# BANK OF AMERICA

## Audio Script: Get Technical, Tools to chart like a pro

**On Screen Copy:**

**Investing involves risk. There is always the potential of losing money when you invest in securities.**

Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold, or directly invest in the company or its securities. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities discussed in this material.

Before investing, consider carefully the investment objectives, risks, and charges and expenses of the fund, including management fees, other expenses and special risks. This and other information may be found in each fund's prospectus or summary prospectus, if available. Always read the prospectus or summary prospectus carefully before you invest or send money. Prospectuses can be obtained by contacting us.

Merrill Edge MarketPro® is available to clients who maintain a Merrill Edge Self-Directed relationship. Not available to investment professionals or for trust accounts and business accounts. Relationship requirements and pricing are subject to change.

Merrill Edge MarketPro® provides Real-Time Market Data and News from various third-party sources not affiliated with Merrill, including Interactive Data Corporation. News headlines are provided from third-party sources, including Dow Jones, PR Newswire and Business Wire.

The featured participants are employees of Merrill. The opinions and conclusions expressed are not necessarily those of Merrill. All opinions are subject to change due to market conditions and fluctuations.

This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation, offer or solicitation for the purchase or sale of any security, financial instrument, or strategy. Before acting on any recommendation in this material, you should consider whether it is in your best interest based on your particular circumstances and, if necessary, seek professional advice. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that the forecasts will come to pass. The information presented on this webcast is for discussion purposes only and is not intended to serve as a recommendation or solicitation for the purchase or sale of any type of security. **Past performance is no guarantee of future results.**

**Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be furnished on request.**

**Merrill, its affiliates, and financial advisors do not provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.**

**All the information is provided for informational purposes only. Merrill provides no guarantee as**

## Audio Script:

Welcome to the continuation of our get technical series. In this webinar, we are going to apply the technical skills you've learned throughout this series in Merrill Edge MarketPro®. We are going to enhance those skills with the use of technical insight tools. This presentation is for informational purposes only.

Investing involves risk, therefore, please take a moment to read through and be aware of all of the information contained in these disclosures. As we are focusing on technical analysis today, it is important to know that technical analysis is performed by an individual and involves many theories. You can contact us if you have questions on this information or anything else we cover today.

Here are our agenda items for today: We are going to spend the majority of our time in Merrill Edge MarketPro®. This tool is accessible with a Merrill Edge Self-directed account. You can access the tool after you log in by selecting trade and Merrill Edge Market Pro from the drop down. We are going to begin with a quick review of chart construction and explore the customization features available on the platform. Then we will build on our chart and apply what we learned throughout the series and drawing tools. We will add level lines, Fibonacci to our chart. Next we will add studies and indicators to our chart and lastly, explore the features of the Recognia technical insight tools.

Let's start setting up our chart. I am going to create a whole new layout by selecting this plus button. Let's rename this layout "chart" and exit out of all of the windows less one. Now we will select "chart" from the widget selection and access the default view. I am going to remove the trade actions from this view so we can start with a clean chart. In the essentials of technical analysis we covered various plot types and their uses. I am going to adjust this chart plot to a candlestick plot. Your plot is a personal preference: I prefer a candlestick chart as it provides a clear distinction of range and if it was an up or down day with color. Again – this is entirely up to you. I am going to us SPY for example purposes, however if you want to change the symbol you do so here. SPY is an exchange traded fund that is intended to mirror the S&P 500. I want to remind you that the use of this security is purely for example purposes only, additionally, the use of this security is not a recommendation nor should anything stated be perceived as an indication of directional movement.

Back to the chart, here is where we can select our time frame and interval. I am going to choose a 1 year chart with daily intervals. Which means each candle will represent a full day's trading range. Red candles indicate that the S&P closed lower than it opened and Green indicates that is closed higher. For example this candle on 09/03/2020 opened at 355.87 and closed lower at 345.39 – this is depicted by the real body – which is the thicker part of the candle. The wicks – which is the line in the center of the candle show us the day's range which was 342.59 to 356.38. When you hover over a candle we show you the open, high, low, and close of the interval and the volume of the interval.

Technical analysis is essentially analyzing pricing patterns. We use volume to validate pricing patterns and even assess the strength of these patterns. Let's add volume to this chart.

To add any type of indicator or study click on studies on the upper right hand side, we will select volume from this list and select add to add to our chart. Please do not get overwhelmed with the amount of studies that you just saw, we offer over 100 indicators or studies – we have lots of tools within this platform that will help us put these to use that we will discuss in a moment. Back to volume, this bar chart gives us a visual indication of volume for that given day, the higher the bar, the more volume there is. The red and green is a direct correlation with the candlestick above – which tells us if it were an up or down day.

Before we move on, I am going to change this chart to a 3 year chart with a daily frequency so we can look at a bigger picture. As we discussed in the essentials of technical analysis, timeframe is also an important factor in assessing the trend. We can also zoom in into any period if we want to further analyze.

Now let's explore drawing tools beginning with support and resistance. We plot support and resistance with the level line tool. Remember, support is an area of demand where buyers over power sellers sending the stock upwards. Resistance is an area of supply where sellers over power buyers sending the stock downwards. Support and resistance can and often times do reverse roles. If that wasn't confusing enough, let me show you what I mean on the chart. Let's look at September through December of 2020. We can see an area of support around 319.14. We see this level tested multiple times here and here and even here. Around the end of October we did not reach the support line – the decline lasted to around 323.32 – therefore we can create a support zone. Now – let's look at resistance for this period. Looking backwards prior to this period, the highest high was on Feb 13 2020 at $339.08. We are going to look for failure to reach a higher high to define a resistance level. Remember we are looking at the September to the December 2020 time frame – there are plenty of other support and resistance levels on this chart. The next highest high is here on September 2nd 2020 at $358.75. We see the stock reach $358.75 and lose its upward momentum. Here is where we will plot resistance for this time frame. We see the stock fail to reach a higher high and move into our support range, rally all the up to 353.56 prior to declining once more – which is where we draw our second resistance level line. During this time frame, SPY was trending in a trading range.

Looking at the bigger picture or the whole chart, you can see that the support line served as a resistance level here, reversed roles and become support. In fact you may be able to see this occur frequently the more you analyze the chart – mind you, hindsight is always twenty twenty. I am going to remove these older support lines, by right clicking and selecting remove. Now the resistance range during this time period of 353 to 358 reverses roles and is now our new support level. If you would like to keep your support and resistance levels or perhaps modify them you can do so by right clicking on the line and selecting level line properties. This property window builds your chart in the left hand pane – you can modify everything on your chart here. For the level line, you can change the value, line color and plot type. I am going to change this to a dash line and add some text so I can see that this is my support zone.

Now let's look at the trend. An indication of an upward trend is the clear depiction of higher highs and higher lows and a downtrend, lower lows and lower highs. Meaning – we are not necessarily looking for a straight line, we are looking for a price pattern where support and resistance is rising or falling consistently. As SPY did exit the trading range, we see higher highs and higher lows indicating an uptrend. Where demand is increasing relative to supply. Let's add this to a chart by using the line drawing tool and connecting the higher highs. Let's click on the tool, select our first high and then our second. Now we need to project this trend line forward – we do this by right clicking and selecting line properties, check extend right and apply and okay once we are finished to add this to the chart.

Now we can see a break out from the old resistance zone and now new support zone in a clear uptrend as we see higher highs and higher lows. This would be monitored closely to determine if a bullish or bearish signal may form.

Let's clean up the chart and discuss Fibonacci. If you would like a more detailed understanding of Fibonacci watch an earlier video in our series titled: get with the trend part 1.

As we have established higher highs and higher lows, some may say that we are in an uptrend. Again, technical analysis is completely subjective. Fibonacci extensions are used to project price targets. We normally apply fib extensions based on a previous trend. For example purposes, let's look at this high and low period from March 23$^{rd}$ to September 2$^{nd}$. We see a low around $218 and a high around $358 providing a range for this period of $140.00. First, we use the Fibonacci extension tool located here and define our low point of $218 and high of $358. Then, where the bottom of the new trend begins, we define our starting point of the Fibonacci extensions – perhaps here at $322.60. I am going to modify the extensions and only display 38.2%. 50% and 61.8% movements – lets also display the percentages for educational purposes.

Let's look at this trend. We see the SPY rally to our support zone and experience congestion here between $358.56 and $353.56. After multiple tests, we see a rally to the first Fibonacci extension line. What is interesting, is that the line was crossed and immediately retracted same day here. After multiple tests we see another rally to the 50% line followed by retracement to the 38.2% line. This was tested again here and then finally surpassed the 50% line making 61.8% the new upwards target. Now that this has surpassed and retracted we will watch this level carefully.

Fibonacci levels are certainly fascinating especially as the ratios are all around us in nature, art and of course mathematics. Fibonacci is an ancient way of math that has been applied to technical analysis. Is it reliable? That is entirely up to you.

Let's clean up the chart for presentation purposes and look at additional studies. In get with the trend part 2 we introduced moving averages, Relative Strength Index more commonly known as RSI and the Moving Average Convergence Divergence most always referred to as MACD. Let's add these to our chart. Again – if you want a detailed explanation of these indicators watch get with the trend part 2.

To add an indicator, select the studies icon from the upper left hand side of the chart. Since we want to select multiple studies, we will need to hold control and click. All of the studies are in alphabetical order and will display on the right hand side once selected. We are going to select MACD, Moving Average and RSI and click okay to add to our chart. I am going to add a few more moving averages.

Let's go into the property menu and change the moving averages from the default state of 20 to a 50, 100, and 200 moving day average. I am also going to adjust the colors and line type for ease of use. Moving averages may be interpreted as support and resistance. You can see where the averages acted as support and resistance as we look at the chart during this two year period. In our next video in this series, we will explore commonly used indicators in more detail – therefore we will not dive too deep into these studies just yet.

Earlier I mentioned charting tools that are available that will certainly help and complement your technical process. Let me show how to use them. We are going to shift our focus to Recognia also known as trading central. If I pull back all of the studies we have available, you will see over 100 to choose from. This can certainly be overwhelming but also unrealistic. Indicators fall in different categories which are momentum, trend, or volume – they are a few others as well. Most technical analyst find an indicator or study that fits into each category and look for an agreement of signals to determine which direction, if any a stock may be headed. Here is where Recognia can be helpful: if you are set in your ways, perhaps on the advanced end of spectrum and are seeking validation or if you are newer technical analysis and want to learn about technical events as they are happening – this tool may provide a solution to both objectives.

To add Recognia to your existing chart, select markers from the top window. Let's add the Recognia bearish and bullish events. You can also add a marker to indicate earnings, dividends, positions, 52 week highs and lows and so much more. Let's focus on Recognia today. Markers with a red R indicate a bearish event and a green R indicates a bullish event. When you hover over the maker you will see the high level information you need to know about that event. You will see the event type, date, term, pricing,

volume and period. For the advanced trader or those seeking validation, green markers may validate your bullish sentiment. Recognia is scanning the selected security for active events and then notifying us if something is happening. Recognia is also a tool for learning and gaining a deeper understanding of technical analysis. You can click on a marker and see a list of all of the active events during that interval. For example, let's click on this red bearish marker and select an event. Now, the Recognia widget loads and provides us with a simplistic chart and detailed information of the active event including when it occurred, a price target if applicable and how to actually use the indicator or study. We see that a price crossed the 21 day moving average on May 11. It tells us that is crossed below the moving average which is considered a bearish signal.

You can also utilize the tool without the advanced chart or in addition to. Within the widget, enter a symbol to load the tool, we will keep SPY for example purposes. Again, the use of this symbol is purely to demonstrate this tool and is not a recommendation. In the tool we will see the same simplistic chart and a list of active events. We see similar types of markers on the chart indicating a bearish or bullish event. On the right side we see a list of the events which can be selected to provide more detail. Let's click on the Inside Bar (Bullish) Event. Now we have a view of the chart inclusive of the study and a breakdown of what triggered the event. You can see how you may be able to use this tool to learn about technical analysis as it is happening. There are so many indicators or studies available, instead of trying to understand if something is happening, this tool shows us active events allowing us to learn more about studies, indicators and even charting patterns as they are happening. We can also narrow our view of active events based on the time frame by choosing the term here. The duration displayed is analyzing that timeframe. As we learned in the essentials of technical analysis, time frame may give an indication of the strength of a trend and of course provides a different picture. We can also view historical events that have occurred on the chart, these are no longer active but may still serve as a learning experience.

There is also education, alerts and many other features available within this tool that we will not cover today. However, I encourage you to click around and explore the tool and the features available. So far, we have talked about analysis of security that you have already chosen. This tool may also be used to generate ideas. Just as Recognia scans the chart looking for active events, Recognia can also scan for securities with specified parameters you indicate, technical and fundamental, to generate ideas. This is via the strategy builder tab located here. You can build your own strategy, or choose from a pre-defined screen. I am going to click on this pre-defined screen to show you the inputs that define this screen.

The top of the screen shows the inputs that are pre-selected, you can adjust these to your liking, even add or remove additional screening criteria. Here we see the amount of securities generated, and by selecting "show criteria" we can see the additional data points we can add to the screen. Then we have the result summary which details out the methodology for the criteria selected for the pre-defined screen selected. The symbols that meet your search criteria will display below. I am not going to show that in the screen as the results of the screen vary – I'll leave it to you to utilize the tool. The last item I want to share with you is the performance tab, here you can back test the screened securities versus your selected benchmark. This is one method to help generate ideas, there are many others available to you across the site and additional resources. Always do your research.

Let's review quickly what we covered today: we spent a lot of time in MarketPro reviewing the topics covered in the series thus far. You should now know how to set up your chart and utilize drawing tools to define your support and resistance levels and even use the ancient ways of Fibonacci. You should also be able to add indicators and studies to your chart. And lastly, have a high level understanding of how you can utilize Recognia to learn about technical analysis as events are forming and even generate ideas.

Thank you for taking the time today to invest in your education and explore the world of technical analysis with us. We encourage you to continue the series and watch our next video: the most commonly used technical indicators where we explore our most used indicators on a chart. As always, if you have any questions concerns give Merrill a call at 877.653.4732.

Also, we would love to hear from you and have really enjoyed your questions so far! Send us any question you have in regard to this video or even suggestions for future topics. Fill out the "ask a question" box found below this video. On behalf of the Merrill team, thank you!