

BASING – TOPPING – CONSOLIDATION

STOCKCHARTS Definitions:

Basing

A period where the stock or market is "catching its breath" after a decline, characterized by a flat trading range without any noticeable trend. It is common to see a basing period after a lengthy decline of the stock price. **Basing may be a sign of accumulation**

Topping

A period where the stock or market is "catching its breath" after an advance, characterized by a flat trading range without any noticeable trend. It is common to see a topping period after a lengthy increase of the stock price. **Topping may be a sign of distribution.**

Consolidation

In technical analysis, the movement of an asset's price within a well-defined pattern or barrier of trading levels. Consolidation is generally regarded as a period of indecision, which ends when the price of the asset breaks beyond the restrictive barriers. Lengthy periods of consolidation are often known as a base.

TPA explanation

Consolidation or a balancing of demand and supply occurring after a long decline or long selloff is often a time and place for a change in direction. This can be an important inflection point. For basing, it is a period in which selling has dried up and/or the price now makes sense in terms of value. For topping, it's a period in which buying has dried up and/or the price has become extreme in terms of value. After consolidation, the new direction may be in the opposite direction of the old direction.

BASING



TOPPING

