

BIDDLES GROUP · CHARTWORK

SWING TRADER SERIES
VOLUME 02

BUILDING WEALTH. SECURING FUTURES.

— THE COMPLETE TECHNICAL INDICATOR REFERENCE

TECHNICAL INDICATORS DECODED

Most traders use indicators they don't fully understand.
That's the edge you're handing to someone else — every trade.

This guide ends that.

18 INDICATORS

LEADING VS. LAGGING

SIGNAL DEFINITIONS

BEST PAIRINGS

FACT-CHECKED & UPDATED

18

INDICATORS
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LEADING

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LAGGING

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CLASSIFIED BOTH

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FREE GUIDE



USING THE WRONG INDICATOR AT THE WRONG TIME IS A SILENT ACCOUNT KILLER

A **leading indicator** tries to predict where price is going — useful for catching reversals early, but prone to false signals. A **lagging indicator** confirms what's already happening — more reliable, but slower. **The best traders use both together.**

● LEADING — ANTICIPATES PRICE

● LAGGING — CONFIRMS PRICE

● BOTH — CONTEXT-DEPENDENT

01 MOMENTUM & TREND STRENGTH

HOW FAST IS PRICE MOVING — AND HOW STRONG IS THE TREND?

RSI

BOTH

Relative Strength Index

Measures the speed and magnitude of price movements on a scale of 0–100. Developed by J. Welles Wilder (1978). Technically lags price, but widely used as a leading indicator for reversals via divergence. *Classified as "both" — context determines its role.*

BULLISH

RSI crosses **above 30** (exits oversold) or shows bullish divergence vs. price

BEARISH

RSI crosses **below 70** (exits overbought) or shows bearish divergence

PAIRS WITH: MACD Trendlines

Bollinger Bands

Pro Tip: *In strong uptrends, RSI can stay above 70 for extended periods. Don't short just because it's "overbought" — wait for price to confirm the reversal first.*

MACD

LAGGING

Moving Average Convergence Divergence

Shows the relationship between two EMAs (typically 12 and 26-period) of a security's price. The histogram component can act as an early signal for upcoming crossovers.

BULLISH

MACD line crosses **above the signal line;** histogram turns positive

BEARISH

MACD line crosses **below the signal line;** histogram turns negative

PAIRS WITH: RSI Volume Moving Averages

Pro Tip: *MACD divergence — price makes a new high but MACD doesn't — is one of the most reliable early reversal signals available to traders.*

ADX

LAGGING

Average Directional Index

Measures the *strength* of a trend — not its direction. Ranges 0–100. Above 25 = strong trend present. Below 20 = market is ranging. Always combine with a directional indicator.

STRONG TREND

ADX **rising above 20–25** — a trend is strengthening (confirm direction separately)

NO TREND

ADX **below 20 or falling** — avoid trend strategies; market is ranging

PAIRS WITH: [Moving Averages](#) [Aroon](#)

[Parabolic SAR](#)

Pro Tip: ADX tells you *HOW* strong a trend is — not which direction. Always combine with a directional indicator like MACD or a moving average crossover.

KST

LAGGING

Know Sure Thing

A momentum oscillator combining four weighted rate-of-change values to identify major trend reversals. Designed by Martin Pring. Best suited for weekly and monthly charts — not for day or swing trading.

BULLISH

KST crosses **above its signal line**, especially when rising from below zero

BEARISH

KST crosses **below its signal line**, especially when falling from above zero

PAIRS WITH: [MACD](#) [Moving Averages](#)

Pro Tip: KST is a macro investor's tool. If you're swing trading, use MACD instead. KST shines on monthly charts for identifying major market cycle turns.

02 OSCILLATORS & OVERBOUGHT/OVERSOLD

IDENTIFYING EXTREMES AND POTENTIAL REVERSALS

STOCHASTIC

LEADING

Stochastic Oscillator (%K / %D)

Compares a security's closing price to its high-low range over a set period (default 14). Plots %K (fast) and %D (slow signal) between 0 and 100. Above 80 = overbought; below 20 = oversold.

BULLISH

%K crosses **above** %D while both lines are below 20 (oversold zone)

BEARISH

%K crosses **below** %D while both lines are above 80 (overbought zone)

PAIRS WITH:

MACD

RSI

Trendlines

Pro Tip: Stochastic works best in ranging markets. In a strong trend it can stay overbought/oversold for a long time — always check ADX first before acting on signals.

WILLIAMS %R

LEADING

Williams Percent Range

A momentum oscillator similar to Stochastic but on an inverted scale of 0 to -100. Developed by Larry Williams. -20 = overbought; -80 = oversold. Very responsive — can give early but sometimes premature signals.

BULLISH

Rises **above -80** from oversold territory — potential upward reversal beginning

BEARISH

Falls **below -20** from overbought territory — potential downward reversal

PAIRS WITH:

RSI

Stochastic

MACD

Pro Tip: Because Williams %R is so sensitive, some traders use -10 and -90 as thresholds for stronger, higher-conviction signals with fewer false alarms.

CCI

BOTH

Commodity Channel Index

Measures how far price has deviated from its statistical average. Works across all markets. Acts as a leading indicator at extremes (± 100), and as lagging confirmation near zero crossovers.

BULLISH

Crosses **above 0** (mild signal) or breaks **above +100** (strong momentum entry)

BEARISH

Crosses **below 0** (mild) or breaks **below -100** (strong selling pressure)

PAIRS WITH:

Trend Indicators

MACD

Pro Tip: A CCI break above +100 in an uptrend is a momentum entry signal. In a downtrend, the same reading is often a trap. Always use a trend filter alongside CCI.

ROC

LAGGING

Rate of Change

Measures the percentage change between the current price and price N periods ago. Positive = upward momentum; negative = downward. Simple but effective as a momentum confirmation tool.

BULLISH

ROC crosses **above zero** – momentum is shifting to positive territory

BEARISH

ROC crosses **below zero** – momentum is shifting to negative territory

PAIRS WITH:

Moving Averages

Trend Indicators

Pro Tip: Shorter ROC periods (10–14) = more signals, more noise. Longer periods (25–30) = fewer but more reliable signals. Match the period to your timeframe.



03 TREND FOLLOWING

IDENTIFYING AND RIDING DIRECTIONAL PRICE MOVES

SMA

LAGGING

Simple Moving Average

Calculates the arithmetic mean of closing prices over N periods. The most fundamental trend indicator. Key levels: 20, 50, 100, and 200 SMA. Acts as dynamic support and resistance across all markets.

BULLISH

Price closes and holds **above the SMA**; SMA slope begins turning upward

BEARISH

Price closes and holds **below the SMA**; SMA slope begins turning downward

PAIRS WITH:

MACD

RSI

Bollinger Bands

Pro Tip: The 200-day SMA is the single most-watched level on Wall Street. Price above = institutional buy bias. Price below = institutional sell bias. Never ignore it.

AROON

LEADING

Aroon Up / Aroon Down

Identifies when a new trend is beginning and how long the current trend has been active. Aroon Up tracks time since the highest high; Aroon Down since the lowest low. Scale: 0-100.

BULLISH

Aroon Up **above 70** and Aroon Down **below 30** — strong uptrend forming

BEARISH

Aroon Down **above 70** and Aroon Up **below 30** — strong downtrend forming

PAIRS WITH:

ADX

Moving Averages

Pro Tip: When both Aroon lines are near 50 and crossing each other, the market is consolidating — wait for a breakout. Aroon breakouts from consolidation can be powerful entries.

PARABOLIC SAR

LAGGING

Stop and Reverse

Places dots above or below price to mark potential reversal points and trailing stop levels. Developed by J. Welles Wilder. Excellent in trending markets; produces many false signals in sideways conditions.

BULLISH

Dots appear **below price** — uptrend confirmed; trail your stop below the dots

BEARISH

Dots appear **above price** — downtrend confirmed; trail stop above the dots

PAIRS WITH:

ADX

Moving Averages

Pro Tip: Only use Parabolic SAR when ADX is above 25. In a ranging market (ADX below 20), SAR will flip constantly and generate nothing but losing trades.

COPPOCK CURVE

LAGGING

Long-Term Momentum Oscillator

Combines weighted rate-of-change values to identify major market cycle bottoms. Created by Edwin Coppock (1962). Designed specifically for monthly index charts — not for short-term trading of any kind.

BULLISH

Curve turns **upward from below zero** — historically a reliable major long-term buy signal

BEARISH

Curve turns **downward from above zero** — long-term momentum is fading

PAIRS WITH:

Long-Term Trend Indicators

Pro Tip: The Coppock Curve is a macro tool for identifying major market cycle entries. Use it only on monthly charts to think in years — not weeks or days.

04 VOLATILITY INDICATORS

MEASURING MARKET EXPANSION AND CONTRACTION

BOLLINGER BANDS

LAGGING

Price + Standard Deviation Bands

A 20-period SMA as a midline with upper and lower bands set 2 standard deviations away. Widening bands = rising volatility. Narrowing bands (a "squeeze") typically precede significant price breakouts.

BULLISH

Price bounces off **lower band** with volume; or squeeze resolves with upside breakout

BEARISH

Price rejected at **upper band**; or "walking the band" uptrend suddenly reverses

PAIRS WITH: RSI MACD Volume

Pro Tip: The Bollinger Band Squeeze is one of the best breakout precursors available. When bands narrow sharply, use MACD direction to determine which way the breakout will go.

DPO

LAGGING

Detrended Price Oscillator

Removes the long-term trend from price to isolate and identify short-term cycles and repeating patterns. Useful for cycle traders timing entries within a larger directional trend context.

BULLISH

DPO turns **up from a cycle low** — short-term cycle is bottoming out

BEARISH

DPO turns **down from a cycle high** — short-term cycle is topping out

PAIRS WITH: Cycle Analysis Moving Averages

Pro Tip: DPO is a niche tool for cycle traders. Use it to refine timing after trend direction has already been confirmed by SMA or MACD — not as a standalone signal.

05 VOLUME INDICATORS

FOLLOWING THE MONEY — NOT JUST THE PRICE

OBV

LEADING

On-Balance Volume

Tracks cumulative buying and selling pressure — adding volume on up-days, subtracting on down-days. Based on the principle that volume precedes price: smart money moves volume before price moves follow.

BULLISH

OBV rising **ahead of or alongside price** — strong and confirmed buying pressure

BEARISH

OBV falling while price is **flat or rising** — quiet distribution is underway

PAIRS WITH:

Price Trend

MACD

A/D Line

Pro Tip: *If price makes new highs but OBV doesn't confirm, the rally is likely losing fuel. This divergence often precedes sharp reversals — one of the most powerful signals in TA.*

A/D LINE

LAGGING

Accumulation / Distribution

Measures cumulative money flow using both price position within each bar's range and volume. More nuanced than OBV — can detect institutional activity that price hasn't yet reflected.

BULLISH

A/D line rising with price — **institutional accumulation** is occurring and confirming

BEARISH

A/D line falling while price rises — **distribution** is underway; rally unsustainable

PAIRS WITH:

OBV

RSI

Volume

Pro Tip: *When A/D diverges from price on weekly charts — price making highs but A/D declining — institutional money is quietly exiting before retail traders catch on.*

VWAP

LAGGING

Volume Weighted Average Price

The average price of a security weighted by volume. Resets daily for intraday use. Widely used by institutional traders as a fair-value benchmark and dynamic support/resistance anchor throughout the trading day.

BULLISH

Price rises and holds **above VWAP** — bullish intraday bias; institutions are net buyers

BEARISH

Price falls and holds **below VWAP** — bearish intraday bias; institutions are net sellers

PAIRS WITH: [RSI](#) [Volume Analysis](#)[Intraday Strategies](#)

Pro Tip: VWAP resets every morning — it's strictly an intraday tool. A pullback to VWAP after a strong gap-up open is often the highest-quality entry point of the day.

TRIX

LAGGING

Triple Exponential Average

Shows the percent rate of change of a triple exponentially smoothed moving average. The triple smoothing filters out minor fluctuations and noise, leaving only significant, sustained price movements.

BULLISH

TRIX crosses **above zero** or crosses above its signal line — positive momentum building

BEARISH

TRIX crosses **below zero** or below its signal line — negative momentum building

PAIRS WITH: [MACD](#) [Moving Averages](#)

Pro Tip: TRIX is less noisy than MACD due to triple smoothing but lags more. Use it to confirm moves already underway — not for catching exact tops and bottoms.

**ONE INDICATOR IS NEVER ENOUGH – CONFLUENCE IS YOUR EDGE**

Professional traders don't act on a single signal. They look for **confluence** – 2 to 3 indicators confirming the same setup from different angles. **Leading spots the opportunity. Lagging confirms it. Volume validates it.** That's the framework.

06 MASTER QUICK REFERENCE

ALL 18 INDICATORS AT A GLANCE – SCROLL RIGHT ON MOBILE

INDICATOR	TYPE	CATEGORY	BULLISH SIGNAL	BEARISH SIGNAL
RSI	Both	Momentum	Crosses above 30	Crosses below 70
MACD	Lagging	Momentum / Trend	MACD crosses above signal line	MACD crosses below signal line
ADX	Lagging	Trend Strength	Rising above 25 (strong trend)	Falling below 20 (no trend)
KST	Lagging	Momentum	Crosses above signal line	Crosses below signal line
Stochastic	Leading	Oscillator	%K crosses above %D (below 20)	%K crosses below %D (above 80)
Williams %R	Leading	Oscillator	Rises above -80	Falls below -20
CCI	Both	Oscillator	Crosses above +100	Crosses below -100
ROC	Lagging	Momentum	Crosses above zero	Crosses below zero
SMA	Lagging	Trend	Price crosses above SMA	Price crosses below SMA
Aroon	Leading	Trend	Up >70, Down <30	Down >70, Up <30

INDICATOR	TYPE	CATEGORY	BULLISH SIGNAL	BEARISH SIGNAL
Parabolic SAR	Lagging	Trend	Dots below price	Dots above price
Coppock Curve	Lagging	Momentum	Turns up from below zero	Turns down from above zero
Bollinger Bands	Lagging	Volatility	Bounce off lower band	Rejection at upper band
DPO	Lagging	Cycle	Turns up from cycle low	Turns down from cycle high
OBV	Leading	Volume	Rising with / ahead of price	Falling while price rises
A/D Line	Lagging	Volume	Rising A/D confirms price	Falling A/D vs. rising price
VWAP	Lagging	Volume / Price	Price holds above VWAP	Price holds below VWAP
TRIX	Lagging	Momentum	Crosses above zero	Crosses below zero

07 HOW TO COMBINE INDICATORS

THE CONFLUENCE FRAMEWORK — DON'T TRADE WITHOUT IT

SWING TRADING SETUP

- RSI for oversold entry signal
- MACD to confirm momentum shift
- SMA 50/200 for trend direction
- OBV to confirm volume support
- Bollinger Bands for entry range

DAY TRADING SETUP

- VWAP as intraday fair value anchor
- RSI for overbought/oversold reads
- Stochastic for fast reversal signals
- MACD histogram for momentum
- OBV for intraday volume divergence

TREND CONFIRMATION SETUP

- ADX to confirm trend strength (>25)
- Aroon for clear direction signal
- SMA 50/200 as macro trend filter
- Parabolic SAR for trailing stops
- A/D Line to confirm institutional flow

5 INDICATOR MISTAKES THAT SILENTLY COST TRADERS MONEY

- **Too many indicators.** 2–3 well-chosen indicators beat a cluttered chart every time. More indicators = more conflicting signals and more hesitation at the wrong moment.
- **Using the same type twice.** RSI + Stochastic + Williams %R are all oscillators. Mix categories: trend + momentum + volume for genuine confluence.
- **Acting on one signal alone.** One indicator = noise. Two confirming the same thing = a setup. Three = a high-conviction trade. Wait for confluence.
- **Ignoring the broader trend.** An RSI oversold reading in a strong downtrend is not a buy signal. Check SMA 50/200 direction before acting on any oscillator signal.
- **Treating indicators as predictions.** Indicators describe market conditions — they don't predict the future. Your job is to manage risk, not to be right every time.

"The trend is your friend until it ends." The indicators in this guide don't predict the future — they help you stay aligned with what the market is actually doing, right now.

— ChartWork Trading Framework · Biddles Group

THE CHARTWORK SERIES — VOLUME 02

KNOW YOUR TOOLS. TRUST YOUR SYSTEM.

Every indicator in this guide has been fact-checked against institutional sources. Use them with discipline, combine them with intention, and always manage your risk first.

18 INDICATORS

FACT-CHECKED

LEADING VS. LAGGING

CONFLUENCE FRAMEWORK

PRO TIPS

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