Twitter Thread by Techno Funda Investing

Techno Funda Investing
@TechnoFunda6

Thread ■on Six tenets of #DowTheory of #TechnicalAnalysis

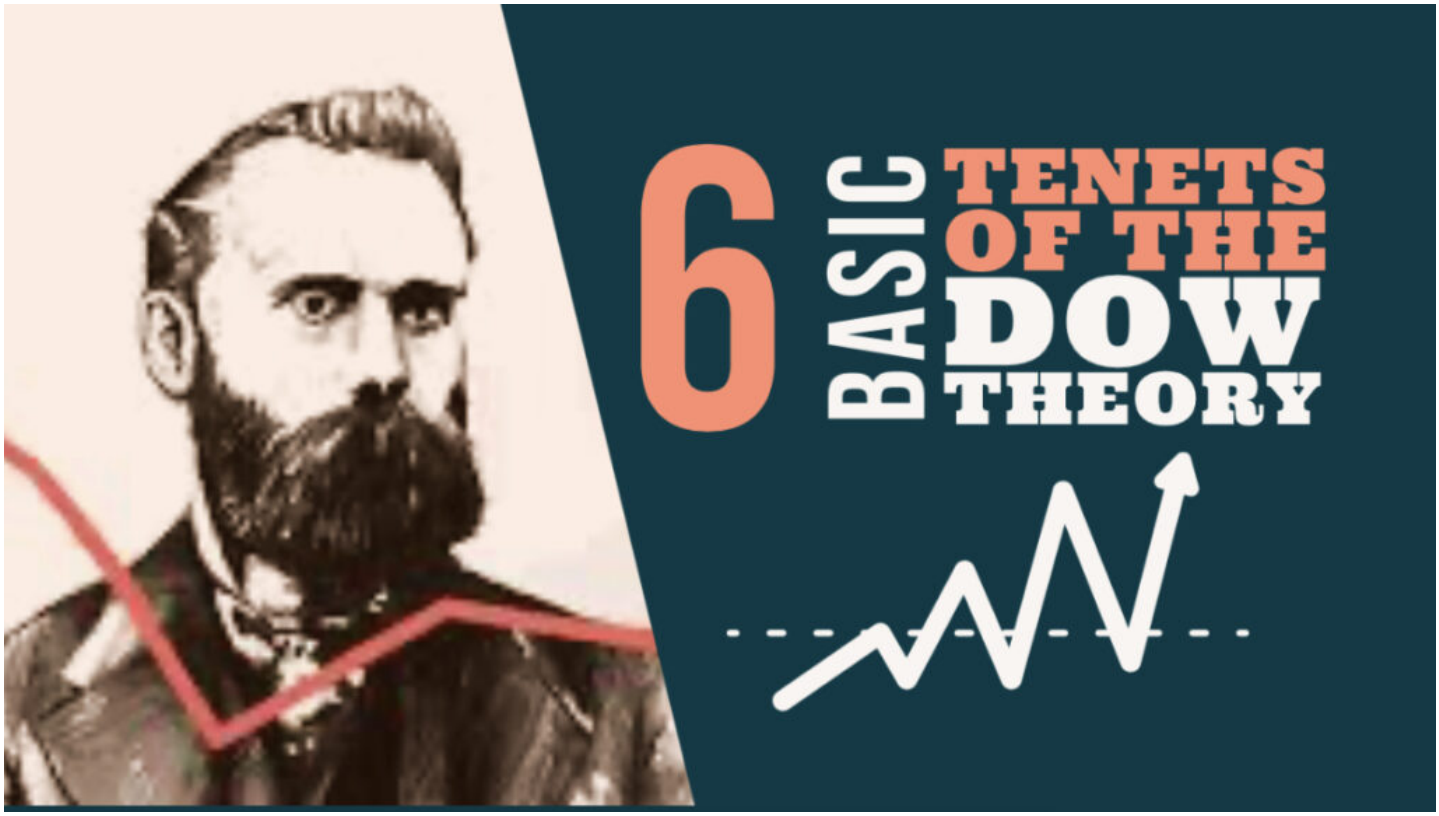
(Must read for #TA learners)

■Like & RT to spread learning with all ■

@rohanshah619 @Mitesh_Engr @PAlearner @Puretechnicals9 @caniravkaria @Arpit1223

Views Welcome

#TechnicalAnalysis #StockMarket



Dow Theory, the foundation of #TechnicalAnalysis was first introduced by Charles Dow, who was founder of Dow Jones & Company and first editor of the Wall Street Journal. This theory is based on many editorials he had written between 1900-1902.

Six Tenets of Dow Theory



1■ The market discounts all news

This principle explains that any information available in market is already reflected in price of stocks & indices. This includes all data such as earnings announcements by companies, rise (or fall) in inflation or even sentiments of investors.

2■ The market has three trends

This theory was the first to propound that the market moves in trends.

The trends are:

■Primary Trends
■Secondary Trends
■Minor Trends

3■ Trends have three phases

The theory says that there are three phases to each primary trend:

■accumulation phase
■public participation phase
■panic phase

4■ Indices confirm each other

A trend in the market cannot be verified by a single index. All indices should reflect the same opinion.

5■ Trends are confirmed by volume

Trend in market should be supported by trading volumes.

For eg, in upward trend, volume rises with increase in price and falls with decrease in price. And in downward trend, volume increases with fall in price and decreases with price rise.

6■ Trends continue until definitive signals indicate otherwise

Theory says that trends exist despite any noise in market. That is, during upward trend, a temporary trend reversal is possible but market continues to move up and trend continues until clear reversal happens.

7■

Even though it is more than a hundred years old, the Dow Theory is still relevant in the current trading market.

Best Book ■ to learn #DowTheory - The Dow Theory by Robert Rhea

https://t.co/ZMYfUewzov

Traders from India can also read ■ Profitable Trading with Dow Theory by @iamrakeshbansal

https://t.co/9p40dRMSm2