

WealthAlpha Master Guide

Chapter 3: Technical Integration

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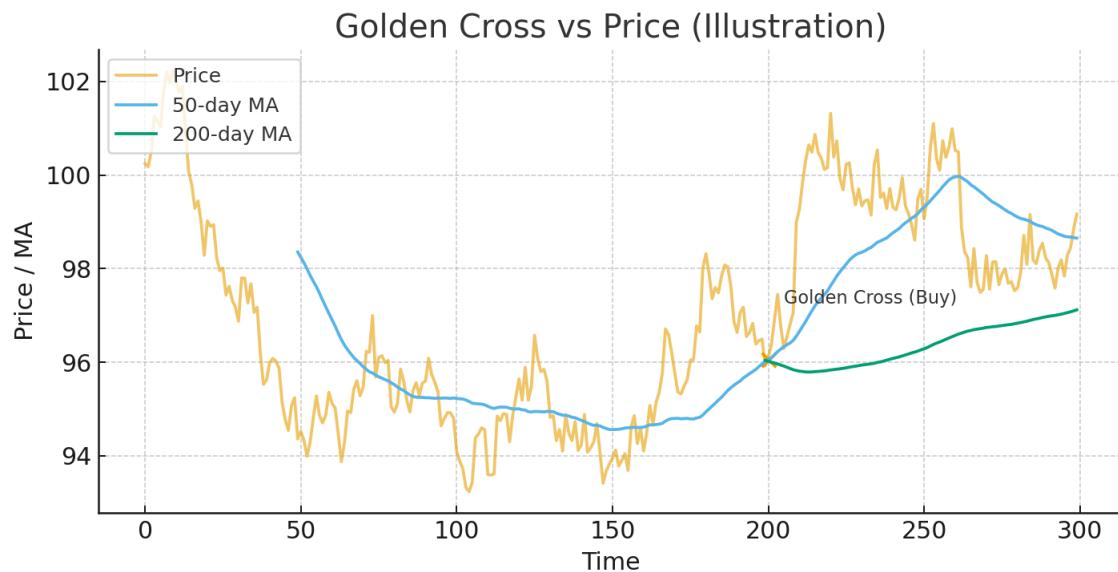
Chapter 3: Technical Integration

WealthAlpha Advantage: Our AI overlays technical signals (trend, momentum, support/resistance, ATR stops) on stocks in your portfolio, giving clear entry/exit prompts.

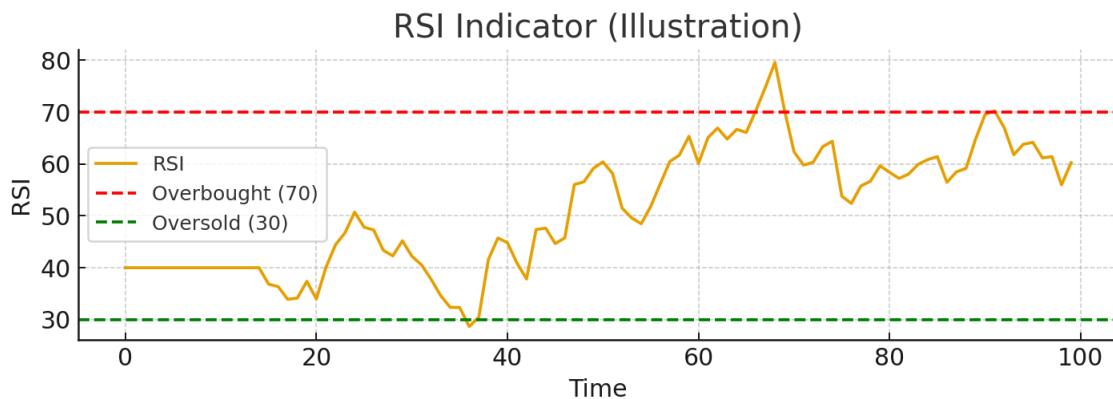
Fundamentals tell you **WHAT** to buy. Technicals tell you **WHEN** to buy or sell. They translate investor psychology into price patterns and timing signals.

The 4 Pillars of Technicals

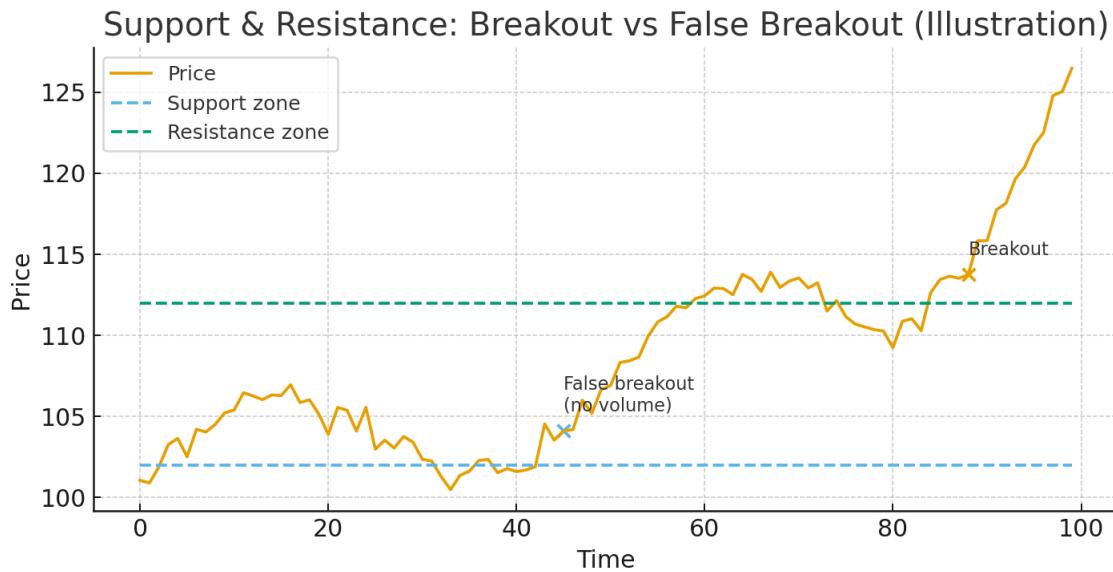
1. Trend: Identify direction using moving averages (50DMA, 200DMA).
2. Momentum: Gauge strength with RSI/MACD.
3. Levels: Spot entry/exit with Support & Resistance.
4. Risk: Apply ATR Trailing Stops to lock profits and limit drawdowns.



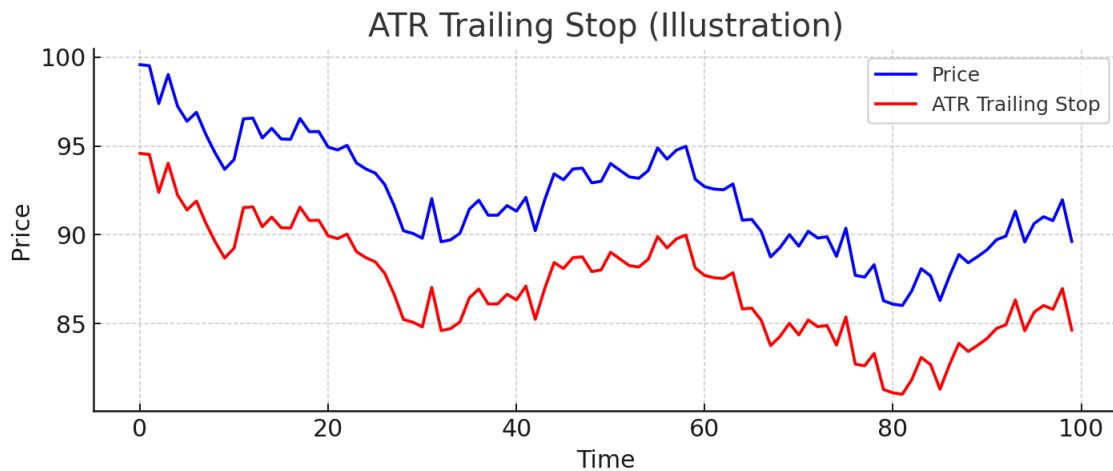
Golden Cross: 50DMA crosses above 200DMA → Bullish signal.



RSI Zones: <30 = Oversold, >70 = Overbought. Best entries when RSI rises through 40–50.



Support & Resistance: Floors & ceilings. Breakouts with volume confirm trend; false breakouts often trap traders.



ATR Trailing Stop: Dynamic stop-loss to ride trends and protect profits.

DIY Action Kit

- Plot 50DMA & 200DMA to define trend.
- Mark key support & resistance zones on weekly charts.
- Use RSI to filter entries (buy near 40–50, avoid >70).
- Confirm breakouts with 1.5–2× average volume.
- Place ATR trailing stop to cap downside and lock profits.

Common Mistakes to Avoid

- Overloading with indicators → paralysis.
- Ignoring fundamentals → technicals complement, not replace, analysis.
- Chasing breakouts without volume.
- Skipping stop-losses due to ego or hope.