Twitter Thread by JayneshKasliwal





The Ultimate Guide to moving averages!

A mega thread to understand the Use of 21, 50 and 200 ema.

4 Effective uses of Exponential Moving Averages!

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Once Can refer the use of Moving Averages Throught this thread ■https://t.co/UTowZTNMU6

ULTIMATE GUIDE TO 21 and 200 Moving Average SUNDAY THREAD \U0001f516
A trend Following System That will Help You Improve Trading immensely.

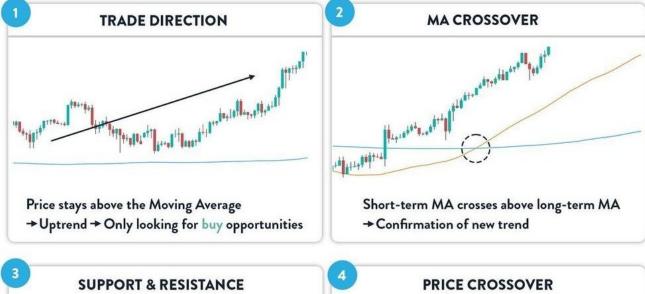
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- JayneshKasliwal (@JayneshKasliwal) November 14, 2021
- 4 Popular uses of moving averages
- 1. Identifying the direction of trend
- 2. MA crossover
- 3. Dynamic Support and Resistance
- 4. Price Crossing above Key EMAs

Note: In chart 21 ema is red, 50 ema is green and 200 ema is black

MOVING AVERAGE

4 POPULAR METHODS







Why EMA and not SMA?

EMA is fast , accurate and prices in recent data!

3/n





Simple Moving Average	Exponential Moving Average
Slow Moving And Smoot <mark>her</mark> Average	Quick Moving And Sensitive To Recent Price
Eliminates Most Fakeouts	More Prone To Fakeouts
More Lag	Less Lag
Overall Trend And Major Support & Resistance	Faster Response To Price Movements
Longer Time Frames	Shorter Time Frames
Less Volatile Markets	Volatile Markets
Mid-term To Long-term Trading	Short-term Trading

Use 1: Identifying the trend of stock on dtf

The 21 ema will tell us the Short term trend of a stock, while the 200 ema will tell us the long term trend of a stocks

Any EMA that is sloping :upwards trend is BULLISH :sideways trend is NEUTRAL :downwards trend is BEARISH



MOVING AVERAGES SIDEWAYS:

When Moving averages turn flat means the stock is in consolidation and is in sideways zone . Generally this occurs after an uptrend or downtrend and may lead to continuation of previous trend . This is generally no trading zone for swing traders 5/n



- 1. Whenever ema is sloping upwards its called uptrend
- 2. Whenever ema is sloping downwards its called dowtrend

- 3. Whenever ema is sideways its called consolidation
- ■Buy in uptrend
- ■Sell in downtrend

Whenever stocks move too away from ema it is extended and pullsback 6/n



EMA CROSSOVER

- 1. Whenever the 21 ema crosses 50 ema from down to up short term trend changes from bearish to bullish and vice versa.
- 2. The 21 Should be above 50 ema for uptrend and below 50 ema for downtrend

Ex:



17 TradingView

Crossover rules:

Crossover shouldnt be traded solely as it can lead to multiple signals of buy and sell ,always use confirmation of volume , price etc to take trade .

During consolidation you will get many signals and hence its not advised to use during sideways trend

8/n

50 and 200 ema crossovers

50 cutting 200 from down : Golden Cross 50 cuttinf 200 from up : Death Cross

The Long term trend changes when DEATH CROSS happens and its one of the most dangerous situations Price falls raidly after the Death Cross 9/n



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DYNAMIC SUPPORT AND RESISTANCE

- 1. 21 ema Dynamic support for trending stocks in short term
- 2. 50 ema dynamic support for mid term
- 3. 200 ema dynamic support for long term

Examples Explained!

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PRICE CROSSING AVOVE 200 EMA

200 EMA: THE LONG TERM TREND

1. When a stock price crosses its 200-day moving average, it is a technical signal that a reversal has occurred.

11/n



- 3. A simple rule of not buying stocks below 200 ema for short term trading could save a lot of money
- 4. One may consider investing in stocks if the stock is below 200 ema only if he is confirmed about the fundamentals of the stock
- 5. Some may not agree with this and its ok!



WEEKLY 200 EMA: VERY LONG TERM VIEW:

- 1. If you use 200 ema on weekly timeframe you can be in a trend for a very long time
- 2. The sell signs will be given late as we are using weekly timeframe

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13/n



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