



How to identify and act on Reversal formations in the market
14th November, 2018

Reversal Meaning:

- A reversal is a change in the direction of a price trend, which can be a positive or negative change against the prevailing trend.
- On a price chart, reversals undergo a recognizable change in the price structure. A reversal is also referred to as a trend reversal, a rally or a correction.
- **Reversal Pattern.** In technical analysis, any **pattern** on a chart that indicates a previous trend is changing to a new trend.

How to identify Reversal formations

For that we need to take the support of **Candlestick formations**.

Shooting Star, Inverted Hammer, Hammer, Doji and Hanging Man.

We can even use Morning/Evening Star, Bullish/Bearish Engulf and Piercing pattern.

Trend line break down or break out also gives reversal formations.

Reveral formations at moving averages, Price Extentions and at Fibonacci Retracement gives more confident trades

In conjunction with Bollinger Bands, Oscilators, PCR and VIX, we can spot timely reversals in the market.

On the day of event like (results, economic data, credit policy, election results and imp data points

Source - [Own observations and findings](#)

Candlestick formations: Hammer



Source – Spider Software Pvt LTD

Hammer, TL break down & Retracement ratio



Source - Spider Software Pvt LTD

Shooting star and Trend line break down



Source : www.SpiderSoftwareIndia.Com

Source - Spider Software Pvt LTD

Doji Star and TL break down



Source : www.SpiderSoftwareIndia.Com

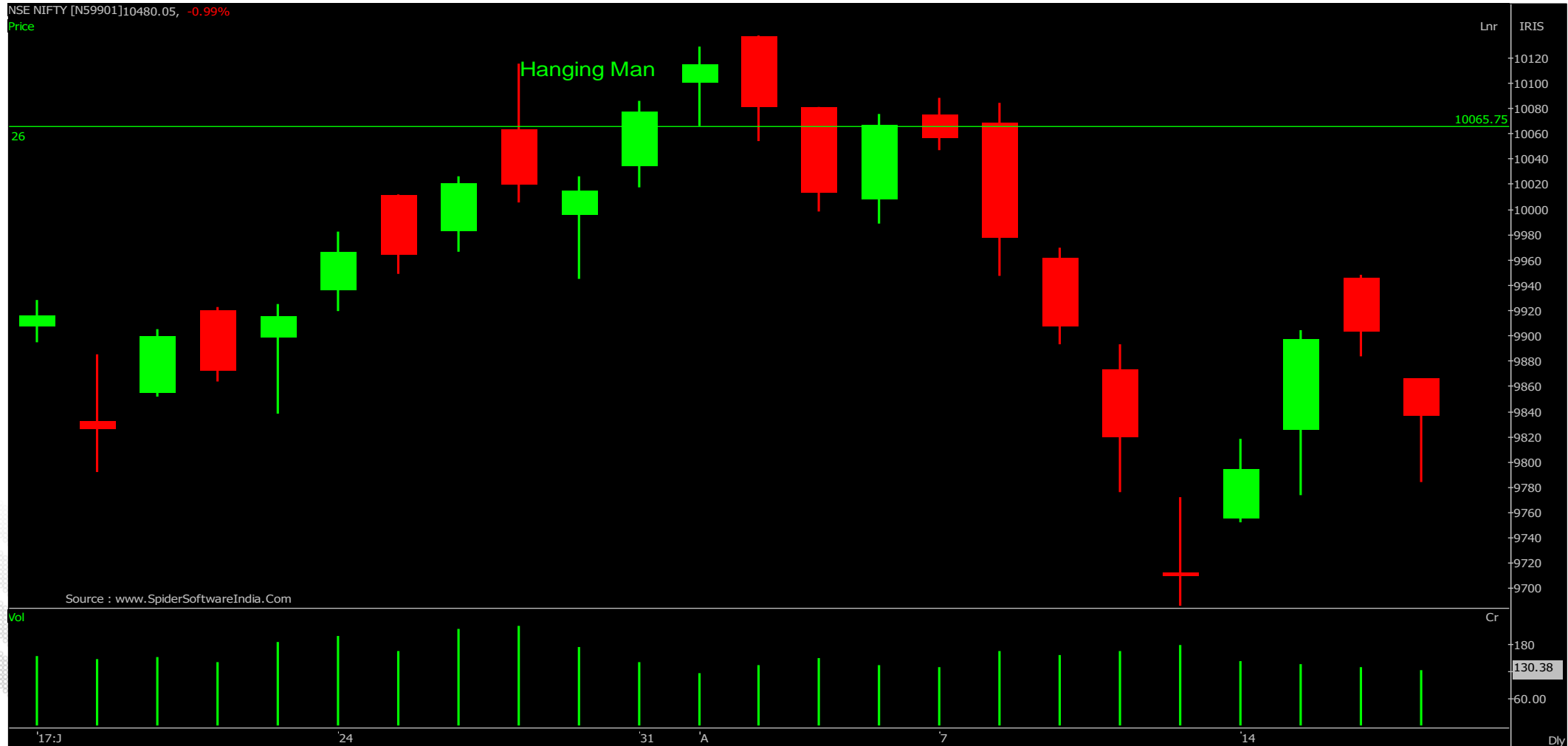
Source - Spider Software Pvt LTD

Doji star and Trend line break down.



Source - Spider Software Pvt LTD

Hanging man and Support line break down



Source : www.SpiderSoftwareIndia.Com

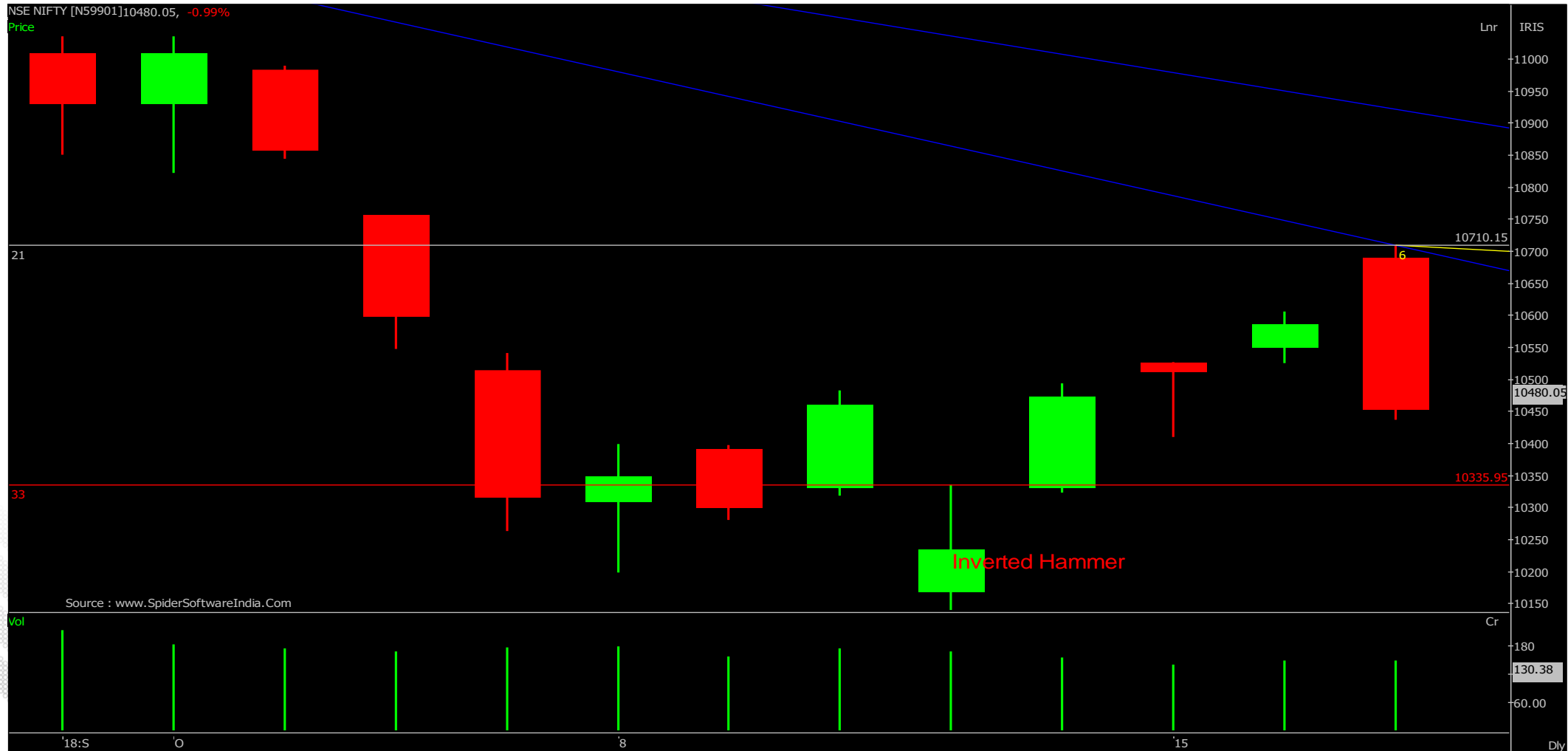
Source - Spider Software Pvt LTD

Hammer and Resistance line break out



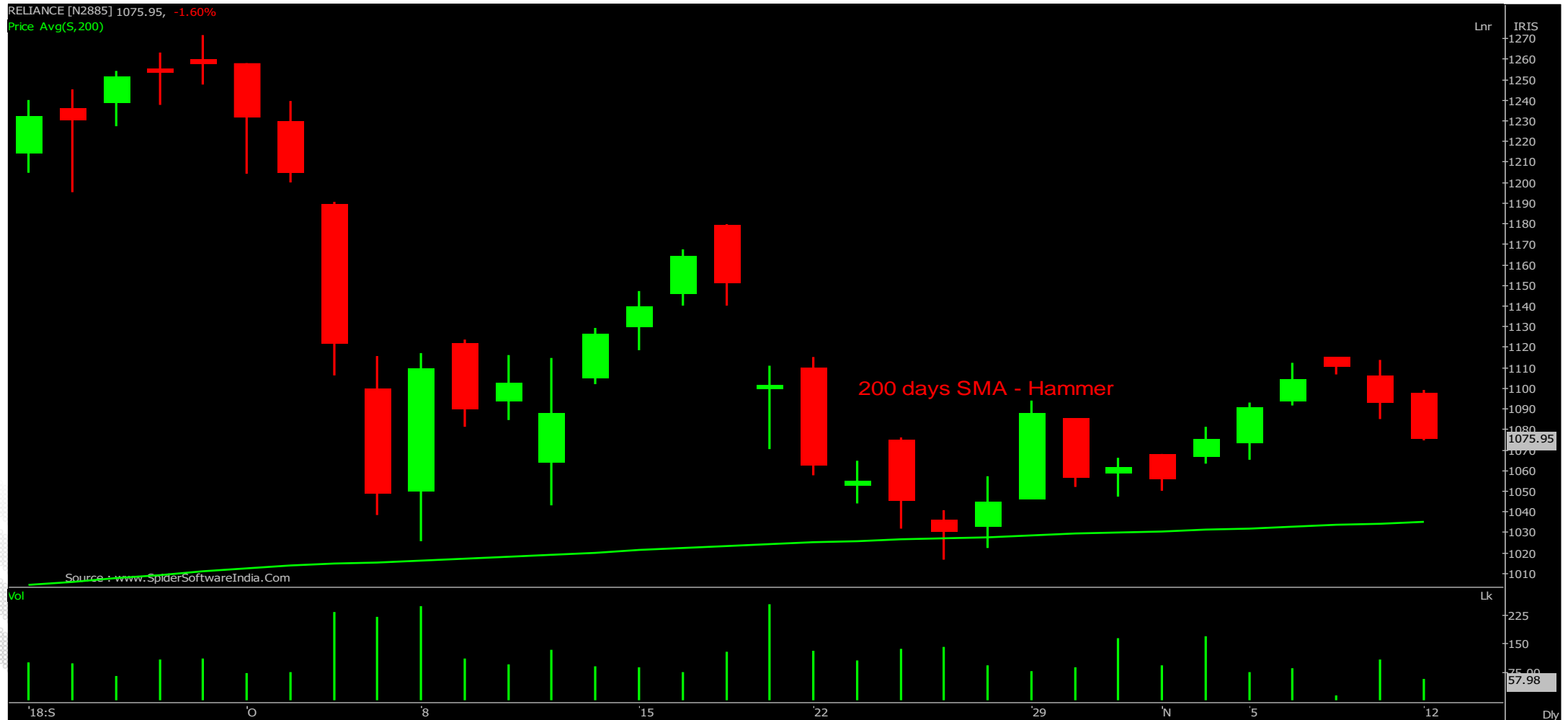
Source - Spider Software Pvt LTD

Inverted Hammer and Resistance line break out



Source - Spider Software Pvt LTD

200 DMA support and Hammer reversal formation



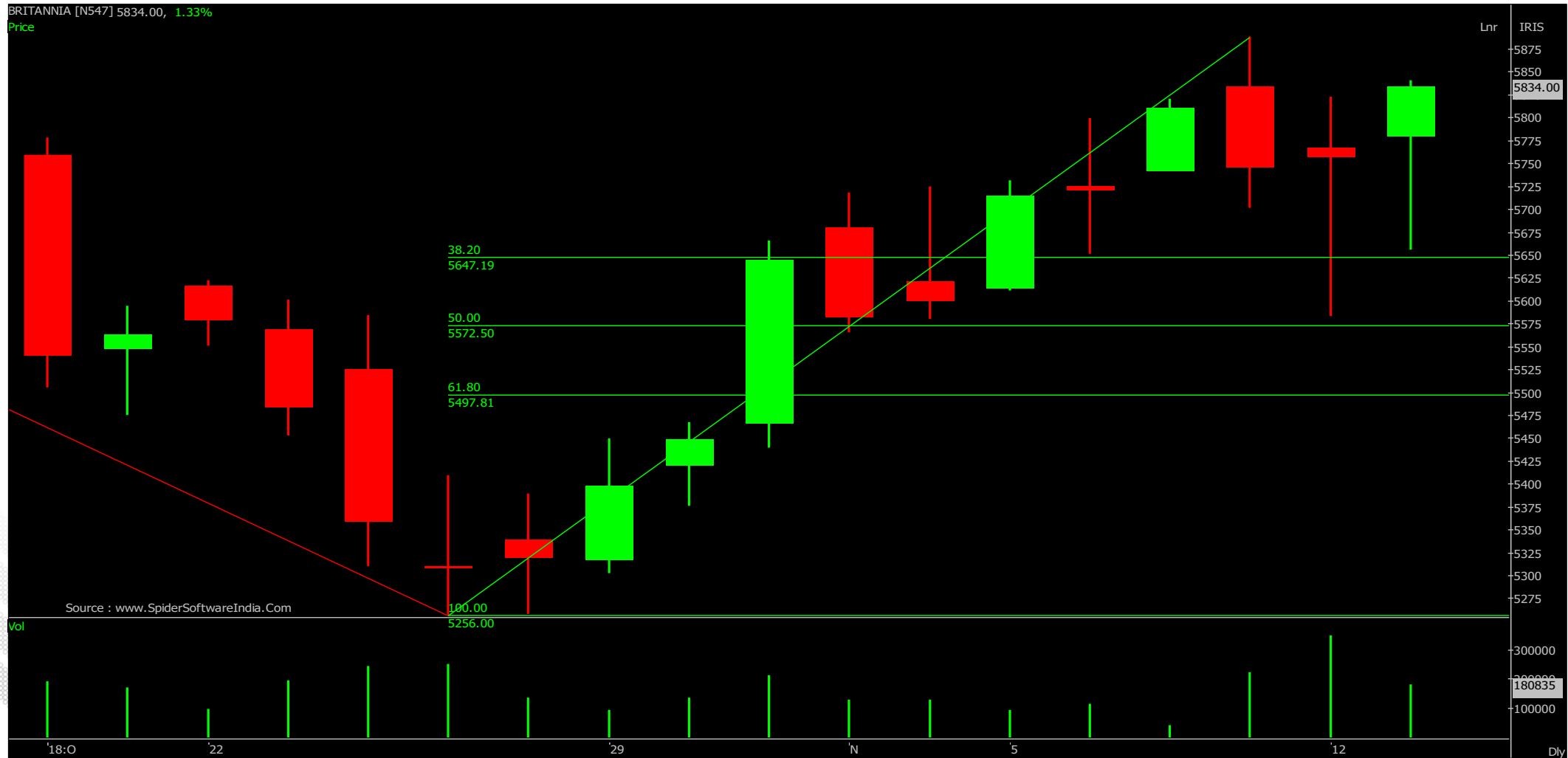
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50% retracement and Reversal



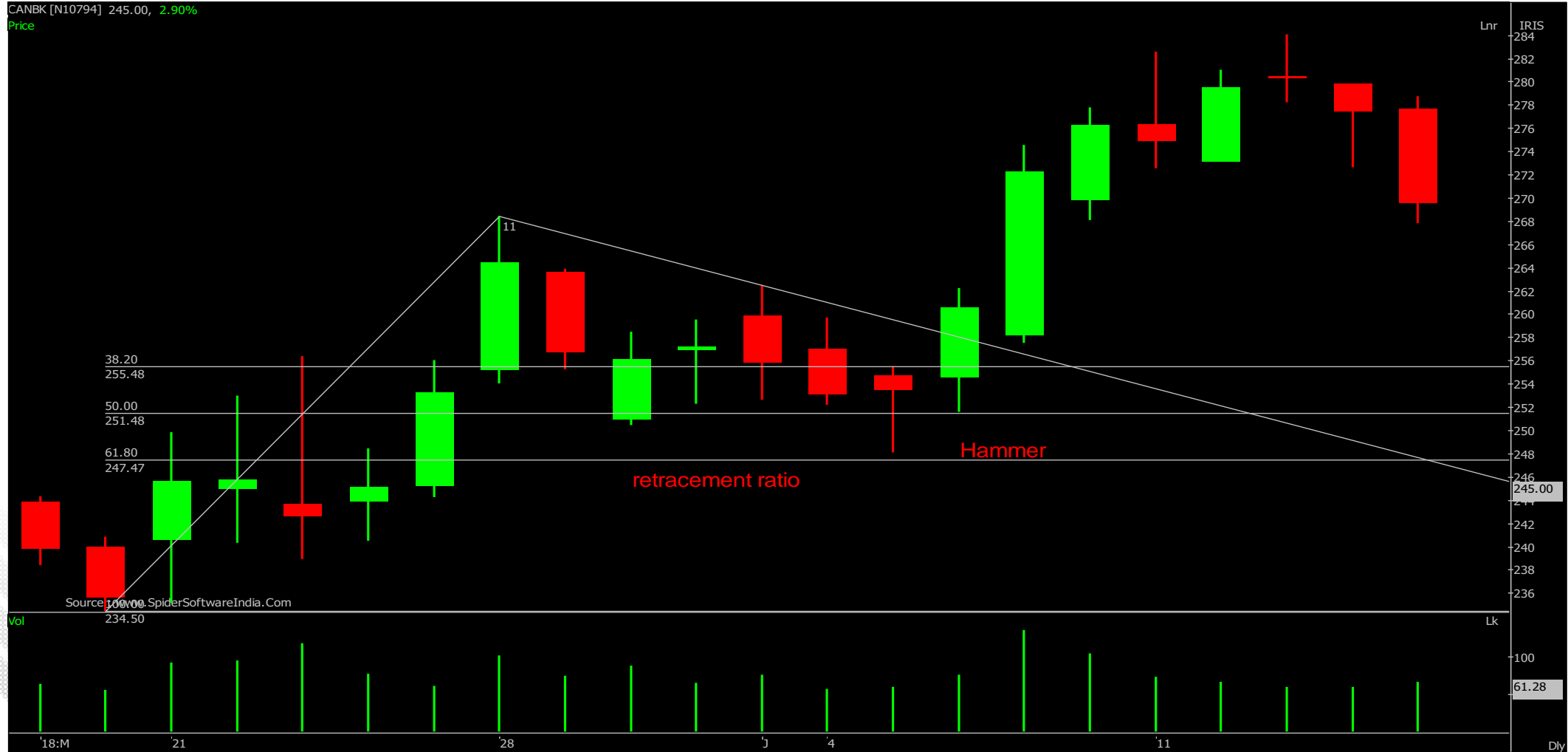
Source - Spider Software Pvt LTD

50% retracement and Reversal



Source - Spider Software Pvt LTD

61.80% retracement and Reversal , Hammer



Source - Spider Software Pvt LTD

Bollinger Bands - Double bottom and Hammer



Source - Spider Software Pvt LTD

LOW PCR AND HIGH VIX ON 11/10/2018



Source - Spider Software Pvt LTD

Data Points of Nifty @ 10550

INDIA VIX – 20 (Neutral)

(ahead of elections base is going to shift from 10 to 13 and from 20 to 25)

PCR – 1.40 OF SAME SERIES (Neutral).

DAILY RSI – AT 50 (Neutral)

INR – WAS AT 72.75 (corrected from 74.50)

Crude was at 70 (substantial fall)

World Markets : Down/Mixed

Source - Spider Software Pvt LTD

Nifty Pull back is due up to 10550 or 10750 max.



Source - Spider Software Pvt LTD

Technical Analysis: When to Buy/Sell

Fundamental Analysis: Why to Buy/Sell



Question & Answer

Queries should be specific to stock that are in FNO segment.

RATING SCALE

- BUY** – A condition that indicates a good time to buy a stock. The exact circumstances of the signal will be determined by the indicator that an analyst is using.
- SELL** – A condition that indicates a good time to sell a stock. The exact circumstances of the signal will be determined by the indicator that an analyst is using.
- Stop Loss Order** – An instruction to the broker to buy or sell stock when it trades beyond a specified price. They serve to either protect your profits or limit your losses.

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