

## OUM - PI PROFESSIONAL CERTIFICATE IN FINANCIAL TECHNICAL ANALYSIS (CFTA)

### COURSE CURRICULUM

DURATION OF COURSE – 3 MONTHS

COMMENCEMENT DATE: 6<sup>TH</sup> JULY 2010 – 9<sup>TH</sup> OCTOBER 2010

WEEKDAYS: 6.30PM – 9.30PM (TUESDAY, WEDNESDAY)

TUTORIALS & LIVE TRADING: ALTERNATE FRIDAYS

#### **Objective of Course: You will learn from this world-class course...**

1. That price forecasting is an active investment strategy for investors seeking abnormal returns.
2. Why price forecasting works; Inefficiency of markets; EMH vs Technical and Fundamental analysis.
3. The two major approaches to price forecasting: Fundamental and Technical Analysis. The advantages of technical analysis over fundamental analysis.
4. The importance of using price, volume and open interest in forecasting price direction.
5. That price leads information; The psychology behind buying on rumours and selling on facts.
6. Why market rallies and declines won't last.
7. Why do markets collapse; why do markets rebound.
8. That markets are driven by cycles – Accumulation, Advance and Distribution.
9. How charts can help time entry and exit using classical charting methods used by the pros.
10. When to enter and exit the markets through classical pattern analysis.
11. The major computerised trading systems and forecasting techniques for timing market entry and exit used by the pros. Example: Moving averages, Oscillators, Japanese candlesticks.
12. The importance of using a combination of technical indicators. Which to use.
13. The importance of "screening" multiple time frames before applying the indicator.
14. The principle of divergence in spotting trend changes.
15. The importance of optimising indicator parameters before using.
16. How to handle syndicated stocks; how to spot reversal using Japanese candlesticks.
17. How to use predictive techniques like Elliott wave theory, Gann theory, Cycles theory and the Wyckoff Method to forecast market trends.
18. Which to use: Trend-following or trend predicting techniques.
19. How to build your own computerised trading system.

## **OUM - PI PROFESSIONAL CERTIFICATE COURSE IN FINANCIAL TECHNICAL ANALYSIS (CFTA)**

### **COURSE OUTLINE**

#### **Module 1: Introduction to Technical Analysis**

- Philosophy of technical analysis
- Technical vs fundamental forecasting
- Advantage of technical analysis
- The Dow Theory
- The importance of analysing volume with price and open interest

#### **Module 1: Chart Construction**

- Types and construction of charts
- Arithmetic vs Logarithmic scale
- The Bar Chart
- The Line Chart
- The Japanese Candlestick Chart
- The Point-and-Figure Chart
- The Moving Average Chart

#### **Module 1: Basic Concepts of Trend**

- Definition of Trend
- Support and Resistance
- Trendlines
- The Channel Line
- Percentage Retracements

#### **Module 3: The Moving Average System**

##### **N-Rule/Turtle system/Envelopes**

- How to Use a Moving Average to generate buy/sell signals, The Single, Dual, Triple Moving Average Crossover, The Pros and Cons of Moving Averages
- Moving Averages Tied to Cycles, M.A. Envelopes, Bollinger Bands
- N-Rule – Donchian system
- Dr Bill William's Fractal Breakout System

#### **Module 4: Introduction to Oscillators**

- Types/Uses of Oscillators, Price/Volume /Breadth Indicators and their interpretation. Principle of Divergence, Momentum, Price Rate of Change, Accumulation Distribution, On-Balance Volume, Larry Williams Percent R, Chaikin Oscillators, Arms Index,
- Stochastic construction/Interpretation, Using Stochastic to spot turning points, Fred Tam's famous Triple-Screen Stochastic

#### **Module 2: Major Reversal Patterns**

- Tops and Bottoms
- Double Tops and Bottoms
- Head and Shoulders
- Triple Tops and Bottoms
- Spike (V) Tops and Bottoms
- Rounding Tops and Bottoms
- Wedges and Diamonds

#### **Module 2: Major Continuation Patterns/ Gaps**

- The Ascending Triangle
- The Symmetrical Triangle
- The Descending Triangle
- Flags and Pennants
- Wedges and Rectangles
- The Common Gap
- The Breakaway Gap
- The Runaway Gap
- The Exhaustion Gap

#### **Module 2: Order placing/ Using charts in trading**

- 3 Types of orders
- Market order, limit order, stop-loss order
- When to use the 3 types
- How to apply what you learn in timing entry and exit

#### **Module 4: Relative Strength Index System**

##### **/ Moving Average Convergence**

##### **Divergence System (MACD)**

- Construction of the RSI
- Interpretation of RSI
- The importance of 50 level, 30 and 70 level, Other uses.
- MACD construction/interpretation, How to use  
MACD to spot trend changes early.

#### **Module 4: Other Popular Systems**

- Directional Movement Index (DMI), ADX/ ADXR
- Commodity Channel Index (CCI),
- Parabolic S.A.R. system.

**Module 5: Advanced Candlestick Charting**

- History of Japanese candlesticks
- Best use of candlesticks
- Single, double triple, and multiple reversal patterns
- Continuation patterns
- Sakata Five Methods
- How to combine candles with Western techniques to time entry and exit.

**Module 6: Elliott Wave Theory and Fibonacci Techniques**

- Basic Tenets of the Wave Principle,
- Impulse Waves and Corrective Waves,
- The Rule of Alternation, Wave 4 as Support Area,
- Fibonacci Numbers as Basis of Wave Principles,
- Fibonacci Ratios and Retracements,
- Joe DiNapoli's Fibonacci Ruler

**Module 7: Gann Theory & Applications**

- Introduction to Gann theory
- Geometric angles and percentages
- Importance of the 45 degree line
- Combining geometric angles, lines and percentage retracements
- Gann square, cardinal cross, cardinal points.

**Module 8: Relative Strength charts/Market Profile**

- What are relative strength charts
- How to construction of RS charts
- Importance of RS charts and its applications
- Market Profile
- Construction of MP charts
- Use of MP charts

**Module 9: Cycle Theory**

- Construction of Cycle charts
- How cycle concepts help explain charting techniques
- Dominant cycles, let, right translation
- Seasonal cycles, How to isolate cycles using detrending.
- Stock Market & Commodity Cycles

**Module 10: Wyckoff Method 1**

- Introduction to the Wyckoff Method
- Market trends in Composite averages
- Understanding group stock behavior
- Point and figure charts
- Nine buying tests; nine selling tests

**Module 11: Technical analysis of Trading: Strategy & Implementation**

**Module 12: Computer Lab training on use of the Metastock software**

**Tutorials**

**Live online trading sessions**

- **OUM Examinations- Written (3 hours).**

**OPEN UNIVERSITY-PI CERTIFICATE IN FINANCIAL TECHNICAL ANALYSIS COURSE**

**2010 JULY INTAKE (7TH INTAKE)**

**COURSE CURRICULUM & FEE STRUCTURE**

		UK STA	UK STA	OU-PI	OU-PI	No. of	IFTA-STA
		Fee	classroom	Fee	classroom	3 hr	Syllabus
Module	Course Title		hours		hours	Sessions	covered
		RM		RM			
1	Introduction to stock, futures, options and forex. Technical Analysis - Philosophy/Dow theory				9	3	5,19,20,22
1	Chart Construction - Plot Bar, candle, P & F charts				3	1	1,3,4
1	Basic Concepts of Trend - Support/resistance/trendline...				3	1	1,6,7,8,9,11
2	Major Reversal Patterns				3	1	1,6,7,8,9,11
2	Major Continuation Patterns/Gaps				3	1	1,6,7,8,9,11
2	Order Placing/Trading Tactics				3	1	4,9,10,11
3	Moving Averages/N-Rule/Turtle System/Bollinger Band				6	2	2,8, 9,10,11
3	Dr. Bill Williams Fractal Breakout system				-		9,11.
4	Introduction to Oscillators/Momentum/Stochastic/RSI/				6	2	16,17,18,19,21
4	MACD/ROC/DMI/CCI/Parabolics/OBV/Arms Index etc				3	1	16,17,18,19,21
5	Advanced Japanese Candlesticks Techniques				6	2	3,9,10,11
6	Elliott Wave Theory - Pattern, Time, Ratio				3	1	9,10,13,14,22
6	Fibonacci Techniques				3	1	9,10,13,14, 22
7	Gann Theory & Applications				6	2	10,12
8	Relative performance/RS charts/Market profile				-	-	16,21
9	Cycles theory				3	1	15
10	Wyckoff Method 1				3	1	18,20,22
11	Technical Analysis of Trading: Strategy & Implementation				3	1	-
12	Tutorials + Live online trading				9	3	
13	Revision Course				7	1	
12	Practical - Computer Lab training on Metastock				7	1	-
	EXAM - 3 HOURS WRITTEN						
	<b>Total Fee/Hours for Certificate Course</b>	<b>13,585</b>	<b>41</b>	<b>13000</b>	<b>89</b>	<b>27</b>	
		<b>GBP2470</b>					