



## Getting Started in Technical Analysis

*Jack D. Schwager*

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Technical analysis is the art and science of deciphering chart patterns in order to better analyze and predict prices of a given security. Jack Schwager demystifies technical analysis for investors, introducing them to oscillators, price-and-time charts, on-line charting applications, and much more.

## Getting Started in Technical Analysis Details

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# From Reader Review Getting Started in Technical Analysis for online ebook

## Bob Johnston says

I've read this 3 times now but I'm such a **dumbass** that it's gonna take 3 more times before it sticks.

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## Steven says

I first read this back when it came out in 1999. The book is part tutorial, but its main goal is to help the reader establish a trading system. I've returned to it often.

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## Stuart says

It has taken me over 3 years to finally wade through this book. I made several stabs at it, but found it so incredibly tedious that I would put it down for weeks on end. As someone who trades, I should have gobbled this up, but it just did not grab me one iota.

The charts in the book are dotted all over the place, often pages away from the text referring to them. The print quality is really poor and the charts are hard to read. This book covers a few technical analysis basics, but it most definitely will not help you make any money trading.

It's worth noting that a large number of trading books focus on trading futures. That is very much the case with this book.

Schwager's Market Wizards books are far more readable. This seemed like one long slog.

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## Wayne says

This book provides a lot of information that seems to be more for someone who has read some previous TA texts or has previous knowledge of the subject matter. It doesn't help that a lot of the charts that he describes are on different pages to the descriptions and requires constant flipping back and forth.

Overall I think that Schwager has a lot of very good information to present, but falls down slightly on how he goes about it. There is one very good chapter in the book about real-life trading and he discusses his own trades and presents staggered charts to the reader with analysis on what actually happened after he entered the position. If only the rest of the book was up to this standard it would receive 5 stars.

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## Prakash says

kj

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## Duffy Pratt says

Given a finite sequence of numbers, how does one prove either that they follow a pattern (and will continue to do so), or that they are random? As a pretty thorough skeptic, I've been fairly sure for a long time that there is no proof, one way or the other. So why do I come back again and again to the possibility of trading, and technical trading at that?

I got this book to get reacquainted with the trader's way of thinking and talking. On that level, it certainly did why I wanted it to do. I would also have liked it to persuade me away from my skepticism. On that score, I would say that it was a bit less successful.

A few years ago, I got more deeply involved in the possibility of trading. I had developed a few test systems. One of them showed a potential profit of approx. 1100% per year, using a moderately aggressive money management system. A more experienced friend thought that system left something to be desired, mostly from a risk/reward standpoint on individual trades. He thought I should shoot higher on individual trades.

I agreed to look a bit more deeply, and offered to test a promising system that he was developing. My testing showed that this system was not only less than promising, but that in three out of five years, it would lead to financial ruin. In my ignorance, I got scared. (The truth of the matter is that a trader should be ecstatic when he finds a really, really bad system, because all he has to do is trade the opposite, and he has a good winner. At the time, however, I was simply mesmerized by the idea that my "experienced" friend could come up with such a dog.)

At about the same time, I realized that I could probably do well with my own systems. But there was a small catch. It would mean giving up a few things for the indefinite future -- like sleep. So that was the end of that, but not through any conscious decision.

Now, I'm thinking about it again, and again I'm stuck at the start: who has it right, the random walkers, or the technicians? And I don't think there is an answer to that question. At this level, Schwager doesn't impress me.

Here are two quotes from the book about using judgment in trading:

"In conclusion, the skeptics are probably correct in claiming that a Pavlovian response to chart signals will not lead to trading success."

and...

"Act on market dreams. ... Such dreams are often right because they represent your subconscious market knowledge attempting to break through..."

OK, so here he is making a case that skill, experience, intuition and even dreams are vitally important to a

sophisticated trader. And there are lots of people who believe this, I guess...

But then, here he is talking about trading plans:

"The more specific the trading strategy, the better. ... Of course, the most specific trading would be one based on a mechanical trading system."

and...

"How did I resolve my conflict? I decided to focus completely on mechanical trading approaches in order to eliminate the emotionality in trading."

Unless Philip Dick got it right, and androids do dream of electric sheep, these two sets of statements contradict each other. Schwager doesn't even attempt to resolve the conflict. He seems to think that they are both true. This problem makes it much harder for me to find many of his other points all that useful.

Another thing I've noticed in these trading books: they all spend the majority of time talking about the set-ups for initiating trades. Then, after doing this, they will pretty uniformly say that the secret to success in trading is money management and knowing where to exit (cutting losses while allowing profits to accumulate). But they pay much, much, much less attention to the areas that they say are more important. On that, this book is no different. There is the customary nod to money and risk management, but it takes a definite backseat to the "sexier" subject of when to pull the trigger.

Finally, Schwager wrote a couple of books consisting of interviews with successful traders. He summarizes some of what he learned from that experience in tips at the end of this book. One of the things he concluded from those interviews is that, looking at the success of those traders, and looking at their consistency, the market can't simply be random. Too bad he, nor anyone else, has ever written a book consisting of interviews with hopeless failures at trading. The sample pool is much bigger, and my guess is that there are probably many, many more lessons to be learned from people's failures. What Schwager fails to consider is that the pool of people who start trading is enormous. Given the number of people who start, even if the market were random, some of those people would end up as very big winners. When all you do is interview the winners, you are bound to start seeing the skill and design in what they did, even if it was just a random occurrence. (Given the same number of people who have traded on the stock markets, a model of random success and failure over the same period of time would produce at least one person as successful as Warren Buffett. So, is he a genius or very lucky, or both?)

Anyway, I'm still skeptical. But if there is a skill to trading, I'm confident I can learn it. Or who knows? Maybe I might just get lucky.

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## **Douglass Gaking says**

A reasonable introduction to chart analysis that clearly explains basic concepts and points you in the direction of more complex tools that you can explore later. The author encourages critical thinking and developing a trading style that fits the reader's own personality and risk tolerance. The target audience seems to be people interested in creating technical trading systems for day-trading, but it is still helpful for people who want to incorporate some technical analysis in other applications. There are some interesting ideas about the value and methods of analyzing price information to anticipate future trends.

**T.k. Chun says**

Pros: Wide range of topics

Cons: No depth

The book does exactly what it's meant to do, get you started. Technical analysis is a complex subject with a wide variety of sub-topics. The author goes through each of them briefly but explains enough to get you well acquainted. Its contents are well organized and easy to understand. Overall a very good intro to TA.

\*If you're looking for something with more depth, you can go for either Kirkpatrick & Dahlquist, Murphy, Pring, or Edwards & Magee's books on TA.

**Terrance says**

Good book on technical analysis, especially if you are or want to become a stock broker. It is a difficult read for beginners, but if you're interested in day trading, this is a good book to read.

**Alberto Lopez says**

A great book I wish I had read sooner

**Carley Garner says**

A classic! This is a great starter book and the concepts are timeless.

**Scott Jensen says**

Excited... reads like a textbook, but is the counter argument to Random Walk Down Wall Street.