

# TECHNICAL ANALYSIS OF STOCKS & COMMODITIES™

## SCHRÖDINGER'S CAT

*Finding information in market data* 8

## FILTERING PRICE MOVEMENT

*Introducing a new zigzag indicator* 12

## PREDICTING THE VIX

*By reordering the data* 26

## 10 SELLING TIPS

*Knowing when is "when"* 30

## INTERVIEW

*Technical analyst Boon Chin Low* 34

## REVIEWS

- *Haguro Method*
- *MetaStock XIV*



MAY 2015

\$6.99

05>



0 71486 01384 6



Knowledge, Patience, Discipline

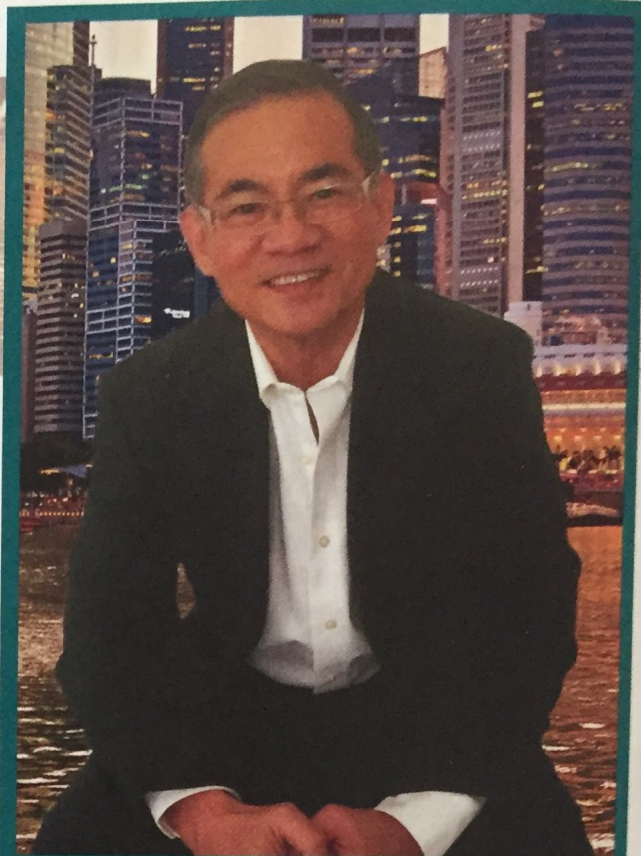
# TA For The Longer Term With Boon Chin Low

BC Low has been a teacher and practitioner of technical analysis since the 1980s. He is one of Singapore's earliest practitioners to attain the Chartered Market Technician credential from the Market Technicians Association, which is based in New York.

From 1991 to 2011, Low was a senior lecturer at Singapore Polytechnic, where he introduced education in technical analysis to the curriculum. He created and taught two modules of "Technical Analysis and Trading," the only formal course on technical analysis in Singapore.

Low has been active in the Singapore Technical Analysts & Traders Society (STATS) since the 1990s. He launched the Certificate in Technical Analysis (CTA) through STATS in 2004; he launched the society's Diploma in Technical Analysis (DTA) in 2010. Prior to his work at Singapore Polytechnic, Low was a technical analyst for Merrill Lynch Bank, where he provided currency views to dealers, private bankers, and institutional clients. Currently, he continues to trade his own equity. His recent book release is *Integrating Technical Analysis For The Investor*.

STOCKS & COMMODITIES Editor Jayanthi Gopalakrishnan communicated with him via email in early March 2015 to find out more about how longer-term investors can apply technical analysis.



**Understanding the relationship between the different time frames helps the investor to know how the bigger time frame trends change.**

**What led to your being interested in technical analysis?**

It was 1986 when I began trading in Japanese commodities that I started in technical analysis. There was little by way of fundamentals, so charts were the only thing that made sense. Technical analysis was on the cusp of a new era in Singapore, spurred by the publication of John Murphy's first book, *Technical Analysis Of The Futures Markets*, in 1986. Still, it was tough trading commodities with huge paper charts, hand-drawn candlestick bars, and trendlines, plus moving averages calculated manually. I began to feverishly learn technical analysis from as many sources as I could. When I joined Merrill Lynch Singapore in 1989 as a technical analyst, I had my first encounter with technical analysis software, CompuTrac. From then on, I was hooked on TA!

**That's interesting. You know, the premiere issue of this magazine was distributed at a CompuTrac seminar. From your experience, do you think technical analysis taught you things about the market that you may not have known if you hadn't applied technical analysis?**

Certainly. Technical analysis taught me that all markets can be reduced to the common denominator of price. And as Charles Dow said more than 100 years ago, charts show that markets move in trends. With technical analysis, it is possible to forecast market direction, something much needed by all investors and traders.

What I hope to add to this premise through my book *Integrating Technical Analysis For The Investor* is that it is also possible to forecast farther into the future with the consistent application of technical analysis into the larger time frame charts such as weekly, monthly, quarterly, and even longer time frames.

**Applying technical analysis for investing or on longer time frames is contradictory to what most people do. Do you combine technical analysis with fundamental analysis and if so, how?**

I think the reason technical analysis has not been used for the longer time frame is because there has not been sufficient focus on using it that way. Technicians tend to be traders and not investors. So the use of technical analysis tended to be skewed towards the shorter time frame. And in recent times, time frames have gotten even shorter.

But there is no reason for technical analysis not to work in the longer time frame—it is, after all, still about price, albeit on a longer time frame. And investors should discover that technical analysis works just as well in those time frames. Some mental adjustment is needed to get used to the larger dimensions in time and space, but it can be done.

