



Brainy's Articles on Technical Analysis

Primary analysis

Article No:
TA-3000
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August 2015

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Introduction

There are a number of ways to introduce the subject of **technical analysis** to the newcomer. One way is to divide much of the subject matter into two broad areas as follows.

Leon Wilson, in his book "*The Business of Share Trading*"¹, talks at length about primary and secondary analysis. He describes **primary analysis** tools as those that are directly derived from, or based directly on, the price action or the liquidity. This is basically the raw price (and the plain price chart). Don't forget that the elements of raw price data that are available for all traded stocks for each day's trade include:

- Open price;
- High price;
- Low price;
- Close price;
- Volume (ie. the number of shares traded);
- Value (ie. the dollar value of all shares in the period); and
- Trades (ie. number of buy/sell transactions).


On the other hand, **secondary analysis** tools are derived from the raw price data. This includes the technical analysis chart indicators (like the common Moving Average) which are derived from the share price by some sort of calculation or manipulation of the share price.

This distinction of Primary Analysis versus Secondary Analysis is a good one to make, and it helps to divide the subject of Technical Analysis for the newcomer to the subject.

All of the Articles in Brainy's series on Technical Analysis which are numbered **TA-3xxx** are to do with price charts, the elements of price charts, the types of price charts and chart patterns, and so on. It is all to do with the price charts that show the so-called raw price data.

All of the Articles on Technical Analysis which are numbered **TA-4xxx** are to do with technical analysis chart indicators, such as: Moving Average, MACD, Parabolic-SAR, Bollinger Bands, Average True Range, Momentum, RSI and Money Flow (there are many more that are not yet covered in these eBook Articles).

Readers should refer to the eBook Articles in each of these sections for more details, and refer to the relevant Table of Contents (either the PDF document, or the online version at this internet address: www.robertbrain.com/articles/).



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1 "*The Business of Share Trading*"; Wilson, Leon, Wrightbooks, 2007, and 2012.

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