



# HOW TO IDENTIFY SUPPORT/RESISTANCE WITH THE HELP OF TREND-LINES

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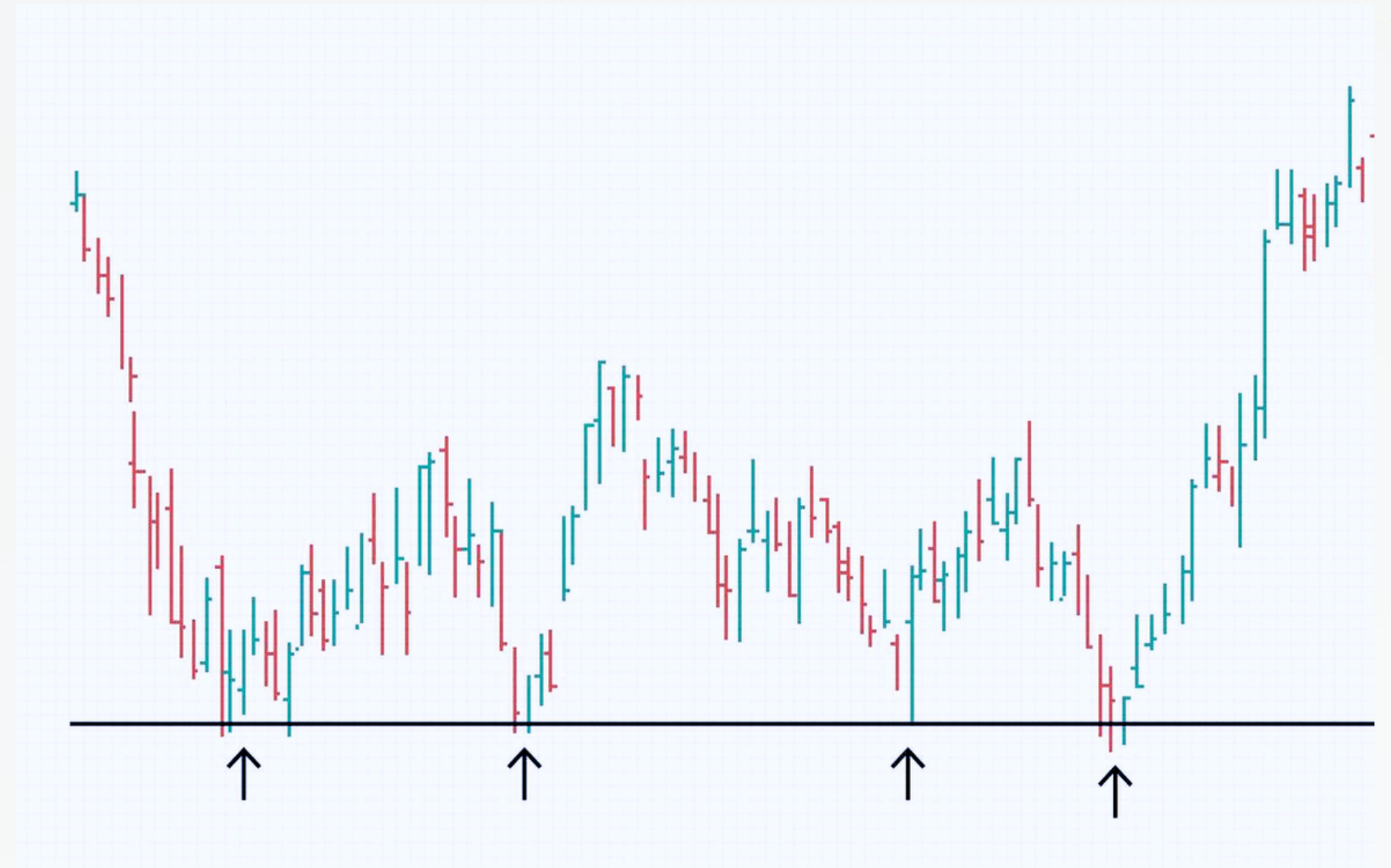
# WHAT IS SUPPORT?



In a downtrend, prices fall because there is an excess of supply over demand. The lower prices go, the more attractive prices become to those waiting on the sidelines to buy the shares. At some level, demand that would have been slowly increasing will rise to the level where it matches supply. At this point, prices will stop falling. This is support.

Support can be a price level on the chart or a price zone. In any event, support is an area on a price chart that shows buyers' willingness to buy. It is at this level that demand will usually overwhelm supply, causing the price decline to halt and reverse.

source: investopedia.com



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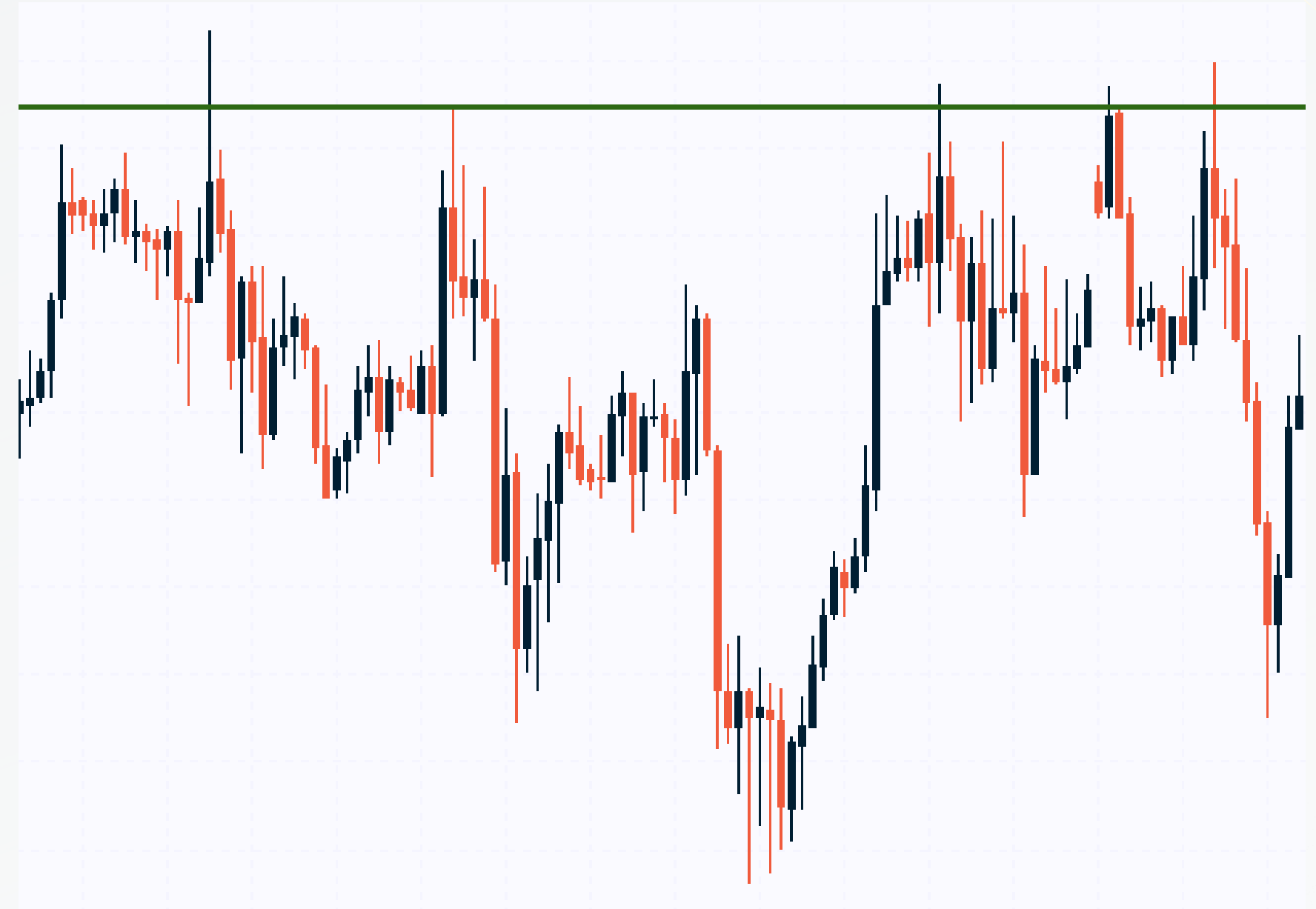
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# WHAT IS RESISTANCE?



Resistance is the opposite of support. Prices move up because there is more demand than supply. As the prices move higher, there will come a point when selling will overwhelm the desire to buy. This happens for a variety of reasons. It could be that traders have determined that prices are too high or have met their target. It could be the reluctance of buyers to initiate new positions at such rich valuations. It could be for any other number of reasons. But a technician will clearly see on a price chart a level at which supply begins to overwhelm demand. This is resistance. Like support, it can be a level or a zone.

*source: investopedia.com*



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# WHAT IS A TRENDLINE?



Trendlines indicate the best fit of some data using a single line or curve.  
A single trendline can be applied to a chart to give a clearer picture of the trend.  
Trendlines can be applied to the highs and the lows to create a channel.  
The time period being analyzed and the exact points used to create a trendline vary from trader to trader.



*source: investopedia.com*

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# WHAT IS A CHANNEL?



- A trading channel is drawn using parallel trendlines to connect a security's support and resistance levels within which it currently trades.
- Trading channels provide one of the most important overlays that a technical analyst will use for long term analysis and trading decisions.
- Two broad types of trading channels that are popular with technical analysts are trend channels and envelope channels.



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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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## MOST EFFECTIVE MOVING AVERAGE

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