

# Technical Analysis Explained

**THE SUCCESSFUL  
INVESTOR'S GUIDE TO  
SPOTTING INVESTMENT  
TRENDS AND TURNING POINTS**

**FIFTH EDITION**

**MARTIN J. PRING**



New York Chicago San Francisco Athens London  
Madrid Mexico City Milan New Delhi Singapore  
Sydney Toronto

# CONTENTS

Preface	ix
<b>Part I: Trend-Determining Techniques</b>	
1. The Definition and Interaction of Trends	3
2. Financial Markets and the Business Cycle	17
3. Dow Theory	29
4. Typical Parameters for Intermediate Trends	41
5. How to Identify Support and Resistance Zones	55
6. Trendlines	70
7. Basic Characteristics of Volume	97
8. Classic Price Patterns	115
9. Smaller Price Patterns and Gaps	166
10. One- and Two-Bar Price Patterns	186
11. Moving Averages	209
12. Envelopes and Bollinger Bands	233
13. Momentum I: Basic Principles	246
14. Momentum II: Individual Indicators	279
15. Momentum III: Individual Indicators	311
16. Candlestick Charting	340
17. Point and Figure Charting	373
18. Miscellaneous Techniques for Determining Trends	383
19. The Concept of Relative Strength	401
20. Putting the Indicators Together: The DJ Transports 1990–2001	423

**Part II: Market Structure**

21. Price: The Major Averages	431
22. Price: Sector Rotation	455
23. Time: Analyzing Secular Trends for Stocks, Bonds, and Commodities	471
24. Time: Cycles and Seasonal Patterns	499
25. Practical Identification of Cycles	525
26. Volume II: Volume Indicators	531
27. Market Breadth	560

**Part III: Other Aspects of Market Analysis**

28. Indicators and Relationships That Measure Confidence	593
29. The Importance of Sentiment	610
30. Integrating Contrary Opinion and Technical Analysis	635
31. Why Interest Rates Affect the Stock Market	653
32. Using Technical Analysis to Select Individual Stocks	673
33. Technical Analysis of International Stock Markets	694
34. Automated Trading Systems	713
35. Checkpoints for Identifying Primary Stock Market Peaks and Troughs	739
Epilogue	753
Appendix: The Elliott Wave	755
Glossary	761
Bibliography	767
Index	773