The World of Moving Averages

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(Technical Analysis & FOREX)
What is it?

• A moving average (MA) is a trend indicator that dynamically calculates the mean average of prices over a defined number of past periods

• Each period may be a minute, an hour or a day, etc.
20 SMA = Average closing prices of last 20 periods
Function:
1. It helps smooth out price action by filtering out the "noise" from random price fluctuations
2. It gives a clearer indication on price trends
Strategy 1:
1. Identify crossovers between MA and Price
Strategy 1:
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2. Place a **sell order** on a crossover when price is falling
Strategy 1:
1. Identify crossovers between MA and Price
2. Place a sell order on a crossover when price is falling
3. Close the sell order on the next crossover when price rises
Strategy 1:
1. Identify crossovers between MA and Price
2. Place a *buy order* on a crossover when price is rising
Strategy 1:
1. Identify crossovers between MA and Price
2. Place a buy order on a crossover when price is rising
3. Close the buy order on the next crossover when price falls
What about all these crossovers?
Strategy 2:
1. Use >1 MA (50 EMA & 20 EMA) to confirm trend reversal
Strategy 2:
1. Use several MAs (50 EMA & 20 EMA)
2. A strong trend reversal occurs when price cross all MAs and MAs cross each other.

MAs did not cross each other.
Strategy 3:
1. Crossovers between different MAs are potential entry and exit points.
2 Takeaways

1. MA is a trend indicator that dynamically calculates the mean average of prices over a defined number of past periods.

1. It helps to track the price trends by smoothening out price fluctuations.
2. Trading strategies:
   1. Crossovers between price and MA are potential entry and exit points.
   2. Crossovers between different MAs are potential entry and exit points.
   3. Use several MAs to affirm the trend reversal. (200-100-50-20-10, 50-20, etc.)
MOVING AVERAGE CONVERGENCE DIVERGENCE

or

MACD

By Chia Yikai
NOW I GET IT!
MACD(12, 26, 9)
SIMPLIFIES THE PRICE CHART
SHOWS THE DIFFERENCE BETWEEN TWO MOVING AVERAGES
SMOOTHENS THE MACD
SHOWS THE DIFFERENCE BETWEEN THE MACD AND THE SIGNAL LINE

SHUT UP AND
TEACH ME HOW TO
MAKE MONEY!
ABOVE THE LINE

BULLISH
(UPWARD MOMENTUM)

BEARISH
(DOWNWARD MOMENTUM)

BELOW THE LINE

0 LINE
BUY WHEN MACD CROSSES ABOVE THE SIGNAL LINE
SELL WHEN MACD CROSSES BELOW THE SIGNAL LINE
MACD IS NOT FOOLPROOF
SYNERGY

MOVING AVERAGES

RSI
STOCHASTIC
MANY MORE!
THANK YOU

AND

HAPPY TRADING!