

TREND INDICATORS

When the stock is heading **upward**, traders who follow trends open a long position. Conversely, trend traders take a short position when an asset is moving in the wrong direction. Trading with the trends is profitable for trend traders. This trend trading strategy makes money by using stock momentum analysis in a specific direction. Traders can determine if a trend will persist or reverse with the aid of trend indicators. Despite the fact that no one technical indicator can guarantee profits, traders must also have a clearly defined risk management and trading attitude.

The market trend indicators listed below assist traders in determining market trend.



1. Moving Averages-

A trend indicator called a moving average creates average prices to continuously smooth out price data. A moving average is a flat line that eliminates variability caused by erratic price changes on a price chart. The average can cover any time frame, including 10 days, 30 minutes, one week, and any other time frame the trader chooses. The 200-day, 100-day, and 50-day simple moving averages are popular moving averages for traders who trade long-term trends.

Trading with the moving average can be done in a variety of ways:-

Traders might first examine the moving average's angle. The price ranges, if it is largely going horizontally. The trend is upwards if the moving average line is angled upward. Moving averages, on the other hand, only show the price's trend over time; they do not forecast a stock's future worth. Another method of moving average analysis is through crossovers. A 200-day and 50-day moving average can be drawn by traders on the chart.



When the 50-day crosses above the 200-day, a buy signal is generated. When the 50-day crosses below the 200-day, a sell signal is generated, as demonstrated below :



2. Parabolic SAR -

Another well-known trend indicator that emphasises the movement of a security is the parabolic SAR. The indication appears as a collection of dots on a chart, either above or below the price bars. A dot below the price denotes a positive indicator, while a dot above the price denotes a bearish signal and suggests that the momentum may continue to move lower. When the dots are in the other direction, a probable shift in price direction is impending.



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