

Forum:[Hack Forums](#)

Thread: [Graph Analysis 101](#)

samsepi01 - May 28, 2017, 7:10 pm

Graph Analysis

I just found the website <https://www.tradingview.com/> a few days ago, and so far I have found it incredibly useful. I have a 30 day free trial, however I found a cheaper option, <https://coinigy.com/> which I am starting to switch from TradingView to. You can get a 30 day free trial of Coinigy too, then it is only ~\$15 /mo. which isn't that much compared to how much you can make using them. Poloniex also has the ability to add two Exponential Moving Average (EMA) lines, and one Simple Moving Average (SMA) line.

This is much less an analysis of the coin's value (ie: new technologies, media hype, etc.), and more of a technical analysis of the market itself. Using averages and watching movements and tendencies from the past, you can predict what will happen in the future.

Of course none of this is guaranteed, and the market could go either direction at any time. I take no responsibility for money or cryptocurrency lost due to the methods here. These averages only take data from the past, which of course has no effect on the future.

Simple Moving Average (SMA)

The SMA of a chart shows a mathematical moving average calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods. You can set the time period of the SMA line in TradingView, Coinigy, or Poloniex, which is set in days. The lower the number, the faster the graph will move. In contrast, the higher numbers will show slower graph movements.

This BTC/USD graph has a 13 day SMA line in blue, and a 50 day SAM line in red. When the blue line crosses over the red line going up, that indicates an increase, thus a buy at that point. When the blue line crosses the red line going down, that indicates a decrease, thus to sell. The sell indicator will always be above the buy indicator (where the lines cross), even if it is just a little bit, or even touches and rebounds, in which case it is possible to lose money. And, as always, the market can change any way at any second, and these averages are just taking the past into consideration, and that has no effect on the future.

Exponential Moving Average (EMA)

The EMA is another mathematical moving average, however unlike a SMA, it gives more weight to the latest data. This makes an EMA line react faster than an SMA line, as it will move faster to recent price changes. Just like an SMA, a 13 day EMA line will move faster than a 50 day EMA line.

Since EMA lines move faster than SMA lines, you are able to use a combination of lines and watch when they cross to determine when to buy and when to sell, even more accurately than just SMA lines alone. Every trader has their own preferences, but I like to use three EMA lines (12 day, 50 day, and 200 day), and one SMA line (13 day). I got the 12 and 13 numbers from some website a few days ago and they have seemed to work for me.

This GridCoin (GRC) graph is pretty much what I've been watching for the past day. It may look a

bit complicated right now, but it took no time to be able to tell what it says at just a glance.

I know that my purple and blue lines are my short-day EMA and SMA lines. When the purple EMA line crosses over the blue SMA line going up, that means I should prepare to buy. At this point I'm not really sure that the market is going up, and it could change direction and go down.

My red line is my medium-day EMA line. When both the blue SMA and purple EMA lines cross the red EMA line going up, and ensuring the angle going up is fairly sharp, I buy.

The orange line is the long-day EMA line. When the blue SMA and purple EMA lines cross over the orange EMA line going up, the market is doing fairly well. It is up from where I've bought, and the red EMA line is slowly rising too.

The exact same thing happens when the lines cross going down, you just sell instead of buy. It isn't 100% concrete, but the odds are in your favor. This also seems to work better if you aren't trading every 5 minutes, but rather looking at long-term investments.

Support and Resistance Lines

Support and resistance levels are estimated lines that the price of a coin approaches and touches, but then bounces away multiple times. These seem to coincide with buy and sell walls on the exchanges.

Support lines are like the floor; the price will touch it from above but then go back up again. Being able to tell where a support line can be very useful, as it generally shows a good time to buy since the price tends to rebound shortly afterwards.

Resistance lines are like the ceiling; the price will touch it from below but then go back down again. Like a support line, knowing how to tell where a resistance line is is useful since it shows a good time to sell as the price tends to go down shortly after.

These lines don't necessarily have to be horizontal either.

But being able to tell where they are is very useful to seeing the trends of the market and being able to tell when a good time to buy and sell is. There is no real concrete way to calculate where a support or resistance line should be. It is something that you will begin to see once you look at the graphs for a bit. Also, if you aren't able to see any trends, try setting your bar-size to like 1 day and zooming out a bit. The trends generally work better looking at larger timeframes.

Conclusion

Once again, these graphs only take into consideration the PAST data, and cannot really predict the future. However, technical analysis of the charts allow you to take note of certain trends and buy or sell accordingly. This is just a basic explanation since I didn't even know what they were until I was randomly clicking around Poloniex and saw the lines enable and started to Google them a few days ago lol.

The next thing I'm reading and will make a thread on are chart patterns, such as "W" patterns and the such which mean certain things. You can read about those here:

http://stockcharts.com/school/doku.php?id=chart_school:chart_analysis:chart_patterns

Hope this helps some of y'all start trading a bit more accurately and professionally! If anyone needs some help don't hesitate to shoot me a PM. I also suggest joining one of the many crypto/altcoin

Discord servers, as many people post very useful information. Also if anyone has any suggestions or corrections for this thread, please let me know!

blank. - May 28, 2017, 7:11 pm

This is some useful information when getting into looking at graphs, thank you.

sw0p - May 28, 2017, 7:12 pm

good tutorial was a good read, thx

Fragger - May 28, 2017, 7:14 pm

Nice thread homie, I'm glad you mentioned coinigy.

Can you recommend me a GOOD crypto discord to join?

Not one that gets spammed with random stuff so much that it's impossible to keep up with what people say.

samsepi01 - May 28, 2017, 7:24 pm

(May 28, 2017 07:14 PM)Fragger Wrote: [\[CITE\]](#) Nice thread homie, I'm glad you mentioned coinigy.

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I think this one is pretty nice: <https://#/Fmqpnvh>

Trappy - May 28, 2017, 7:42 pm

Wonderful thread. Been wanting to learn about graphs relating to crypto.

Rake - May 28, 2017, 7:43 pm

Great thread, High quality contribution :)

Will read back on this when I become more analytical with my trading

THE NORTH FACE - May 28, 2017, 8:53 pm

Very well setup and explained methods there?

Looking forward to seeing more threads from you.

Breakbot - May 28, 2017, 9:08 pm

glad to see more and more members interested in finance =) good luck