

# **ROBERT NORMAN**

**SHARECHARTING.COM.AU**

**AN INTRODUCTION TO SHARE TRADING AND TECHNICAL ANALYSIS**

**MODULE 2**

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## INTRODUCTION

This module will give you the basics to trade on a medium to long term basis (a few months to a few years) but it is just that – a ‘basic’ introduction. This material is best applied to stocks that are in the ASX 100 or larger because they tend to be less volatile.

In reality, to be able to trade with some confidence you need an understanding of all the material in my modules as they build on each other. Certainly, if you plan to pursue short term trading (a few weeks to a few years) then you need more information than you will have at the end of this module.

The information in Module 3 will enable you to have an understanding of the bigger picture of a share’s price cycle and a better chance of entering trades at the most opportune time in those cycles. This information will greatly assist both the long term Trendline Trading outlined in the following pages, as well as Short Term Trading which is the subject of Module 4.

The TCL trading example in this module was chosen because TCL contains a long consistent uptrend with little volatility and as such it is simpler to explain to the uninitiated. Unfortunately, the real world is not simple, and a reader should not jump to the conclusion they can now trade any share on the market with a degree of confidence. However, the information provided will enable you to start gaining practical knowledge in trading by applying this basic Trendline Trading technique to theoretical ‘paper trading’ of historical price charts (‘back trading’). You should keep those trading records and charts to revisit when you have finished all the modules – to see if the new information provided would have allowed losing trades to be avoided.