



# HOW TO IDENTIFY TREND

# TREND IS YOUR FRIEND

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- Trading in Equity market involves financial risk.
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- Everything we discuss is for Learning & Educational purpose only.
- We are just sharing our personal view as a trader, investor & mentor.
- Team InVed is not responsible for any losses incurred by following this video or any other content published by us.

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# CONTENT

- 01** DOW THEORY
- 02** BULLISH TREND
- 03** BEARISH TREND
- 04** SIDEWAYS
- 05** DISCLAIMER
- 06** ABOUT US
- 07** NEXT TOPIC

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# DOW THEORY



## Market Movements & Trends

- Bull markets are broad upward movements of the market that may last several years, interrupted by secondary reactions.
- Bear markets are long declines interrupted by secondary rallies. These movements are referred to as the primary trend.
- Secondary movements normally retrace from one third to two thirds of the primary trend since the previous secondary movement.
- Daily fluctuations are important for short-term trading, but are unimportant in analysis of broad market movements.

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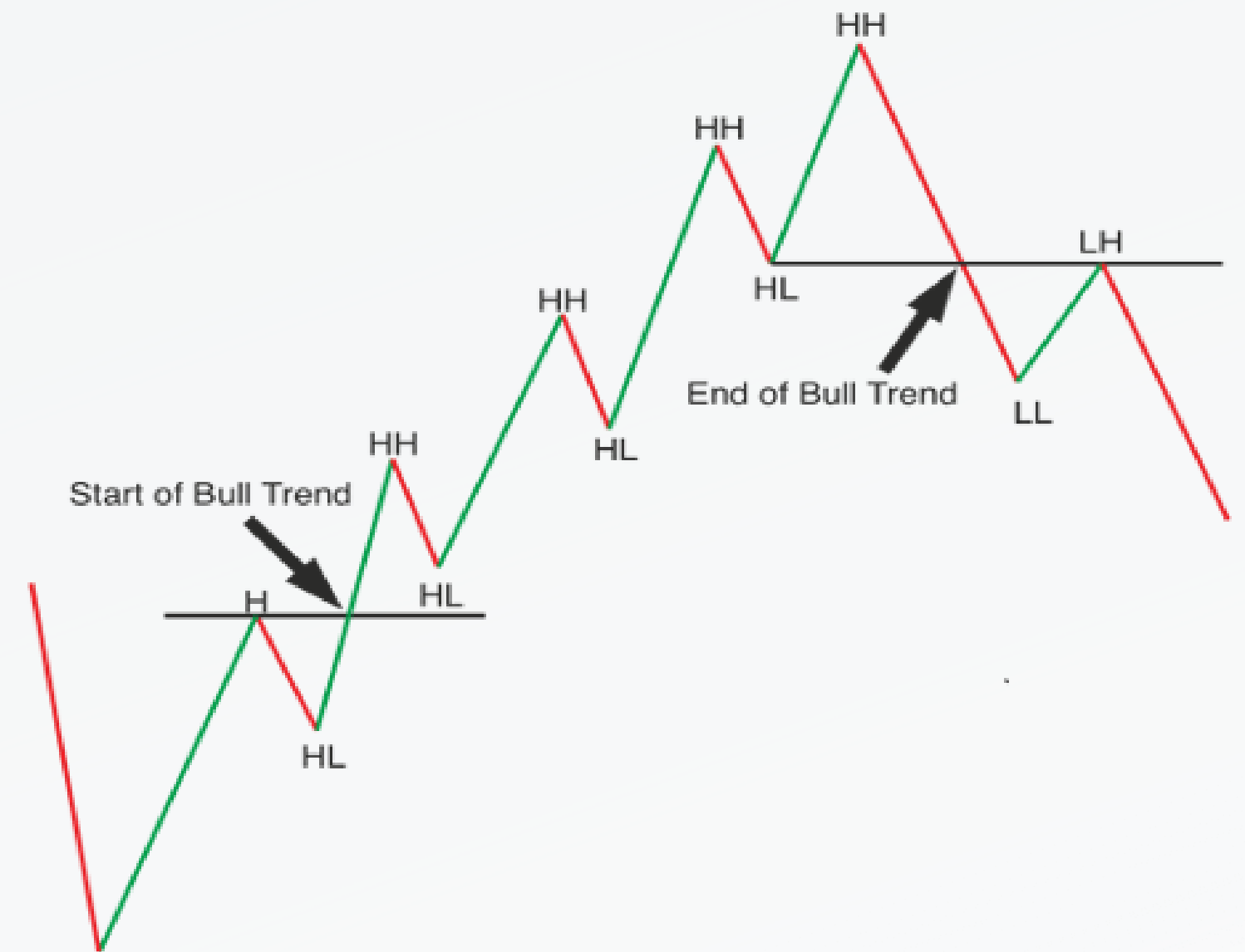
# BULLISH TREND



A bull trend is identified by a series of rallies where each rally exceeds the highest point of the previous rally. The decline between rallies ends above the lowest point of the previous decline. A series of successive higher highs and higher lows.

The start of an up trend is signaled when price makes a higher low (bottom), followed by a rally above the previous high (peak): Start = higher Low + break above previous High.

The end is signaled by a lower high (peak), followed by a decline below the previous low (bottom): End = lower High + break below previous Low.



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# BEARISH TREND

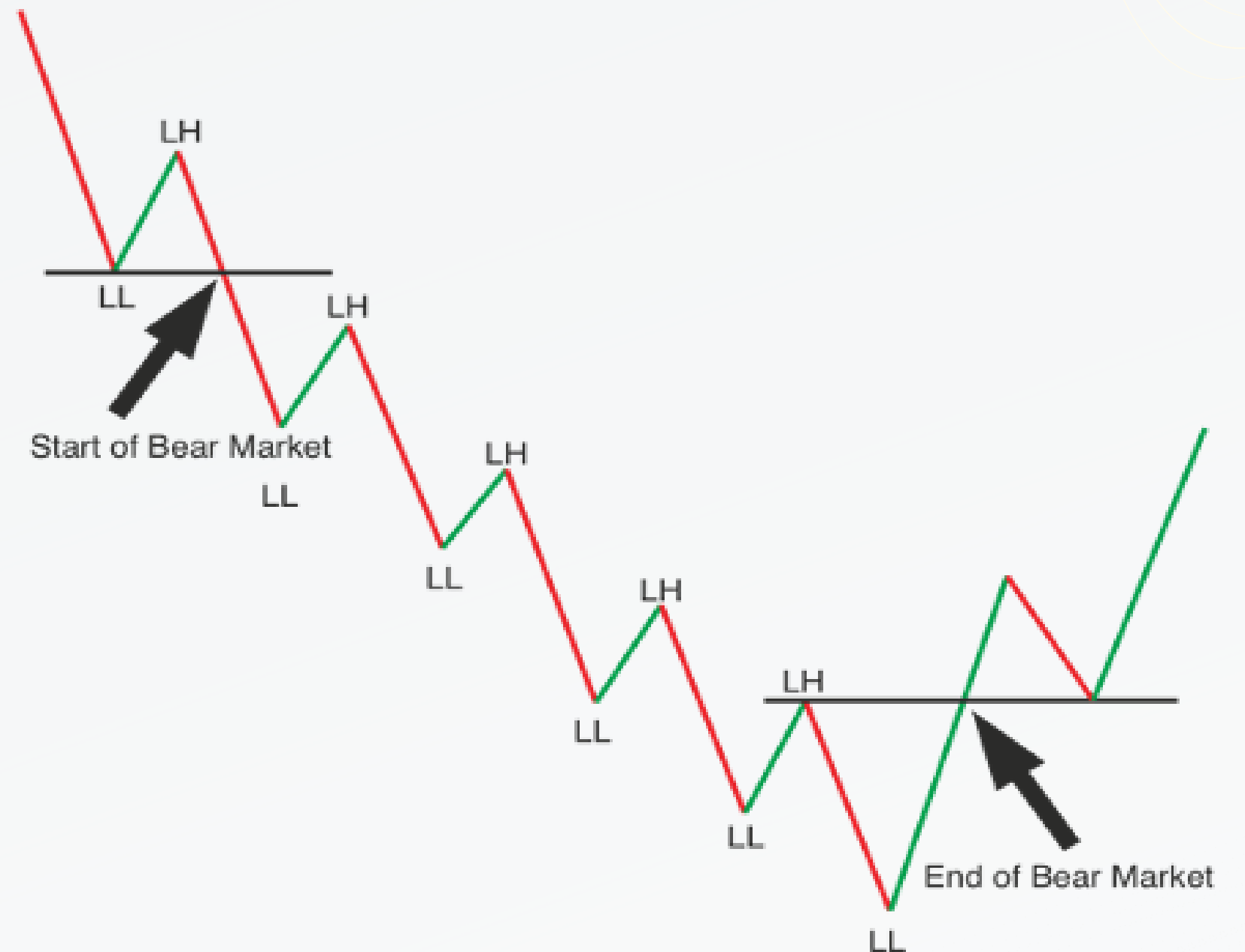


Each successive rally fails to penetrate the high point of the previous rally. Each decline terminates at a lower point than the preceding decline. A series of successive lower highs and lower lows.

A bear trend starts at the end of a bull trend: when a rally ends with a lower peak and then retreats below the previous low. The end of a bear trend is identical to the start of a bull trend.

Some purists argue that a trend ends if the sequence of higher highs and higher lows is broken. Others argue that a bear trend has not started until there is a lower High and Low nor has a bull trend started until there is a higher Low and High.

For practical purposes, only accept large corrections as trend changes in the primary trend.



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# TREND CHANGES



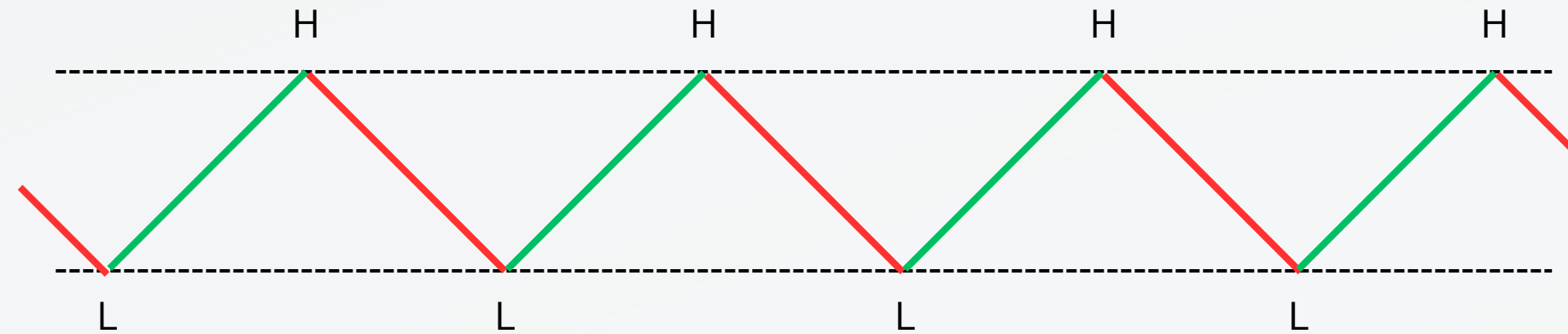
- A bull trend starts when price rallies above the previous high.
- A bull trend ends when price declines below the previous low.
- A bear trend starts at the end of a bull trend (and vice versa).
- Trend Changes

A trend should always be treated as intact until there is a clear signal that the opposite trend has started.

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# SIDEWAYS OR CONSOLIDATION



The sideways or consolidation phase in the stock market is when prices move within a narrow range, lacking a clear trend.

This phase follows significant price movements and is marked by low volatility, with prices fluctuating between established support and resistance levels. It often reflects market indecision or the absorption of previous gains or losses.

Traders can utilize range trading strategies, while investors may analyze fundamentals and accumulate positions.

This phase typically precedes a major price move, making it crucial for informed trading and investment decisions.

Patience and strategy are key during this period of market equilibrium.



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# ABOUT US



InVed (by Equity4Life IH Analytics Private Limited) is a SEBI registered Research Analyst (RN : INH000012351) firm based out of Jaipur.

We provide research/advisory services for short term trading as well as long term investing backed by a strong team of technical and fundamental experts.

InVed evolved by blending the Technical expertise of Equity4Life and Fundamental expertise of Investing Hut thereby giving wings to the Techno-Funda approach.

The company made a headway with like-minded people from diverse backgrounds with a mission to spread knowledge about investing through our research.

InVed is a combination of 2 words: “Investing” & “Veda” thereby depicting investing with knowledge and proper research.

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# NEXT TOPIC

**HOW TO IDENTIFY  
SUPPORT/RESISTANCE.**

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