

### Lesson 5 NOTES

# AII FINS Education

CRYPTO TECHNICAL ANALYSIS (TA) AND TRADING USING **ALTFINS** PLATFORM

Lesson 5 NOTES



# Lesson 5 (strategy): Oversold at Support, Overbought at Resistance

### STRATEGY DESCRIPTION

This **Swing** trading strategy looks for coins that are very oversold (RSI), approaching Support and with potential momentum (MACD) inflection.

And vice versa for very coins that are very overbought, approaching resistance and momentum inflection.

### TA CONCEPTS COVERED

- RSI (Overbought, Oversold)
- Support / Resistance
- MACD Histogram inflection



# Oversold at Support, Overbought at Resistance

### PRACTICAL IMPLEMENTATION

- Scan for coins that are oversold (RSI),
   approaching Support and with potential
   momentum (MACD) inflection
- Creating Alerts for Very Oversold /
   Overbought coins using RSI
- Using Signals Summary page

### TRADING RULES

- Buy when RSI dips under 25 and MACD
   Histogram inflects bullish or price near support
- Sell near the next Resistance or when MACD Histogram inflects bearish

altcoins across exchanges

# Lesson 5: Relative Strength Index (RSI)

- o **Relative Strength Index RSI** is a momentum indicator that measures the magnitude of recent price changes to analyze overbought or oversold conditions. RSI will rise as the number and size of positive closes increase, and it will fall as the number and size of losses increase.
- RSI values range from 0 to 100

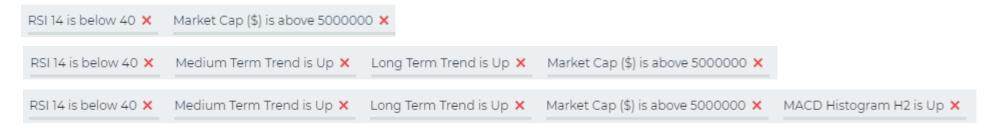
$$RSI_{ ext{step one}} = 100 - \left[rac{100}{1 + rac{ ext{Average gain}}{ ext{Average loss}}}
ight]$$

- In a strong uptrend, RSI will often exceed 70 for sustained periods, and downtrends can stay at 30 or below for a long time.
- Coin is considered overbought (due for a correction) when RSI is above 70, and oversold (due for a rebound) when it is below 30. Recommend using more extreme levels (80/25) to reduce false readings.
- RSI (14) uses 14 periods to calculate values. altFINS also offers RSI (9) and RSI (25).



## Lesson 5: How to use RSI?

1. Extreme Oversold at Support: potential entry areas in Uptrend when RSI dips under < 30



2. Extreme Overbought near Resistance: Warning sign for your existing positions. Trim your position when RSI reaches extreme Overbought levels (RSI > 80), especially when near Resistance.



3. Bullish sign when RSI crosses above 50. Potential entry areas in Uptrend. Could use it to confirm MACD crossovers:



# Lesson 5: RSI Divergence

### RSI Divergences:

- Bullish divergence: price declines but RSI rises
- Bearish divergence: price rises but RSI declines
- Can be used as a confirmation of a reversal pattern breakout (Falling Wedge or Channel Down)

We don't have a way of scanning for RSI Divergence yet on altFINS platform but you can scan for Falling Wedge or Channel Down patterns.



# Lesson 5: Bullish RSI Divergence



Bullish divergence:

Price declines

Confirms Bullish Breakout from Falling Wedge



# Lesson 5: Bullish RSI Divergence





# Lesson 5: Bullish RSI Divergence



Bullish divergence:

Price declines but RSI rises

Confirms Bullish Breakout from Falling Wedge "Technical Analysis is the only way to measure the emotional component of the market. We know that many times an ounce of emotion can be worth a pound of facts. How else to explain a sudden shift in the market without a change in the fundamentals?"

### - STEVEN NISON

credited for bringing Japanese techniques to the western world



### Scan Analyze Trade altcoins across exchanges

### Instructor

# Richard Fetyko, CEO and Founder, altFINS





Mr. Fetyko spent 14 years on Wall Street as an equity research analyst at investment banks like Janney Montgomery Scott, covering Internet and Tech sectors, and then 6 years as a portfolio manager at a family fund Twin Capital.

During his Wall Street career, Mr. Fetyko was ranked among top analysts for his coverage of Internet:

Ranked No. 2 by StarMine Analyst Awards in 2010 for ratings performance in Internet Software & Services industry

Ranked No. 4 and No. 2 by The Wall Street Journal's "Best of the Street" Analyst Survey in Advertising and Publishing sector in 2008 and 2007, respectively.