

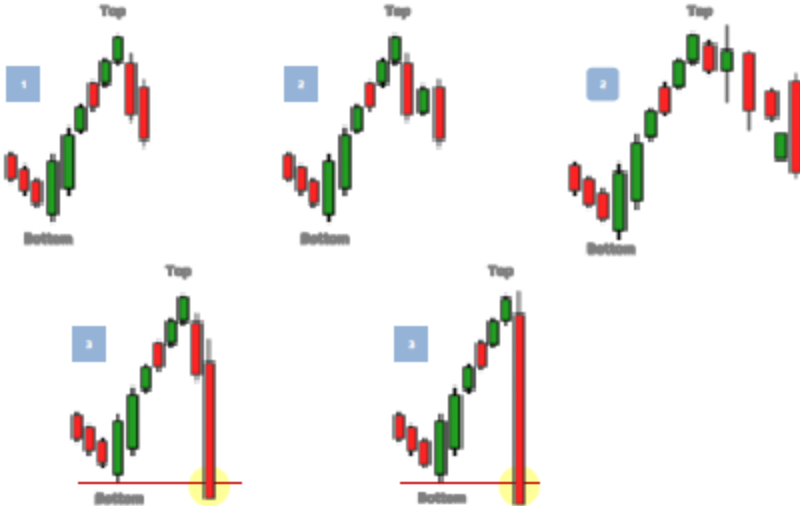
**AEEIC GROUP**

Lesson 9  
by  
Malebo Malebo

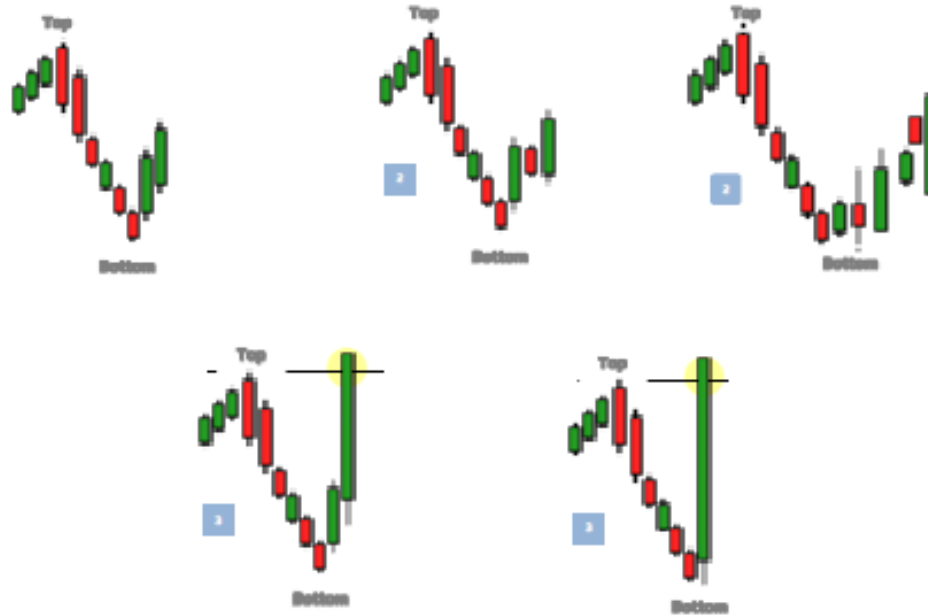
Basic concepts of trends



# Candles **Top**s



# Candles Bottoms



# Trends

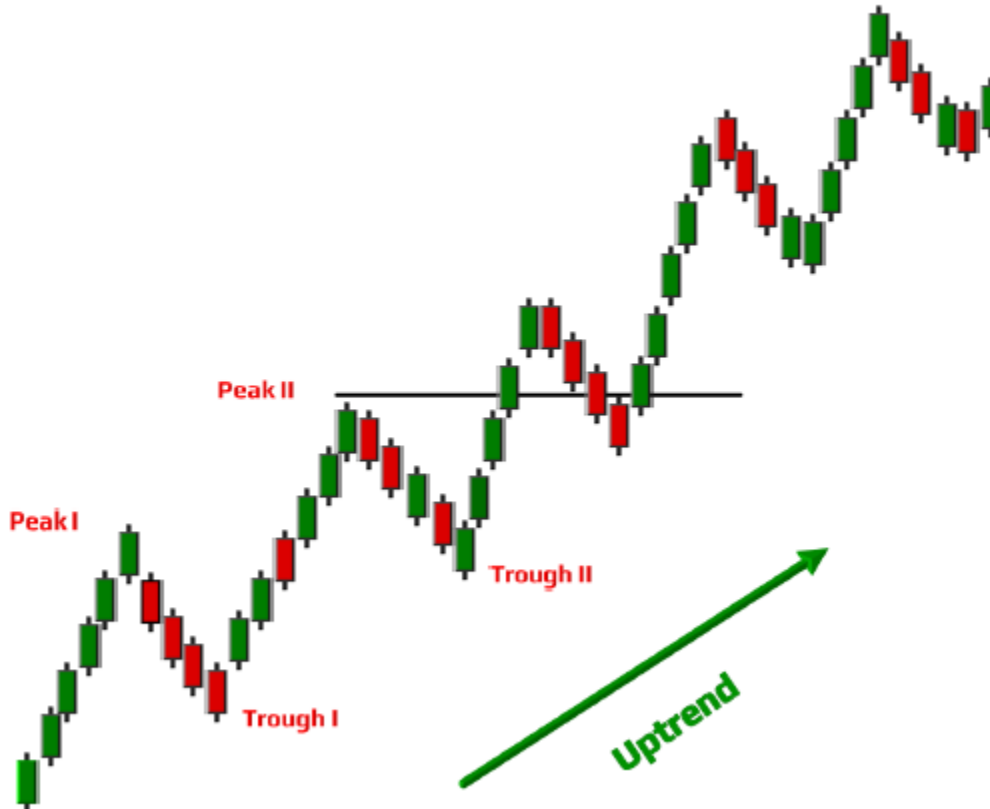
## What is a Trend?

- The trend is simply the general direction of the market.
- Markets don't generally move in a straight line in any direction but are characterized by a series of Zig-Zags .
- It's the direction of those peaks and troughs that constitutes a market trend.

## Trend **Direction**

- **An uptrend is a series of successively higher peaks and troughs.**
- **A downtrend is just the opposite, a series of declining peaks and troughs.**
- **Horizontal peaks and troughs would identify a sideways / range price trend.**

## Trend Direction - Uptrend



# Trend Direction - Downtrend





# Trend Direction - Range / Sideways



# Trend Decisions

There are three decisions confronting the trader

- **Buy** (go long) only if it is a **Uptrend**
- **Sell** (go short) only if it is a **Downtrend**
- **Do Nothing** (stand aside) if it is a **Range**

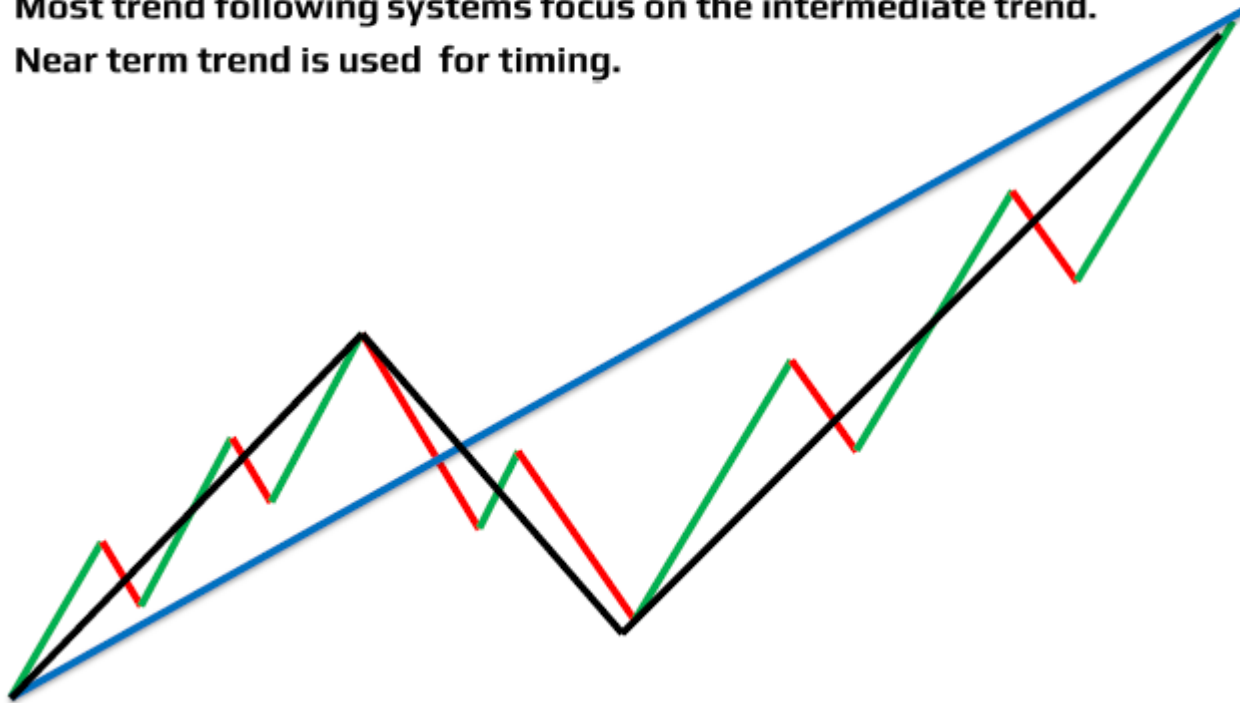
# Trend Classifications

There are three trend classifications:

- **Major Trend**
  - Over a year
  
- **Intermediate Trend**
  - Three weeks to three months
  
- **Near term Trend**
  - Less than three weeks

# Trend Classifications

- Each trend becomes part of its next larger trend.
- Most trend following systems focus on the intermediate trend.
- Near term trend is used for timing.



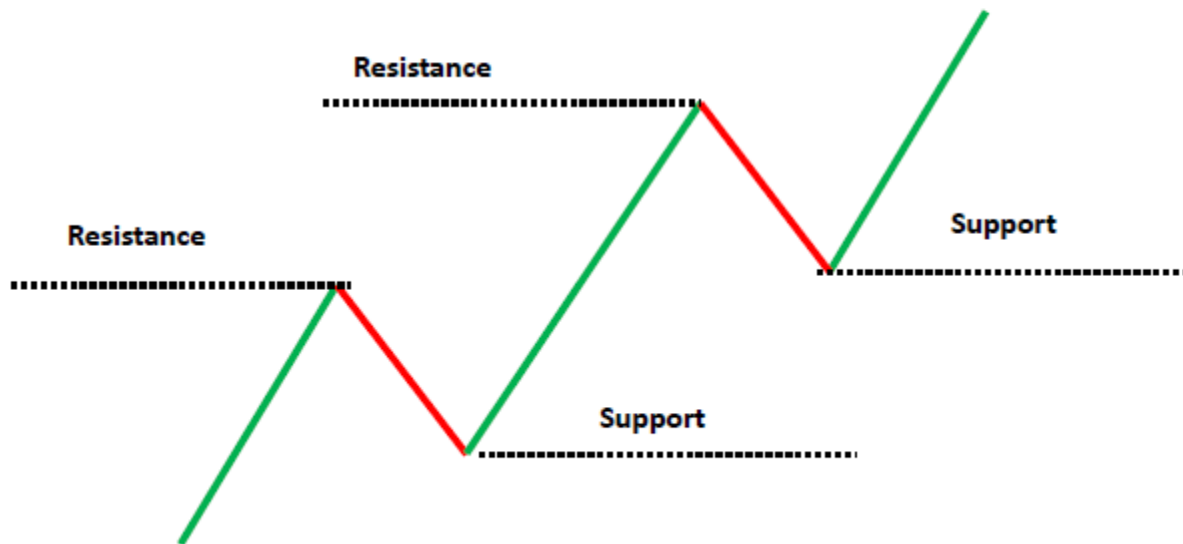
# Support

- **Troughs**
- **Bottoms**
- **Reaction Lows**
- **The level or area on the chart under the market where buying interest is sufficiently strong to overcome selling pressure**

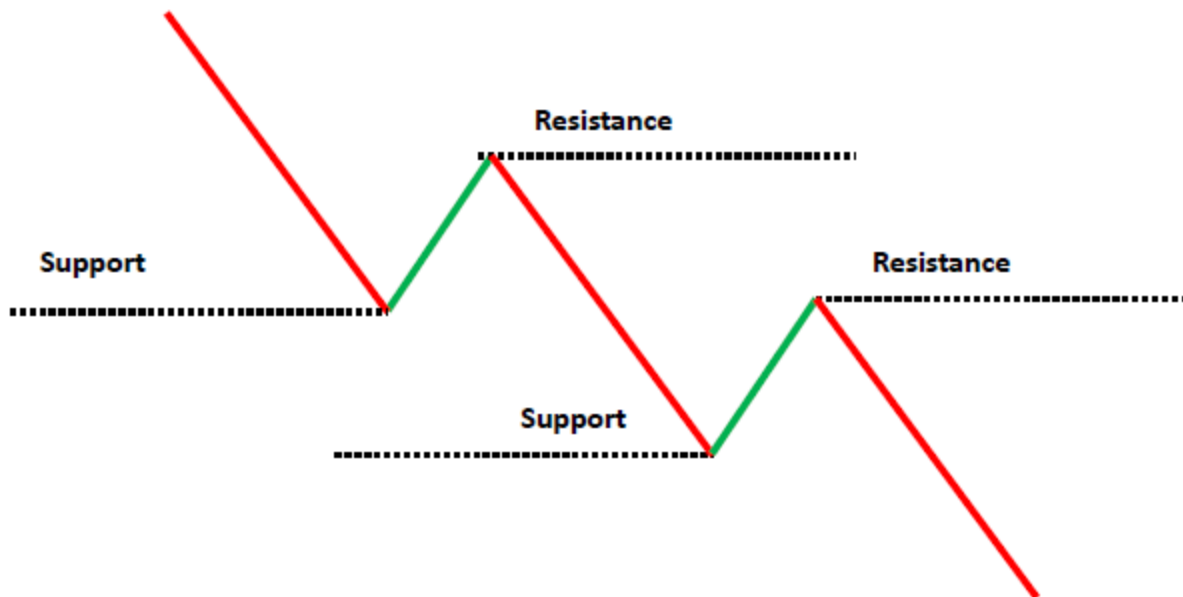
# Resistance

- Peaks
- Tops
- The level or area on the chart over the market where selling pressure overcomes buying pressure

# Support and Resistance in an Uptrend



# Support and Resistance in a **Downtrend**





# AEEIC GROUP

Madiba Malebo – Founder & Chairman

Mobile: +27611016871

Email: [aeicmadiba@gmail.com](mailto:aeicmadiba@gmail.com)

Website: [www.aeeic.site123.me](http://www.aeeic.site123.me)