

Technical Analysis

Technical analysis is the study of a firm's price to determine the future movement in that price. The rationale behind technical analysis is the belief that most (if not all) of the relevant financial information is already factored into the price. Consequently, financial analysis provides little real or useful insight.

On the other hand, technical analysts believe stock prices tend to follow certain patterns and behaviors, and investors can determine future price movements by recognizing these patterns and behaviors.

Technical analysts are sometimes referred to as "chartists." And just some of the terms important to technical analysts follow: momentum, accumulation, distribution, resistance.