Getting Started with Technical Analysis

Malcolm Moore
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Introduction

This was an exciting time in life. I followed my instincts, contacted an Australian company unknown to me called Paritech[1] which was located in Melbourne and put my name down to attend the 'information seminar' and then made an entry in the diary for the following evening. I then found that it was to be somewhere in North Sydney which was very convenient for me. This was one seminar that I was not going to miss!

This was like getting onto a moving train (when there were no doors)! It was exciting! I timed the run, made the leap and 'whack' my left shoulder impacted against the inside door wall, and I was on another ride of my life! Was I on the right train?

I walked to the street address and negotiated the stairs. Down the dimly lit corridor I could hear a couple of people talking, and there was light there, so I must be going the right direction. Into the room and I could see that it seated about 40 to 50 people, mostly in 'casual' (scruffy) clothes – except for a couple of suited chaps near the entrance. You picked it – these were the Paritech salesmen. It was as though I had walked into a used car lot, and wondering if I was also a used car! Yep I was early! The average age was 40 to 60, almost all male, and all very quiet – what had I walked into? Where was the 20 to 40 age group? Apart from a couple of wives, why all male?

The seminar started and I was in 'fast learn' mode! They threw all the sales pitch aimed to make you feel pain and all that and I dumped that before it even left their mouths, then we got to the reason for being here! They had basically two products to sell, and both of these were chart analysis packages. The third product – the data – oh yes, they sold that too!

Now this was rather important, as I knew from my data analysis years in Telstra that having clean accurate data was the imperative, and they treated the data like they were taking it for granted! It clicked! It looked as they were reselling the data, and it was already distilled!

Two mysterious men with two mysterious packages! The first application / package was a share analysis package called OmniTrader[2], and this intrigued me. They showed that this application could scan the 'focus list' of shares and run a swathe of technical tests on these to identify which shares are the best to invest in, and the best time to get out! The second application was far more down to earth. It was called MetaStock[3]. In this application they showed that you could bring up a share at a time and individually technically analyse that share for investment. And each one came with about a $400 to $600 price tag at the time.

Like all car sales, these technical analysis applications came with a 'once in a lifetime offer' at a cheaper rate to include the data for a year – or something like that! I really needed time to digest and actually try these packages – and that was not going to

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[1] http://www.paritech.com.au/
[2] http://www.nirvanasystems.com/oti/software/omnitrader/support.asp
[3] http://www.metastock.com/

happen – and I needed to make a decision – or pay an extra 30% for data over the next year.

Either way I would not lose as I knew that I had to have a technical analysis system, the prices were not bad (I had dome some homework) and they did provide the rudimentary basics on how to use the programs – and I knew training would be much more – specially if my computing skills were limited – and they were not!

From what I could see, OmniTrader had the edge as it was apparently able to do a whole lot of tests on a whole lot of stocks and place them in order of probability of going up and/or down! MetaStock did not appear to have this function, so for me at the time the choice was relatively easy, and I came home with an order for OmniTrader paid out and no package in my hands!