

- **Part 2**
  - Chart types and what they can tell us
  - Dow Trend theory
  - Traditional Technical Patterns
- **Part 3 – next time**
  - Studies and Indicators
    - Moving Averages
    - Volume
    - RSI
    - Bollinger Bands
    - MACD
  - Time frames, Important points and the Secret to successful investing



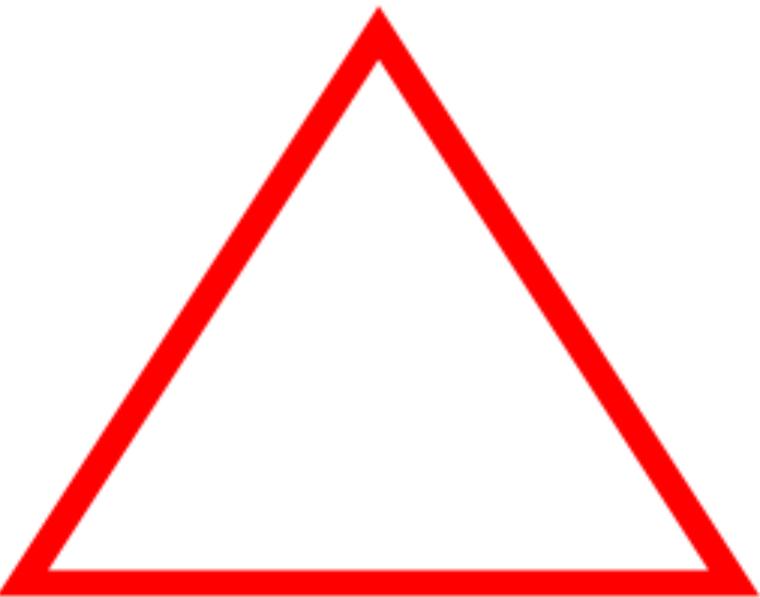
# But first something about me

- **1990-** Financial Industry since (GiroBank, BG Bank, Danske Bank)
- **1996-97** Equity Advisor, BG Bank, London city
- **1997** Bond Trader, BG Bank
- **1998-2005** Equity Trader, BG Bank/Danske Bank
- **2005-2009** Technical Analyst, Danske Bank
- **2009-2012** Own TA company. Financial Trend Analysis
- **2012-** Saxo Bank – Developing chart system & Technical Analyst

# The Analysis Triangle

## Technical Analysis

- tells you when to buy or sell
  - but not
    - If it is any good
    - Why it is behaving how it is



## Behavioral Finance

- tells you why it is doing, what it is doing
  - but not
    - If it is any good
    - When will it stop or change

## Fundamental Analysis

- tells you what is good, and how good
  - but not
    - When to buy or sell it
    - Why it is doing what it is doing

# What is Technical Analysis?

- Technical analysis is the study of historic price and volume, primarily through the use of charts.
- Technical analysis is a visual approach.
- Technical analysis deals with probabilities
  - **never** certainties!



# What is Technical Analysis?

**Technical analysis is the study of past price movements to forecast future price actions**



***"Technical analysis has been shown to generate statistically significant profits despite its incompatibility with most economists' notions of efficient markets..."\*)***

\*) Federal Reserve Bank of New York, C.L. Osler and P.H. Kevin Chang, Staff Report No. 4, August 1995.

# Market action discounts everything

## FUNDAMENTALS:

- Monetary policy
- Fiscal policy
- Economic figures
- etc.

## POLITICS:

- Coups d'Etat
- War
- International treaties
- etc.

## PSYCHOLOGY:

- Hope
- Fear
- Panic
- etc.



## RUMORS:

- Intervention
- Changes in interest
- Rates
- etc.

## BIG ORDERS:

- Clients
- MMs
- Stops
- Expiry
- etc.

# The market knows everything !

# What can TA be used for?

The use of price and volume history to assist in making investment and trading decisions.

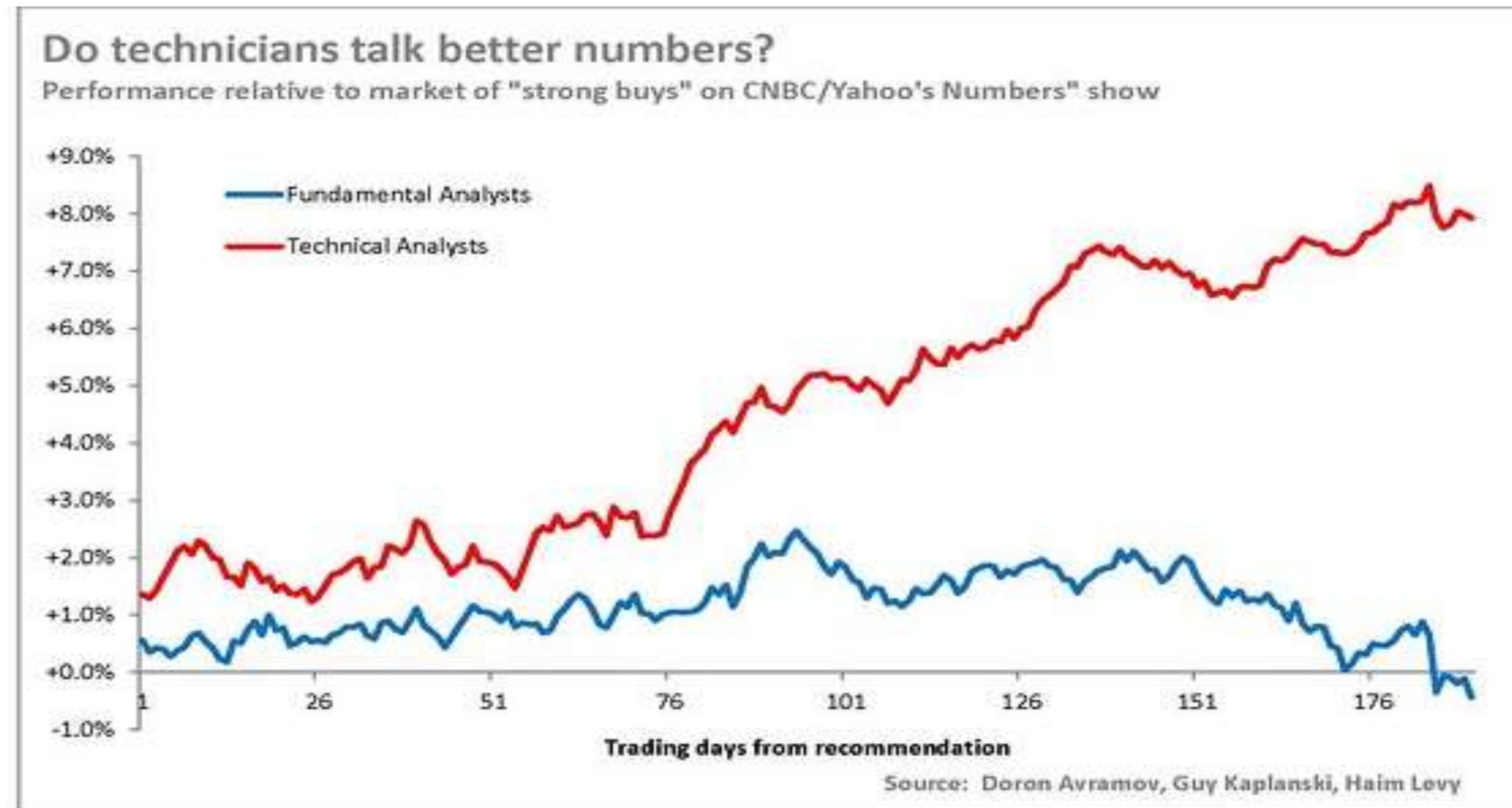
Use Technical Analysis to...

- enter a trade
- exit a trade
- decide when to take profits
- cut losses
- place stops (and targets)
- ride a trend
- minimize risk



# Does TA work vs Fundamentals?

- Thousands pairs of recommendations made between 2011 and 2014 were studied



# Dow Theory

- **The market moves in trends**
- **The trend is valid until a reversal happens**
- **Only closing prices are to be considered**
- **The volume of activity must confirm the trend**



**Bull** markets are broad upward movements of the market that may last several years, interrupted by secondary reactions.

**Bear** markets are long declines interrupted by secondary rallies. These movements are referred to as the primary trend.

**Secondary** movements normally retrace from one third to two thirds of the primary trend since the previous secondary movement.

Daily fluctuations are important for short-term trading, but are unimportant in analysis of broad market movements.

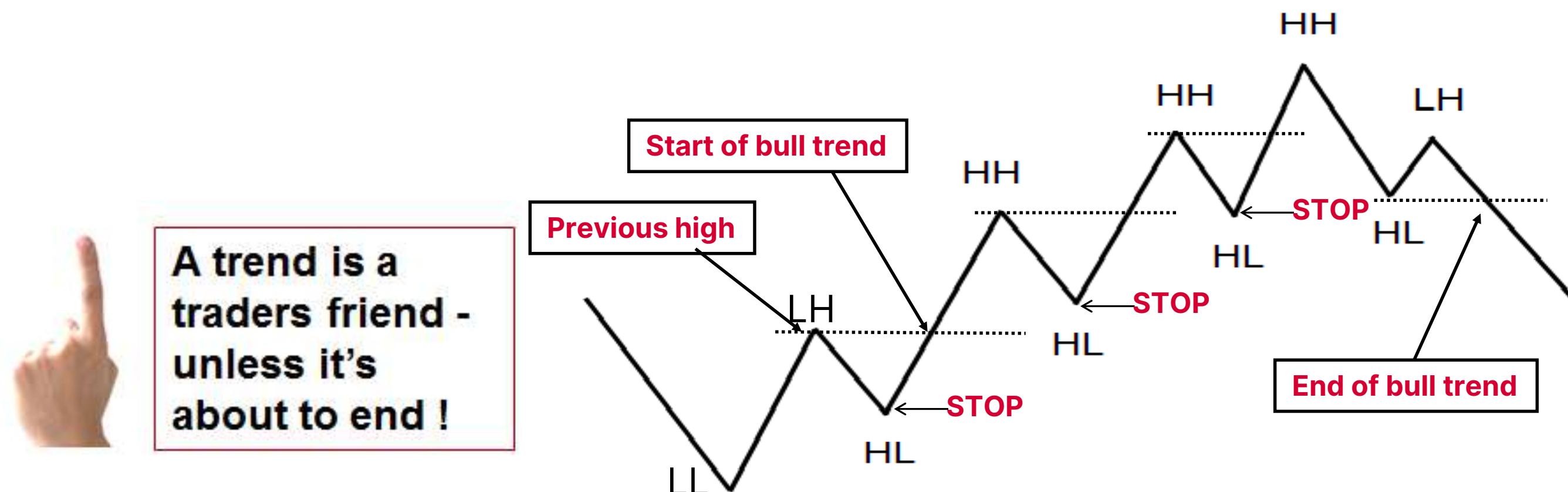
# Dow Theory – Trends

The start of an up trend is signalled when price makes a higher low (trough), followed by a rally above the previous high (peak):

**Start = Higher Low (HL) + break above previous High.**

The end is signalled by a lower high (peak), followed by a decline below the previous low (trough):

**End = Lower High (LH) + break below previous Higher Low (HL).**



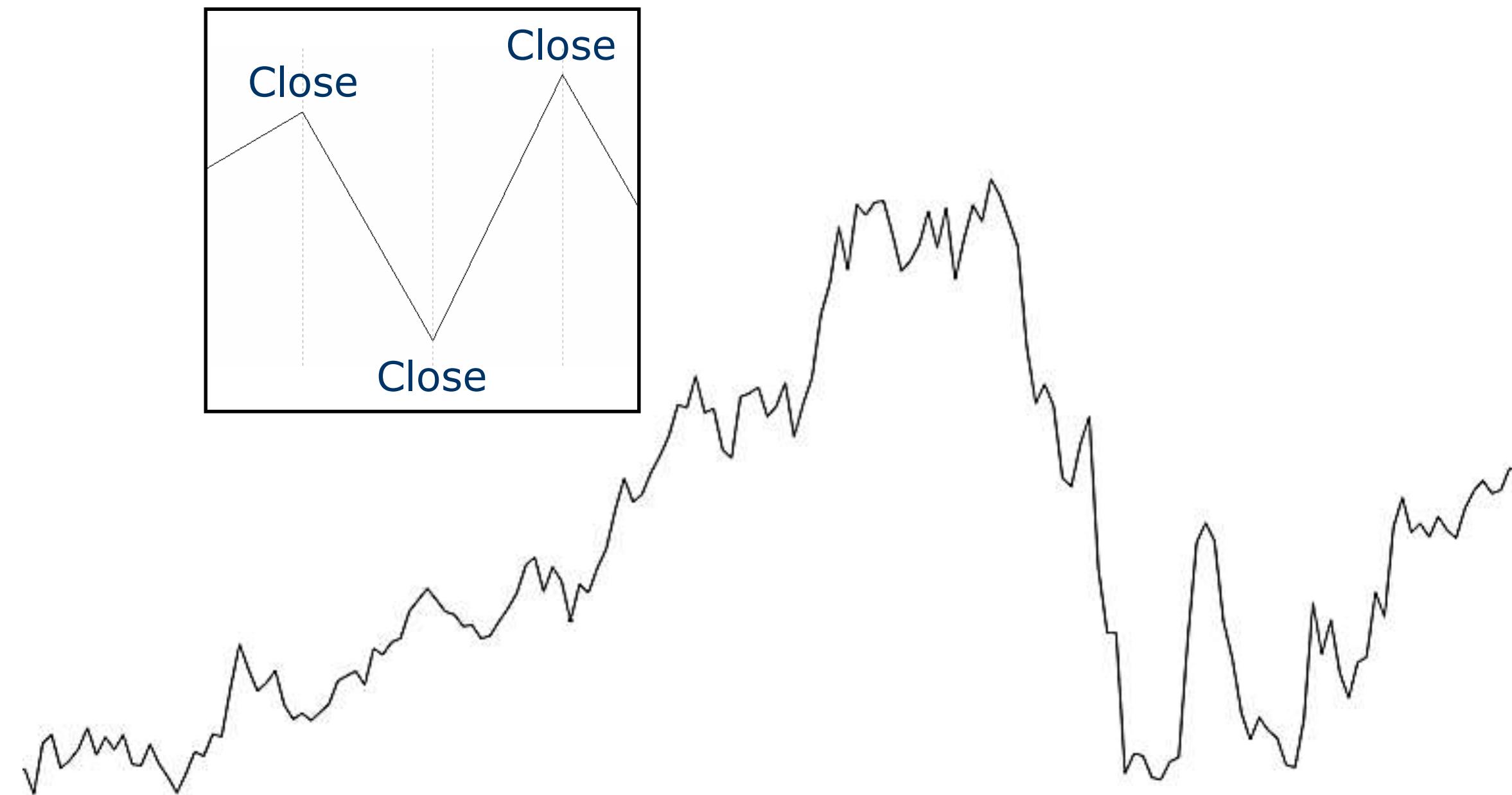
# Trends



# POLL

- POLL: Ik gebruik de volgende grafiekvorm

# Chart types – Line chart



# Chart types – Bar chart

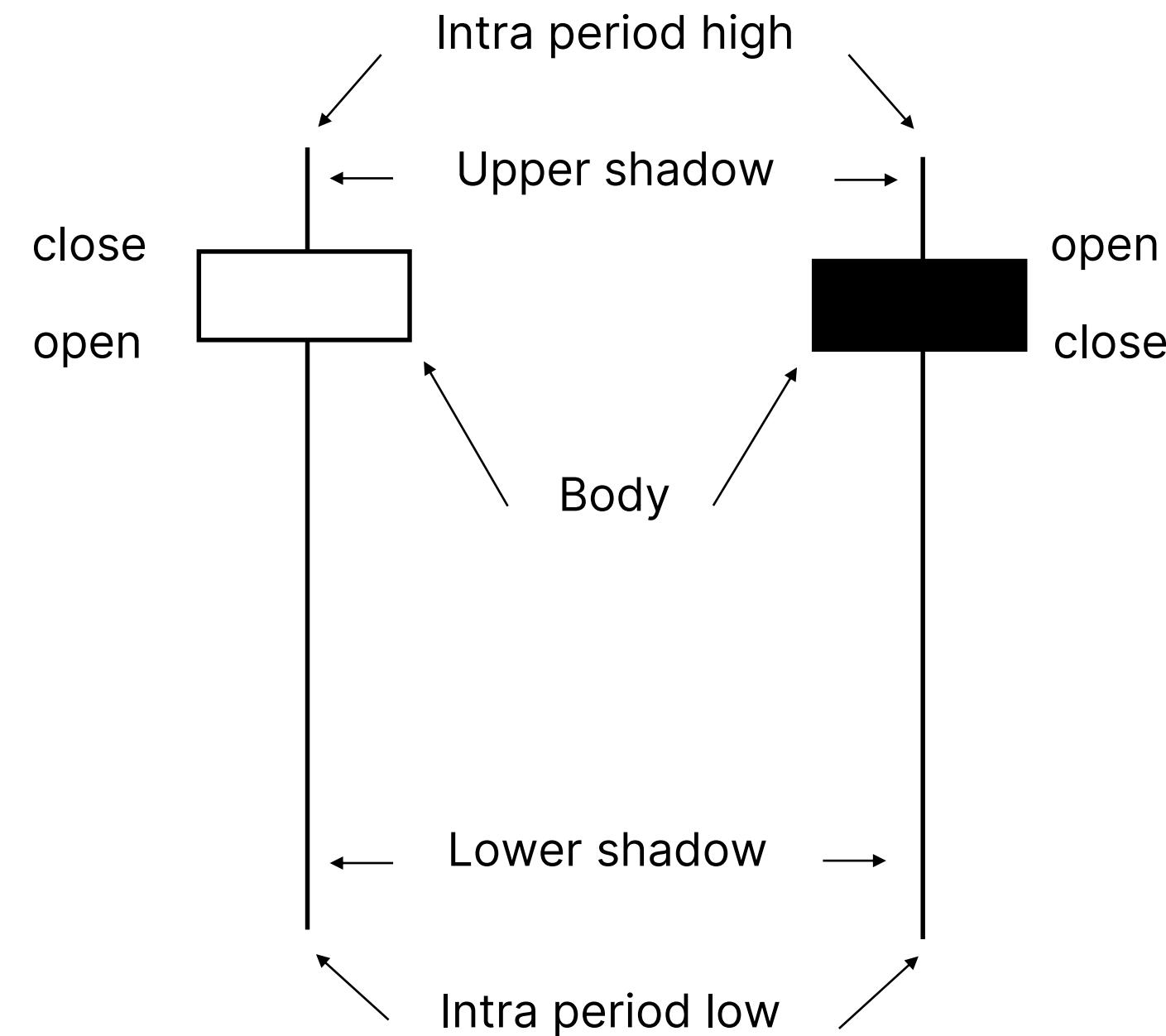


# Candlesticks

- // Invented by Japanese rice traders in the 17<sup>th</sup> century.
- // Introduced to the western world in 1970's by Steve Nison
- // Uses many of the same principles as Dow Trend Theory

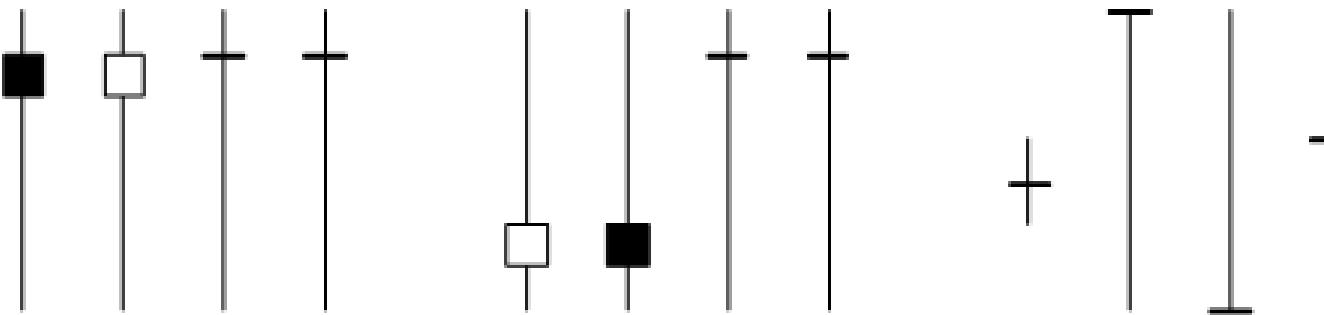


# Candlesticks



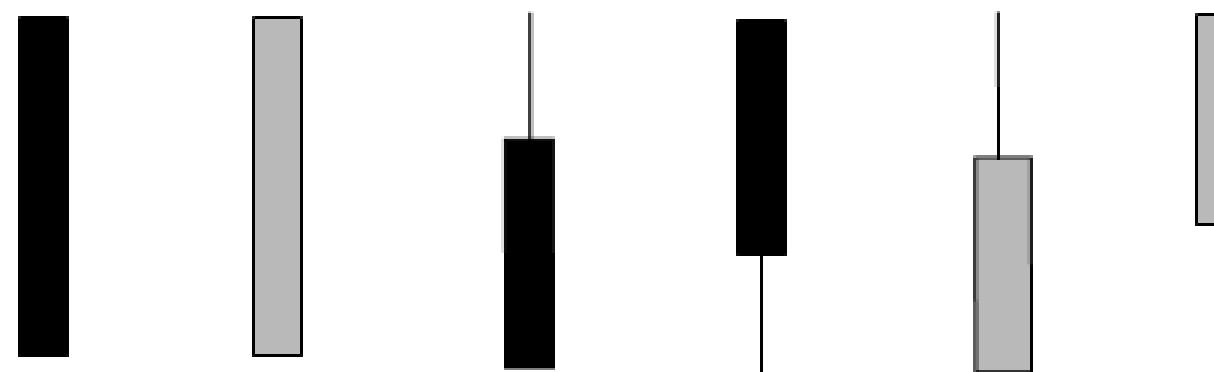
# Candlesticks

## “Stillness”



Alone, neutral patterns. Any bullish or bearish bias is based on preceding price action and future confirmation.

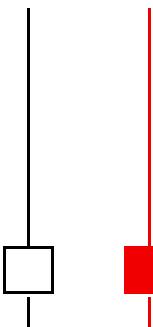
## “Dominant”



Very Very Bearish Bearish Bullish Bullish  
bearish bullish

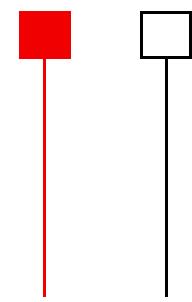
# Candlesticks

## Inverted Hammer (Bottom)



A small real body at the lower end of a long upper shadow. It warns of a potential bottom reversal in a falling market.

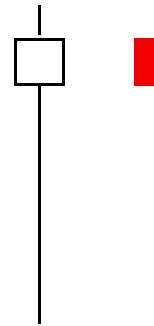
## Hanging Man



A small real body at the top of a long lower shadow. It warns of a potential top reversal in a rising market.

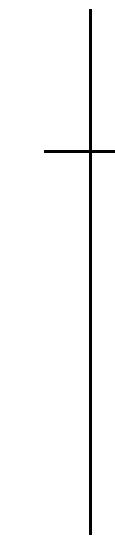
The Hanging Man formation indicates that the price goes much lower than the open then closes near the opening price. This might mean that many longs have positions that they are attempting to sell. Ideally, a black/red real body Hanging Man with a lower open the following day could be a bearish signal for the days ahead.

## Hammer (Bottom)



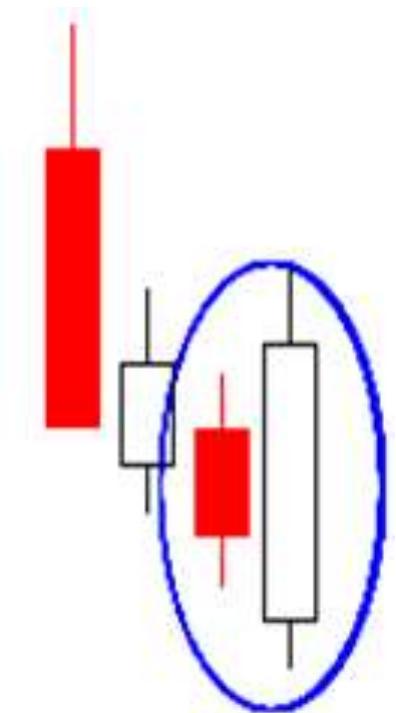
It warns of a potential bottom reversal in a falling market. As with any single candlestick, confirmation is required. The Bullish Hammer formation shows the price goes much lower than the open then closes near the opening price. This fact reduces the confidence of the bears. Ideally, a white real body Hammer with a higher open the following day could be a bullish signal for the days ahead.

## Doji



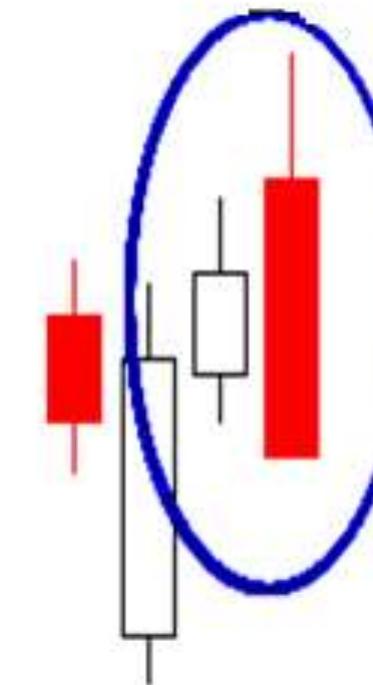
Is a shape wherein the opening and closing prices are the same and the shape has no noticeable "real body." It signals market indecision except when it appears as a Gravestone Doji, below.

# Candlestick patterns



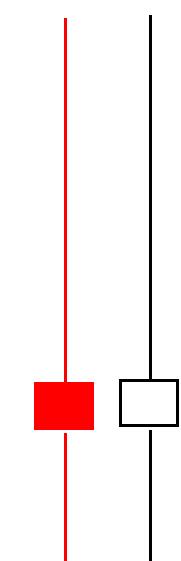
## Bullish Engulfing Pattern

A long white/green body that engulfs a small black/red real body in a down trend. The white/green body's opening price is below the closing price of the previous black/red body. A bullish trend reversal.



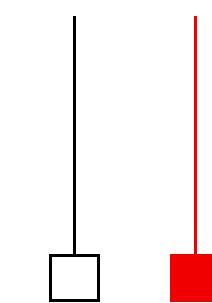
## Bearish Engulfing Pattern

A long black/red body that engulfs a small white/green real body in an uptrend. The black/red body's opening price is above the closing price of the previous white/green body. A bearish trend reversal.



## Shooting Stars (Top)

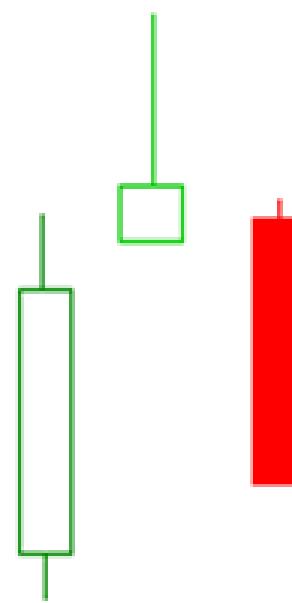
A small real body at the lower end of a long upper shadow. It warns of a potential top reversal in a rising market.



## Spinning Tops (Top)

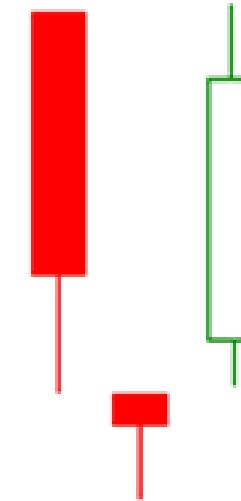
A small real body and long shadows. They imply equilibrium between buyers and sellers. They can be black/red or white.

# Candlestick patterns



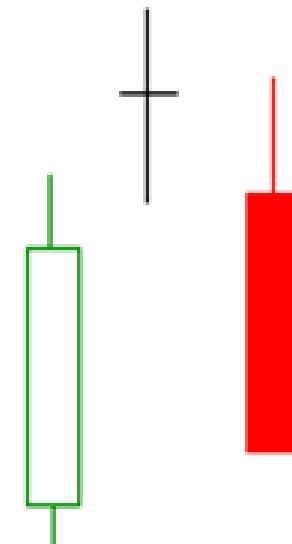
## Evening Star

A major top reversal formed by three candles. A Star top is followed by a black body that closes well below the first white bars closing price.



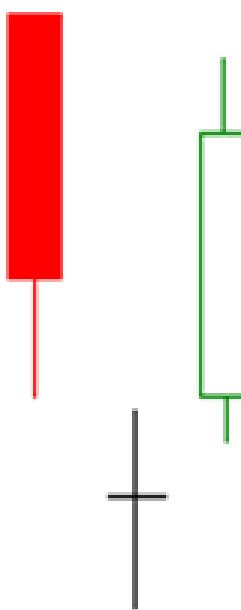
## Morning Star

A major bottom reversal formed by three candles. A Star bottom is followed by a white body that closes well above the first black bars closing price.



## Evening Doji Star

The same pattern as the Evening Star but the middle candle is a Doji. This pattern is considered to be even more bearish than the Evening Star.



## Morning Doji Star

The same pattern as the Morning Star above. But the middle candle is a Doji. This pattern is considered to be even more bullish than the Morning Star

# Bullish Engulfing

NASDAQ COMP – Weekly



# Bearish Engulfing

ING Groep – May 2022



# Bearish Engulfing / Spinning Top

Aegon July-August 2022



# Evening Doji Star

APPLE – Weekly – September 2013



# Evening Doji Star

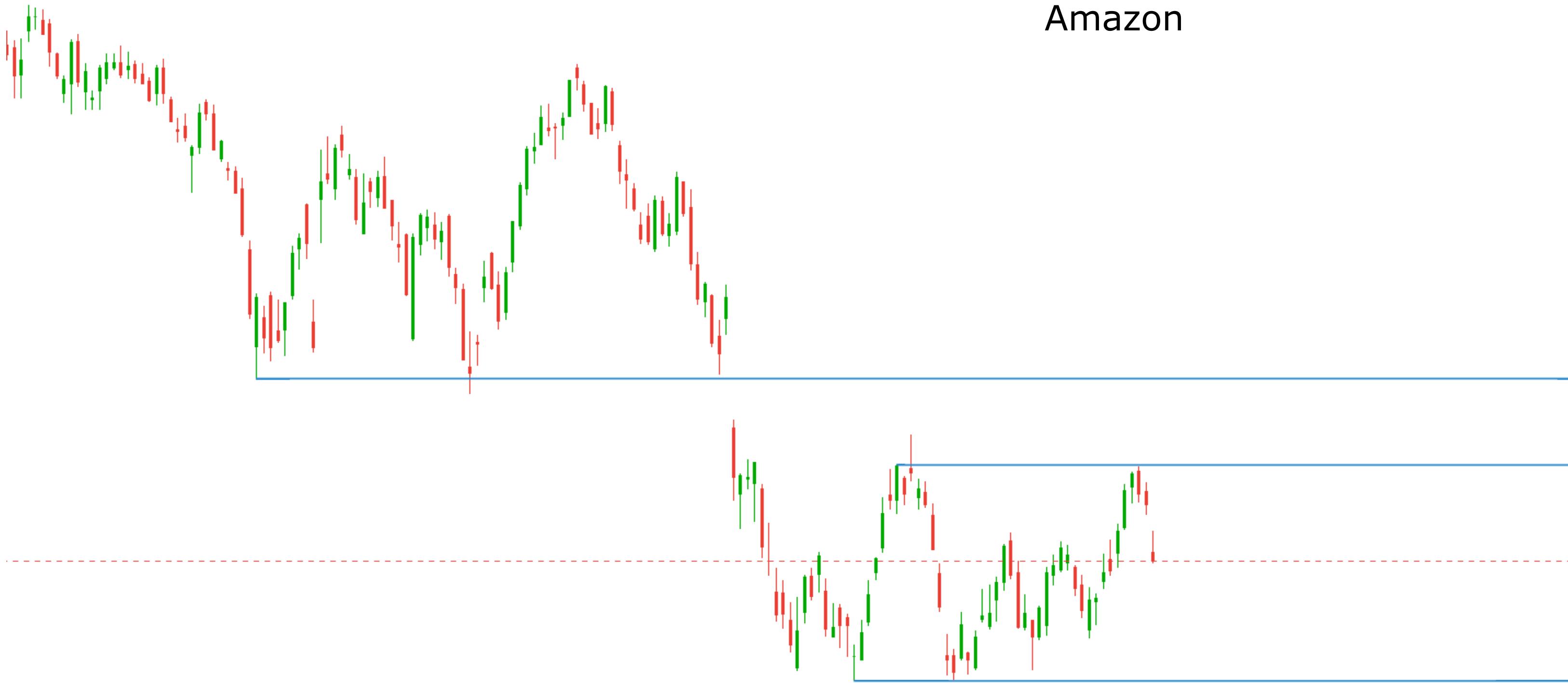
NVidia – Daily – March – June 2022



# Traditional Technical Patterns

- More than 100 different kinds of patterns including bottoms and tops.
- The more times a price touches its trend lines i.e.. less white space between the trend lines the better quality of the pattern resulting in better target performance.
- Usually the price needs something to reverse from meaning most patterns are reversal patterns or continuous patterns in up- or downtrend. Exception is sideways channels.
- Look for confirmation at break out - either in volume or other studies/indicators.
- Be aware of pullbacks and throwbacks where price jumps back into the pattern.
- Targets after break out: Rule of thumb and/or Bulkowski plus Fibonacci can be used
- But let's start with Basics: Horizontal Support and Resistance lines

# Support & Resistance - Horizontal



# Support & Resistance

KPN April –  
August 2022



# Support & Resistance - Channels

Adyen Sept. 2021 -  
Sept. 2022



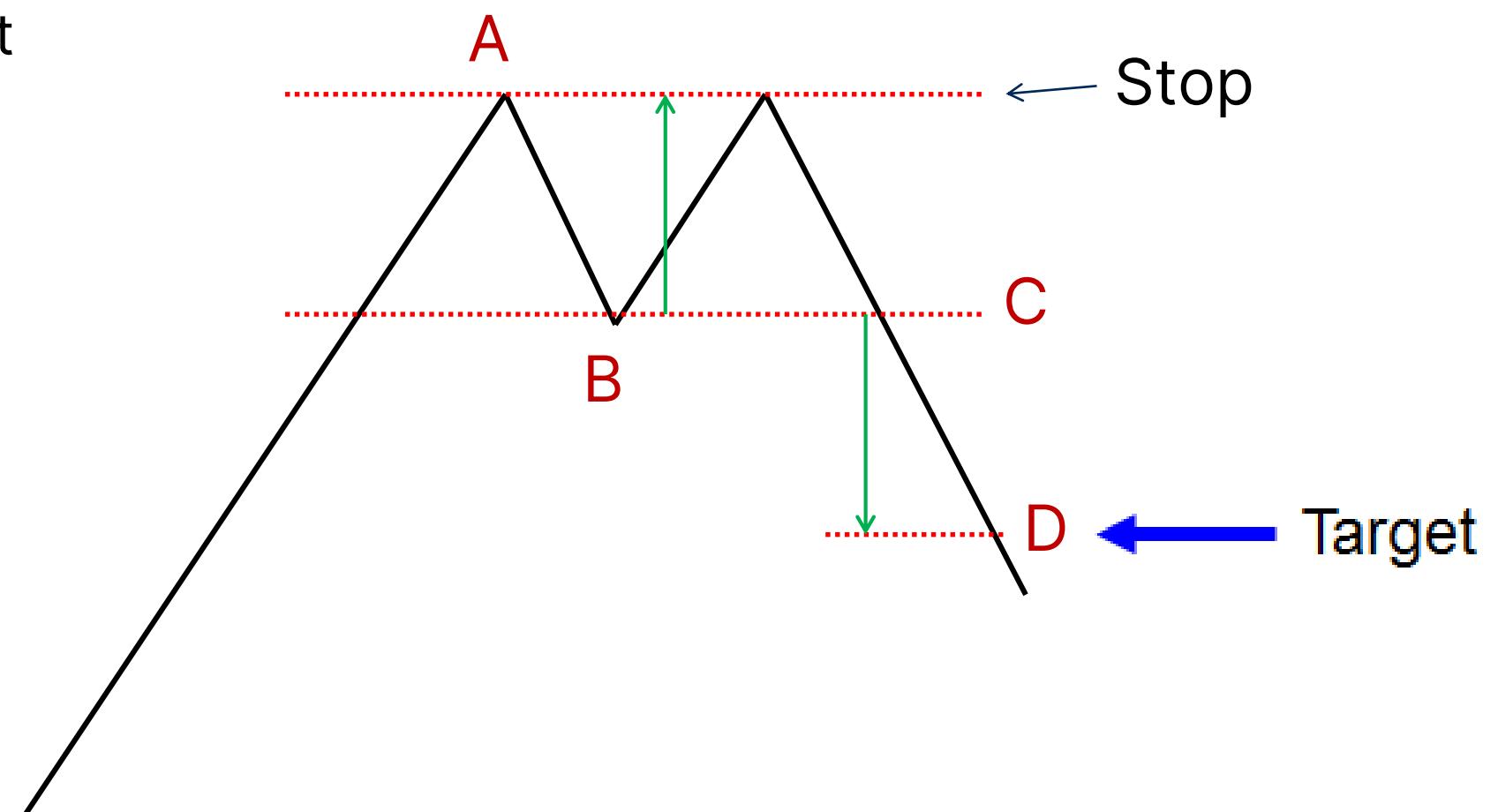
# Support & Resistance

ING Group



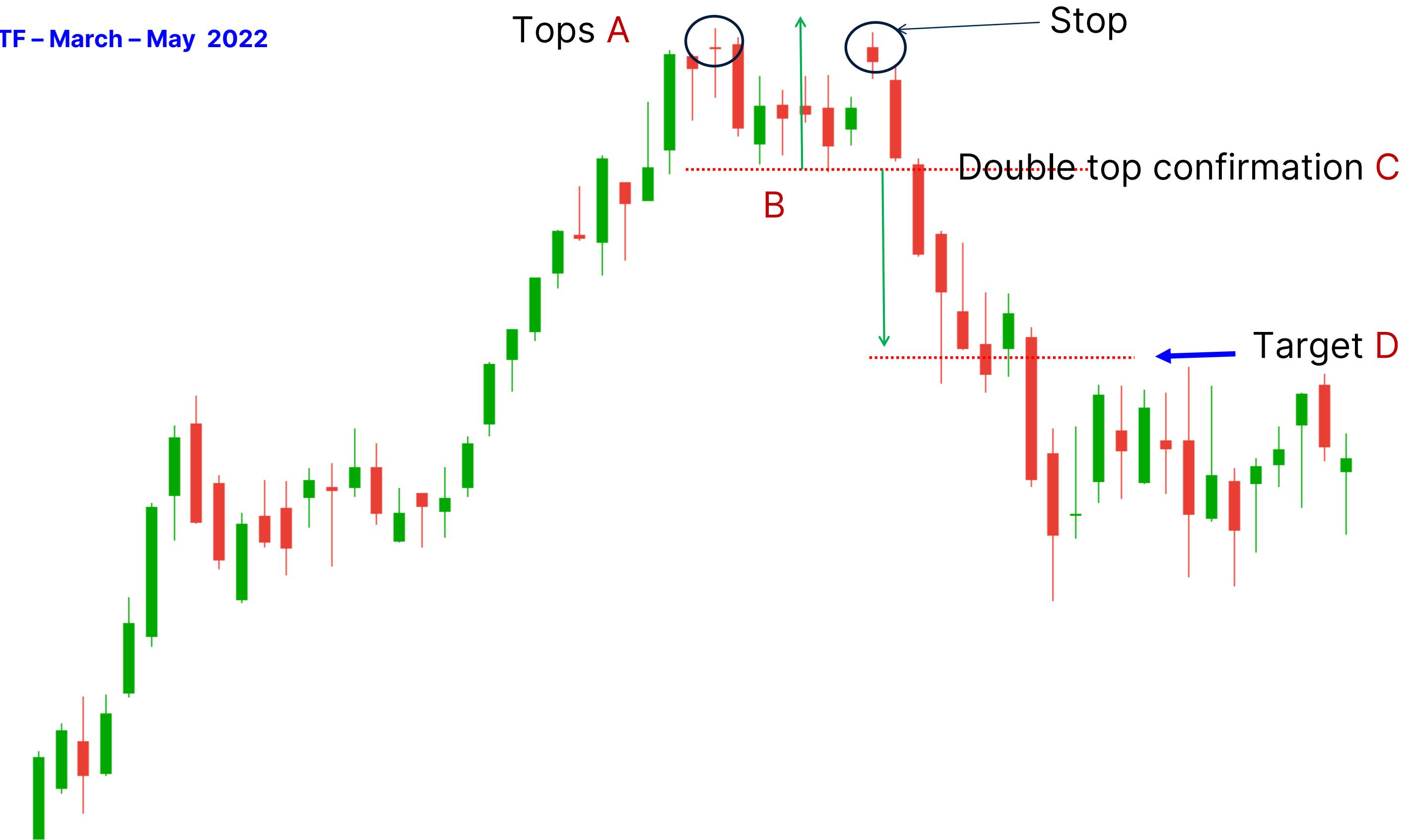
# Double and Triple Top (Reversal)

- Identification: Two peaks that look similar. Two types: Adam and Eve. Adam tops very narrow whereas Eve tops are more round
- If three tops, it is a triple top and target rules are identical
- Target: Subtract the difference between the highest peak **A** and the lowest valley **B**, which is also the Breakout and confirmation level. Then, subtract the result from **C** and find the target **D**.



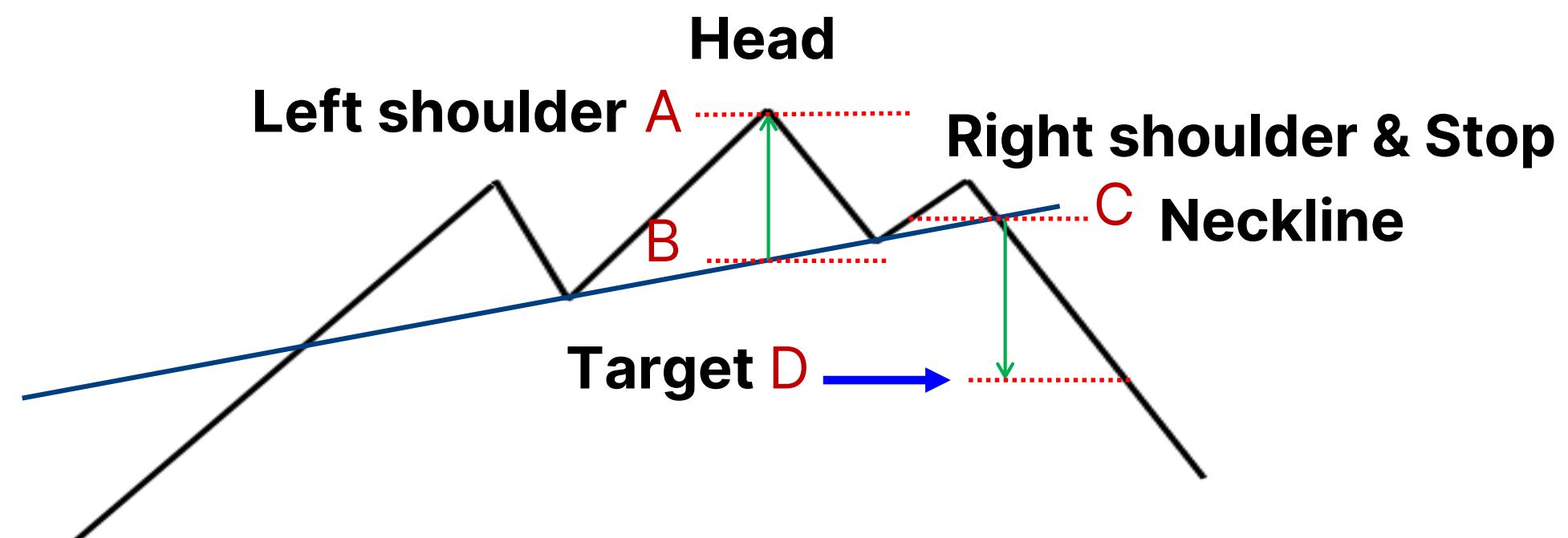
# Double Top (Reversal)

XLU Utilities ETF – March – May 2022



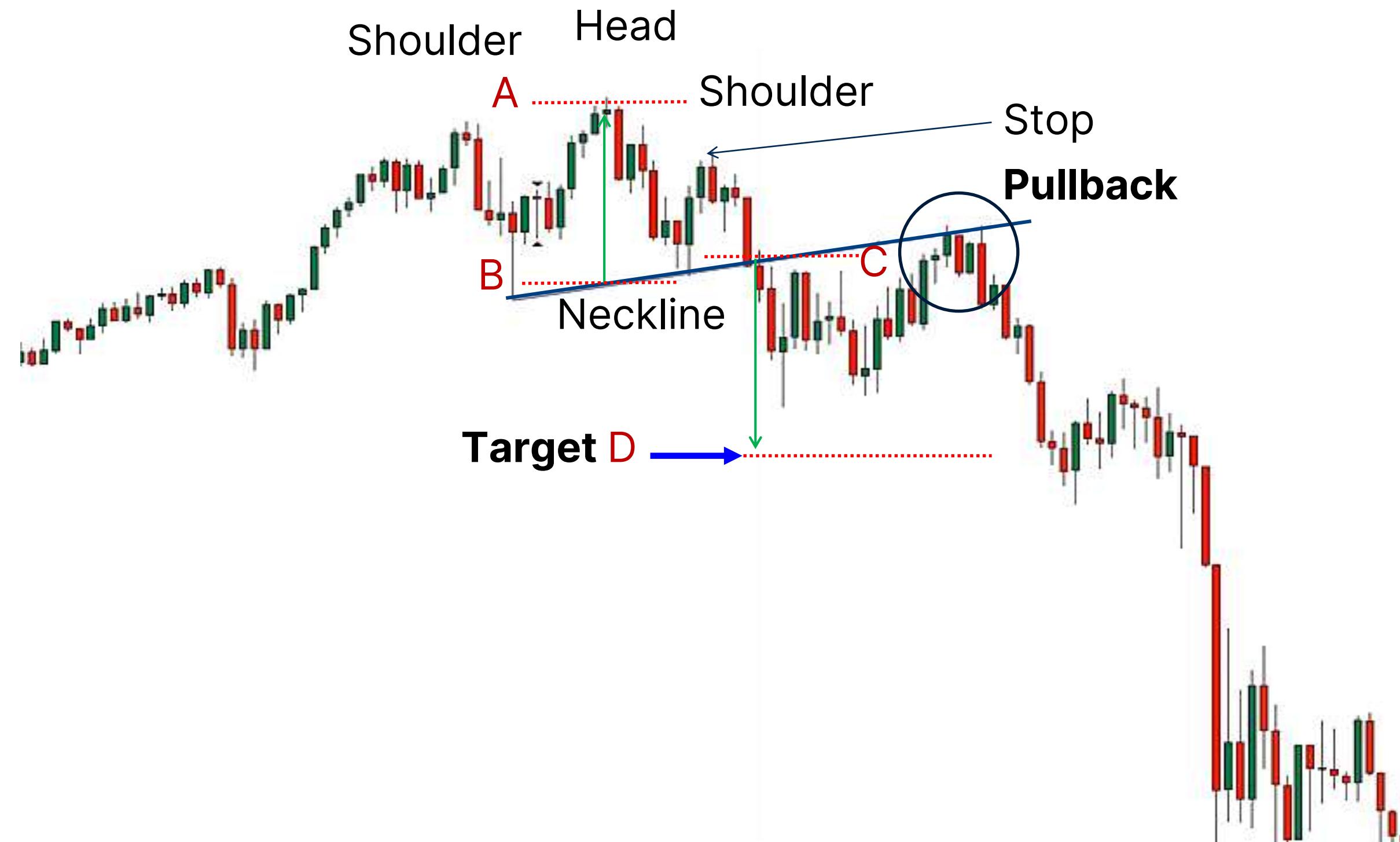
# Shoulder-Head-Shoulder (Reversal)

- 3-valley pattern that looks like a person's head and shoulder. The two shoulders should peak/bottom near the same price and nearly the same distance from the head
- Price must have something to reverse from i.e., not in a sideways trend
- Volume is usually falling i.e., highest on the left shoulder
- Confirmation when breaking the neckline
- Target: Calculate the difference between the head **A** and the neckline at point **B** and subtract the result from the neckline at the break out **C** to get the target **D**.



# Shoulder-Head-Shoulder

DJI – Weekly – 2007-2008



# Shoulder-Head-Shoulder

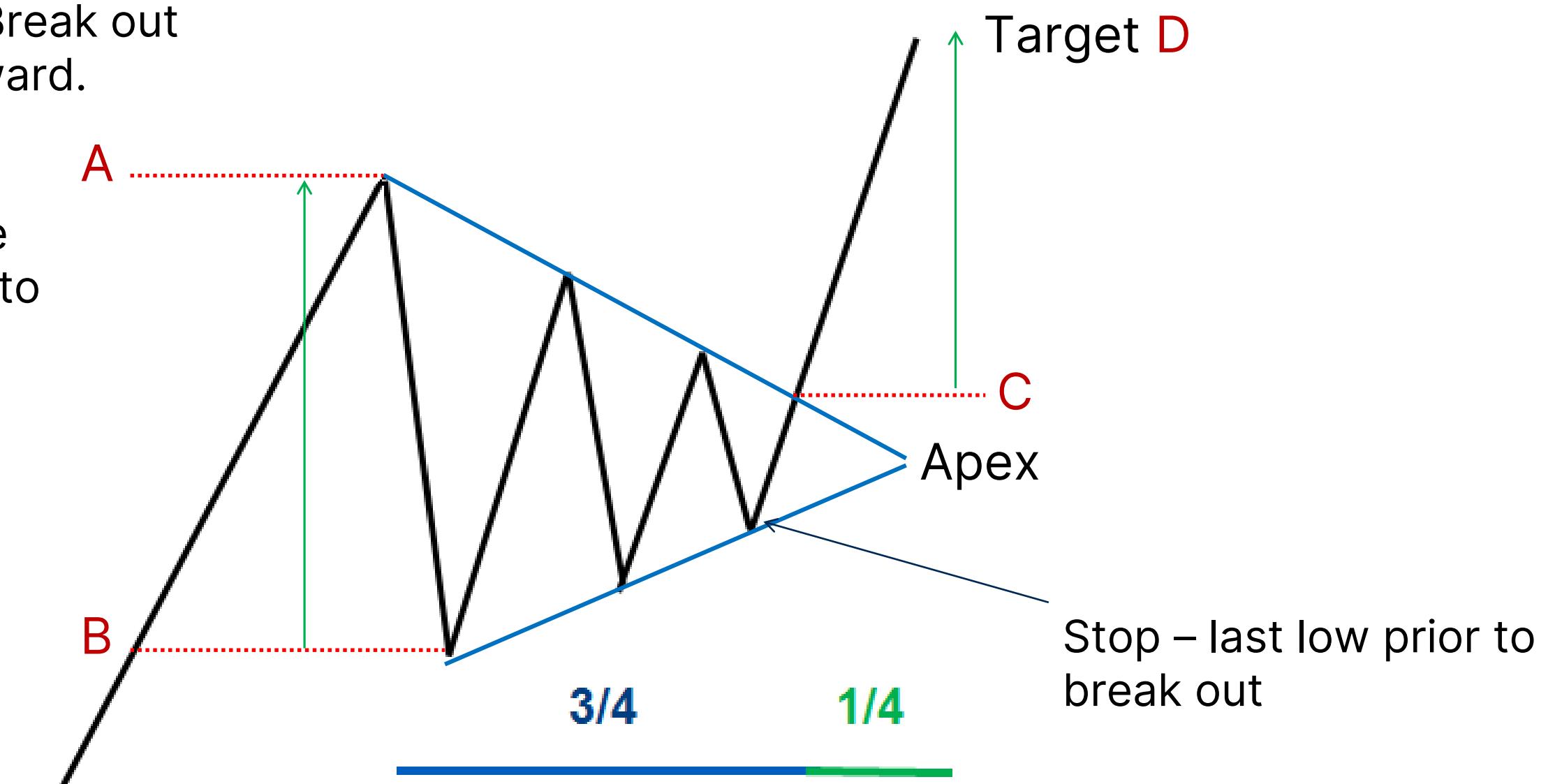
WTI Crude – Daily - 2013



# Symmetrical Triangle

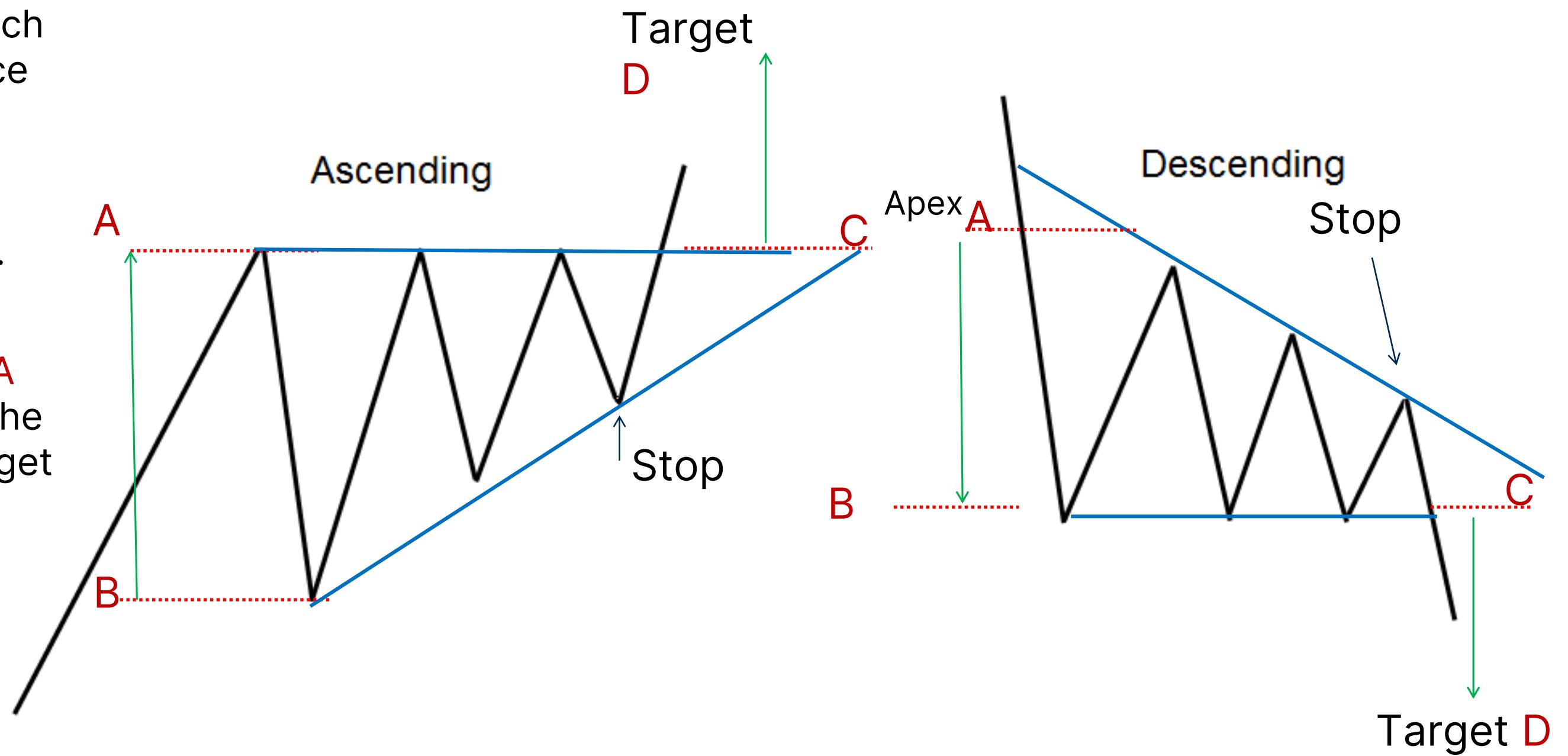
- Can be in any direction leading to the pattern. Converging trend lines. Price must fill the space – no or little white space touching each trend lines at least twice. Break out 75% to apex. Break out can be any direction. 50/50 up-/downward.

- Target. Add the difference between the highest peak **A** and the lowest valley **B** to the price at the breakout **C** to get the target **D**.



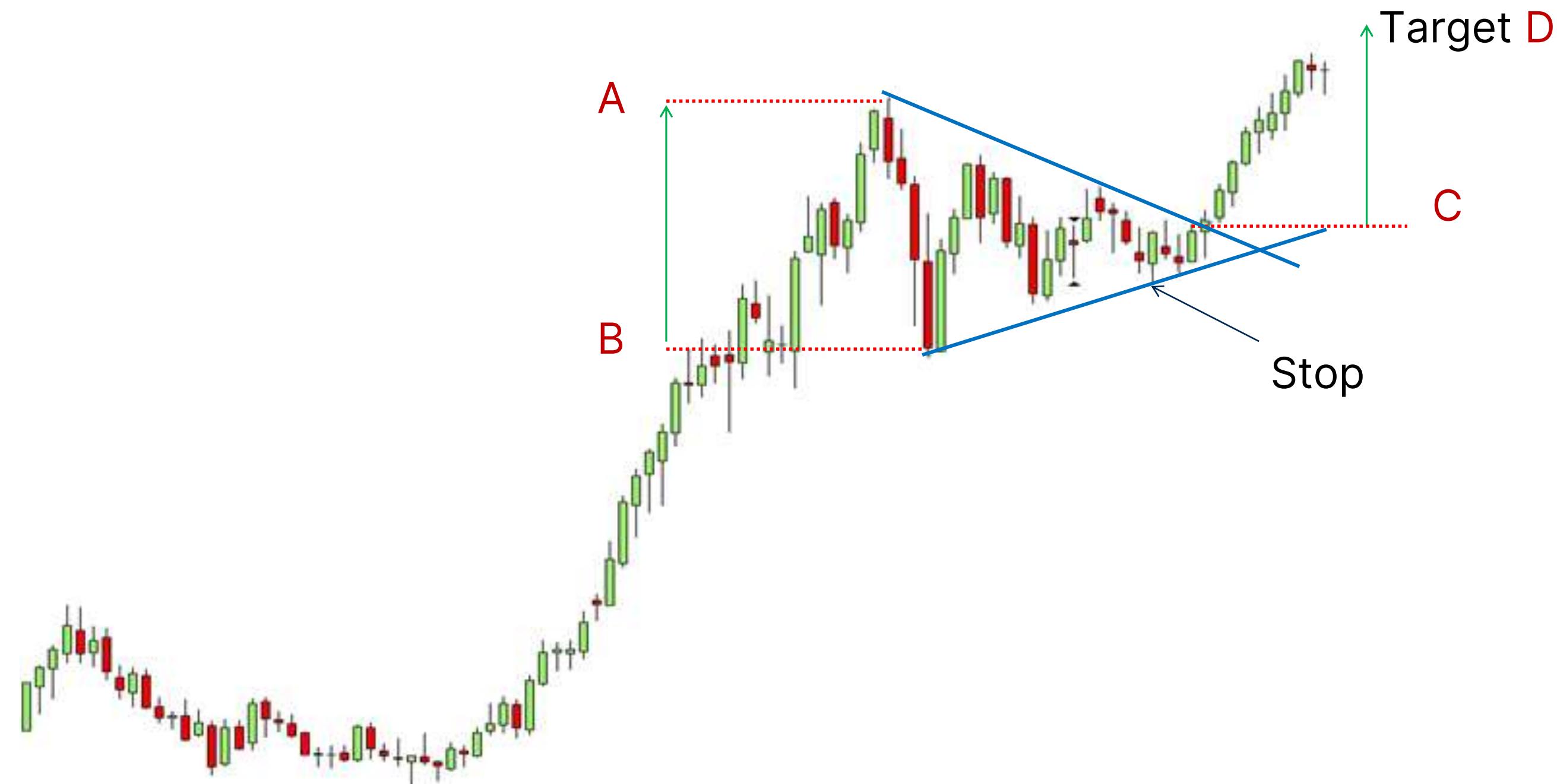
# Ascending & Descending Triangles

- Any direction leading to pattern. Two trend lines, one horizontal. Price should touch each trend line at least twice and filling the white space. Break out 2/3 to the apex. Ascending 2/3 upward. Descending 2/3 downward.
- Target: Add the difference between the highest peak **A** and the lowest valley **B** to the price at the break out **C** to get the target **D**.



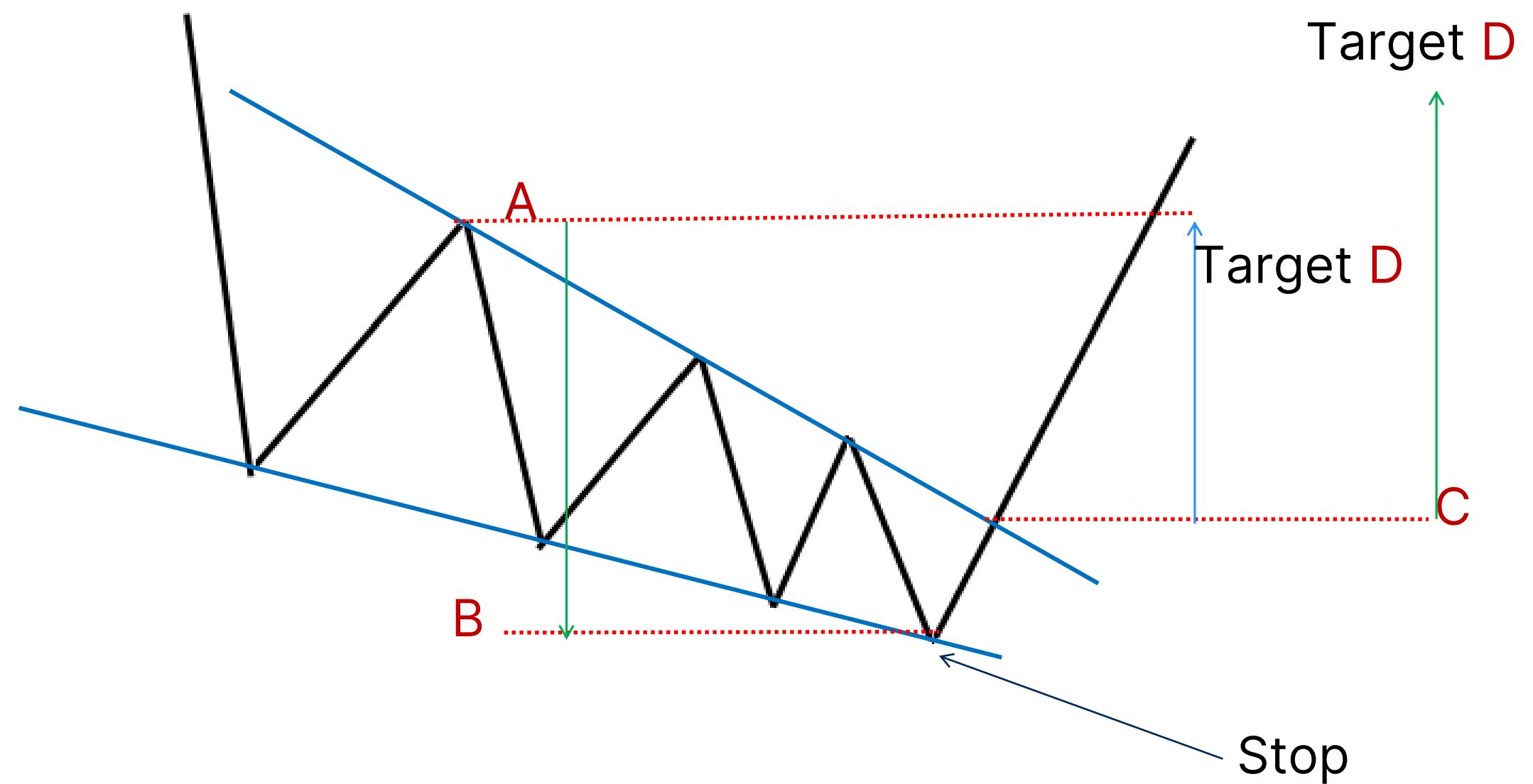
# Symmetrical Triangle

USD/JPY – Weekly



# Wedge (Reversal)

- Trend can be in any direction leading to the pattern. The price and the two trend lines are both down sloping. Price should touch the trend lines at least 5 times.
- Duration : min 3 weeks otherwise it's called a pennant. Break out 2/3 to the way to apex and can be any direction. 2/3 up.
- Target: At least the highest peak in the Wedge **A** or add the difference between the highest peak **A** and the lowest valley **B** to the price at the break out **C** to get the target **D**.



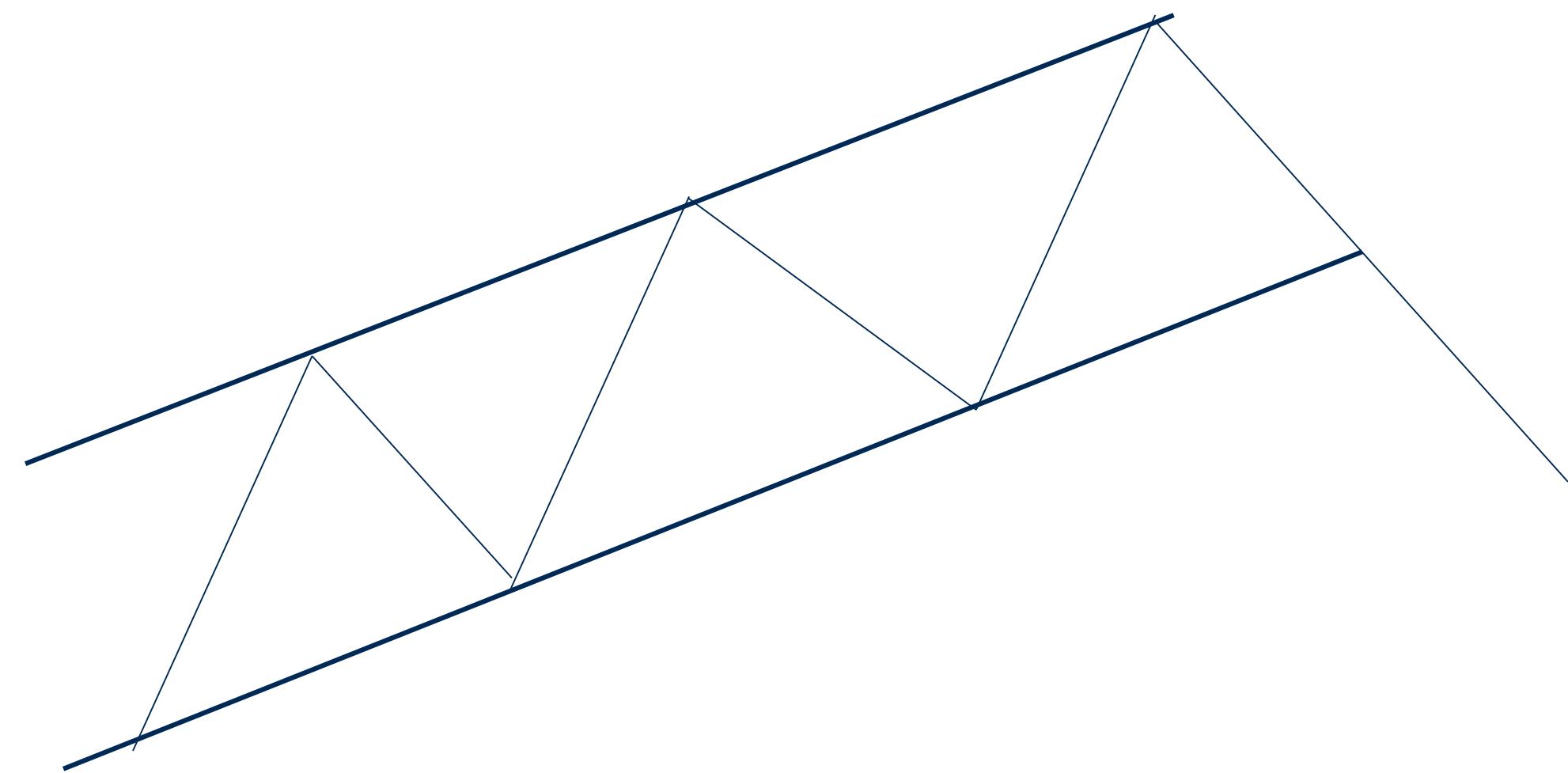
# Falling Wedge – bullish reversal

EUR/NOK – Weekly -



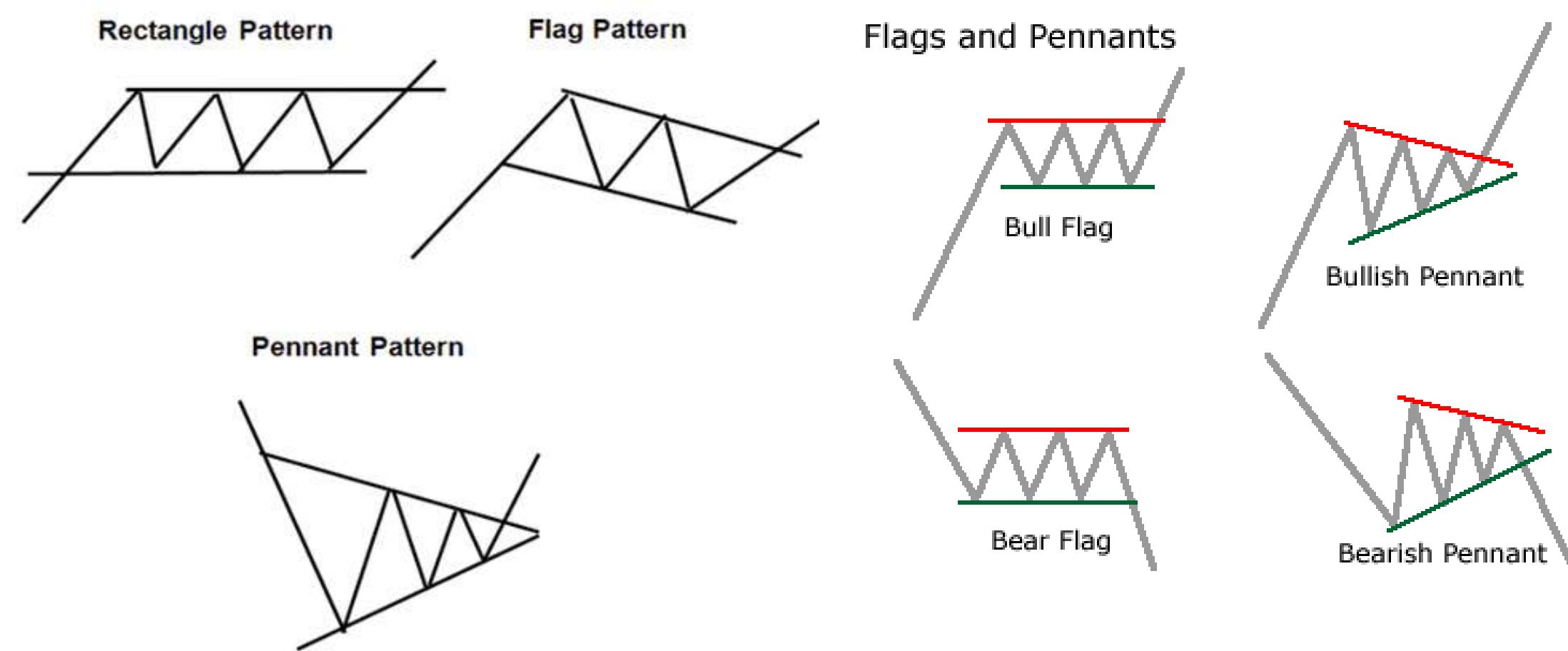
# Channels – parallel trend lines

- Price movement fits between two parallel trend lines up or down – not horizontal
- Price should each trend line at least twice



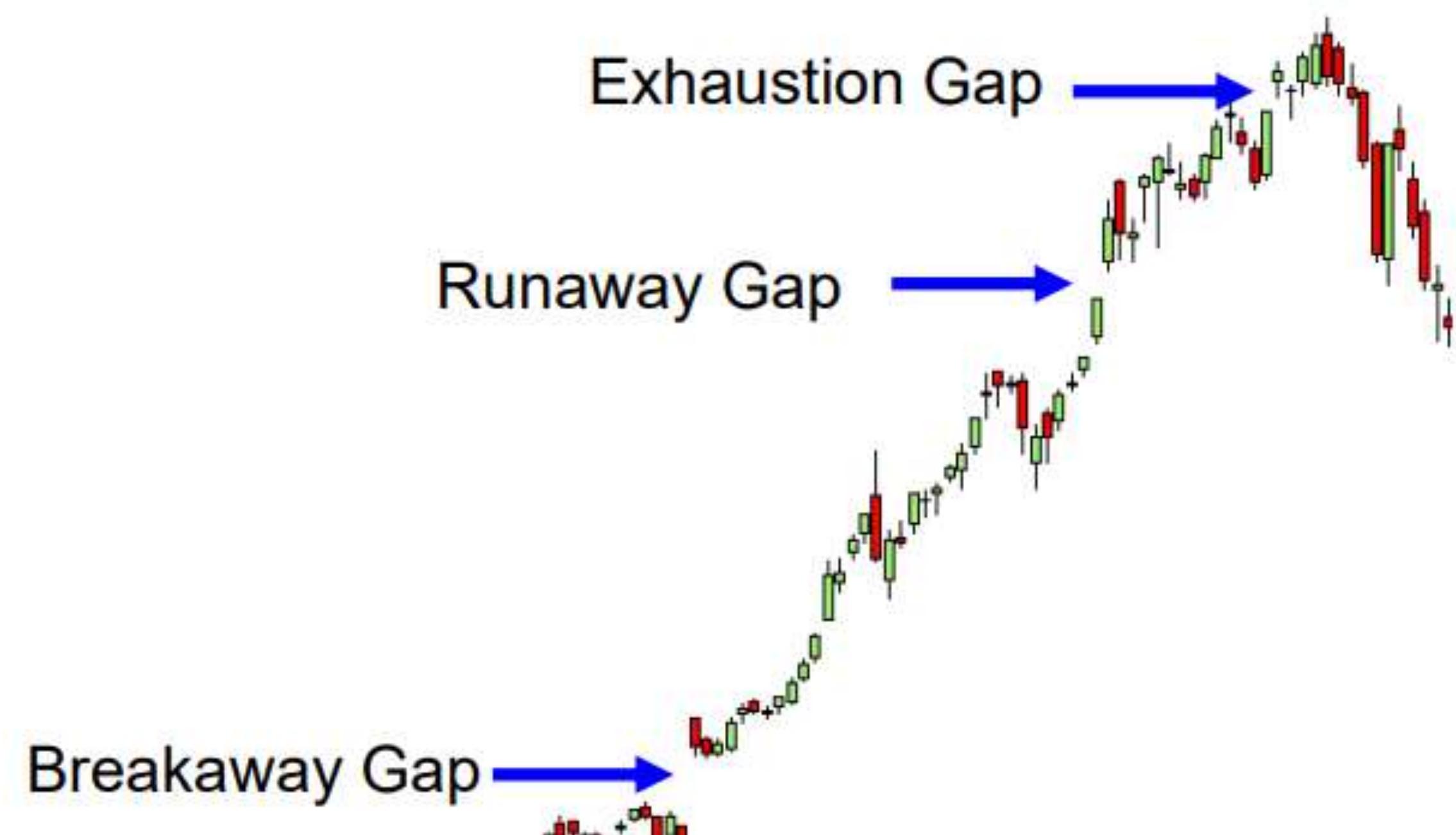
# Flags & Pennants

- Flags and Pennants are continuation patterns – never reversals -and look very identical
- Flag is more rectangular shaped like a channel
- Pennants are more like a Triangle/Wedge
- They usually slope down or up



# Gaps & Breakouts

APPLE – Daily



# Gaps & Breakouts

Nvidia 2021



# Gaps & Breakouts – Island reversal

Microsoft - August 2022



# Follow Kim on SaxoTraderGO

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Overview Hot Topics Stocks ETFs Crypto Forex Commodities Bonds Options Webinars Education News Market Analysis Calendar

Financial Markets Today: Quick Take – September 12, 2022	08:22   MA
Saxo Spotlight: What's on investors and traders radars this week?	03:30   MA
APAC Daily Digest: What is happening in markets and what to consider next – September 12, 2022	02:30   MA
FX Update: USD weakens broadly, but are the drivers sustainable?	09-sep   MA
Equity rebound, US CPI report, and Adobe earnings	09-sep   MA
Podcast: USD stumble adds to sentiment boost	09-sep   MA
Financial Markets Today: Quick Take – September 9, 2022	09-sep   MA
APAC Daily Digest: What is happening in markets and what to consider next – September 9, 2022	09-sep   MA
Copper: supply fundamentals trump weak sentiment	08-sep   MA
Do the odds favour a rebound in equities?	08-sep   MA
Technical Update - EURUSD and Dollar Index ripe for a correction. Maybe a larger one	08-sep   MA
Podcast: Room for rally or was yesterday a red herring?	08-sep   MA
Financial Markets Today: Quick Take – September 8, 2022	08-sep   MA
APAC Daily Digest: What is happening in markets and what to consider next – September 8, 2022	08-sep   MA
Oil and wheat pops on Putin comments	07-sep   MA
Volatility markets remain calm; China invokes "whole nation system"	07-sep   MA
FX Update: Yen slide extends, ignores official warnings.	07-sep   MA
Podcast: Bank of Japan fiddling as yen burns	07-sep   MA
Financial Markets Today: Quick Take – September 7, 2022	07-sep   MA
APAC Daily Digest: What is happening in markets and what to consider next – September 7, 2022	07-sep   MA
FX Update: Market challenges BoJ, ECB set to hike 100 bps?	06-sep   MA
The European equity landscape amid the energy crisis	06-sep   MA

02-sep-2022 08:42 MA Market Ar

## Technical Update

### USDJPY

took out July peak just at 139 the 1.618 projection of the top

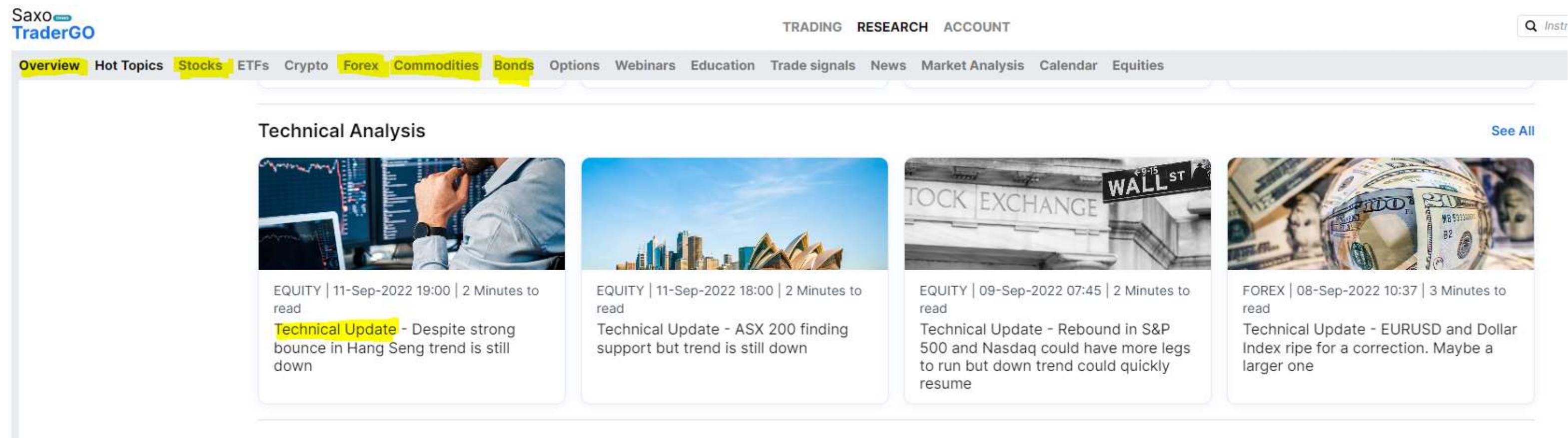
Add to that the 100% Extension (which is certainly looks like) sometimes in FX the fifth is the analysis from June 2022: http://

1M EURUSD EUR 300 TIME SAAA 55 TIME SAAA 21 TIME SAAA 100



# Where to find my analysis

- **On SaxoTrader:**



The screenshot shows the SaxoTraderGO website interface. At the top, there is a navigation bar with links for 'TRADING', 'RESEARCH', and 'ACCOUNT'. Below the navigation bar is a search bar with the placeholder 'Instr'. The main content area features a grid of four cards, each representing a different type of analysis:

- Technical Analysis:** A card showing a person pointing at a screen with multiple charts and data. It includes the following details:
  - EQUITY** | 11-Sep-2022 19:00 | 2 Minutes to read
  - Technical Update** - Despite strong bounce in Hang Seng trend is still down
- EQUITY** | 11-Sep-2022 18:00 | 2 Minutes to read
- Technical Update - ASX 200** finding support but trend is still down
- EQUITY** | 09-Sep-2022 07:45 | 2 Minutes to read
- Technical Update - Rebound in S&P 500 and Nasdaq** could have more legs to run but down trend could quickly resume
- FOREX** | 08-Sep-2022 10:37 | 3 Minutes to read
- Technical Update - EURUSD and Dollar Index** ripe for a correction. Maybe a larger one

- **Home.saxo:** <https://www.home.saxo/insights/news-and-research/authors/kim-cramer-larsson>
- **Twitter:** [https://twitter.com/cramers\\_corner](https://twitter.com/cramers_corner)

# Dank voor uw aandacht!