

MODULE 3: BASICS OF INVESTMENT ANALYSIS AND RESEARCH

Trading Foundations



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Research and Analysis

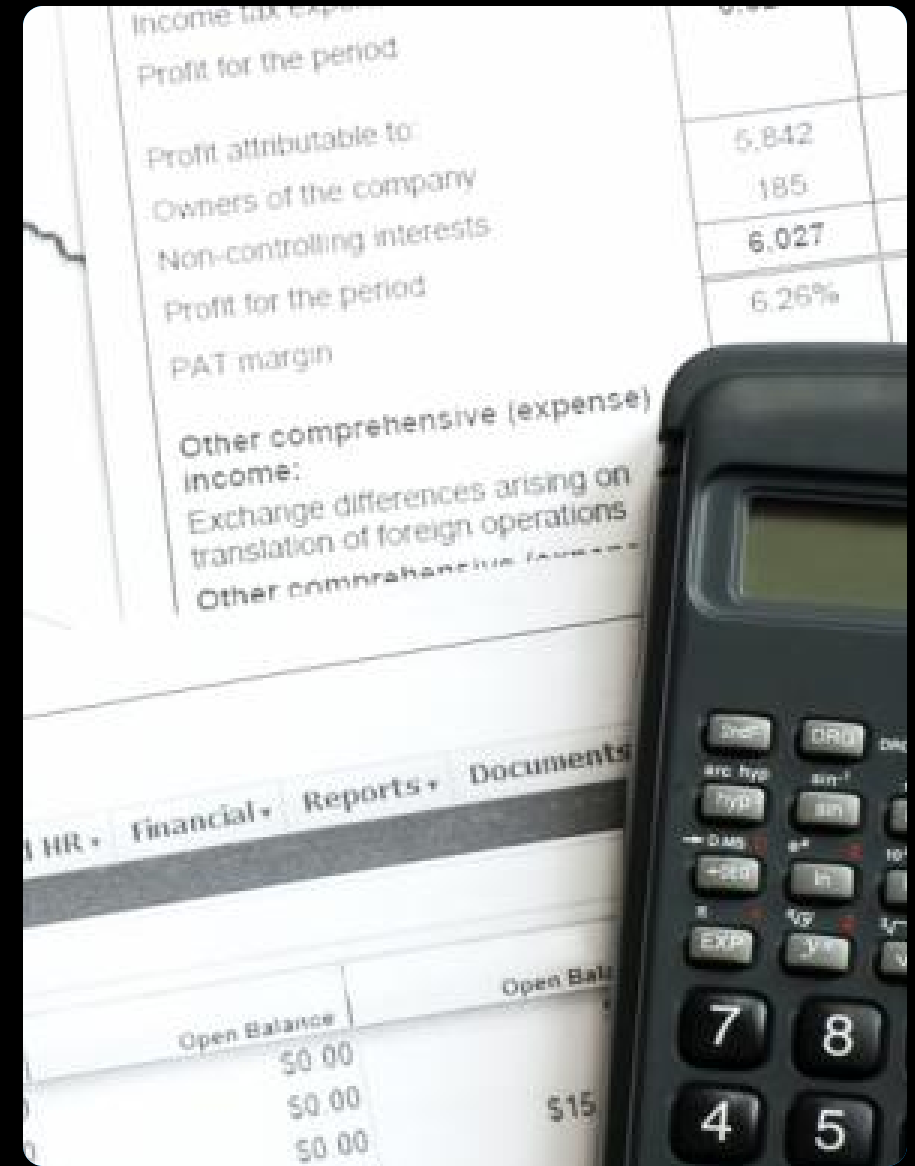
Fundamental Analysis

Fundamental analysis is a method used in trading and investing to evaluate the intrinsic value of a financial asset by examining relevant economic, financial, and qualitative factors.

The goal is to assess the overall health and performance of a company or security, aiding investors in making informed decisions about buying, selling, or holding assets.

Key Components Include:

- Financial Statements
- Earnings and Revenues
- Valuation Metrics
- Management and Corporate Governance
- Macroeconomic Factors





Technical analysis is a method used in trading and investing that evaluates securities based on historical price and volume data.

It involves studying charts, patterns, and technical indicators to forecast future price movements.

Unlike fundamental analysis, which focuses on a company's intrinsic value, technical analysis is primarily concerned with analyzing past market data to identify potential trends and trading opportunities.

Key Components Include:

- Price Charts
- Trend Analysis
- **Support and Resistance Levels**
- **Technical Indicators**
- **Volume Analysis**

Market sentiment analysis is a method in trading and investing that focuses on understanding and interpreting the collective mood, attitudes, and emotions of market participants toward a particular financial asset or the market as a whole.

It acknowledges that investor sentiment can influence price movements and market dynamics.

Key Components Include:

- News and Media Analysis
- Social Media
- **Surveys and Sentiment Indicators**
- **Options and Futures Data**
- **Market Breadth**

Market Sentiment Analysis



Summary

- Investment analysis and research form the bedrock of informed decision-making in the financial markets.
- Investors use a combination of fundamental and technical analyses, along with risk management and sentiment analysis, to navigate the complexities of investing.
- Continuous learning and adaptability are essential in a dynamic market environment.