Module 1- Chapter 2- Key Terms Used in Technical Analysis

There are several key terms that are commonly used in technical analysis. Some of these include:

1) **Trend:** A trend is the general direction of a market or security. Trends can be up, down, or sideways.

2) **Support and resistance:** Support and resistance are levels on a price chart where the price has either a difficult time falling below (support) or rising above (resistance).

3) **Moving averages**: A moving average is a statistical measure that smoothes out price data over a given time period. Moving averages are used to identify trends and can help traders identify potential entry and exit points for their trades.

4) **Indicators:** Indicators are mathematical calculations that are used to forecast future price movements. Some common indicators include the relative strength index (RSI), the moving average convergence divergence (MACD), and the stochastic oscillator.

5) **Chart patterns**: Chart patterns are specific formations on a price chart that are believed to predict future price movements. Some common chart patterns include head and shoulders, triangles, and wedges.

6) **Asset Price**: The price of an asset is the price that the asset is currently being sold for.

7) **Asset Value**: Value is based on the underlying fundamentals of an asset. Investors who focus on value look for assets trading at a lower price than their intrinsic value.

By understanding these key terms, traders and investors can better understand the market and make more informed decisions about their trades. Technical analysis is not a perfect science, but it can be a useful tool for identifying potential trading opportunities.