

IDENTIFYING REVERSALS WITH RELATIVE STRENGTH INDEX (RSI)

27th Feb'26

Disclaimer

Disclaimer: Investment in securities market are subject to market risks, read all the related documents carefully before investing. Brokerage will not exceed the SEBI prescribed limit.



Market Experience : 26 Years

- Technical Market Strategist : Share khan
- Asia Pacific Equity Research : Citi Global Markets
- Technical Market Strategist : Centrum Broking
- Product Head : Ignite – Sharekhan Education
- Sr VP : Motilal Oswal : Head School Of Trading & Investing
- Head Education : Fin Learn Academy
- Media Appearance : CNBC & NDTV Profit

Overview of Today's Webinar

Relative Strength Index

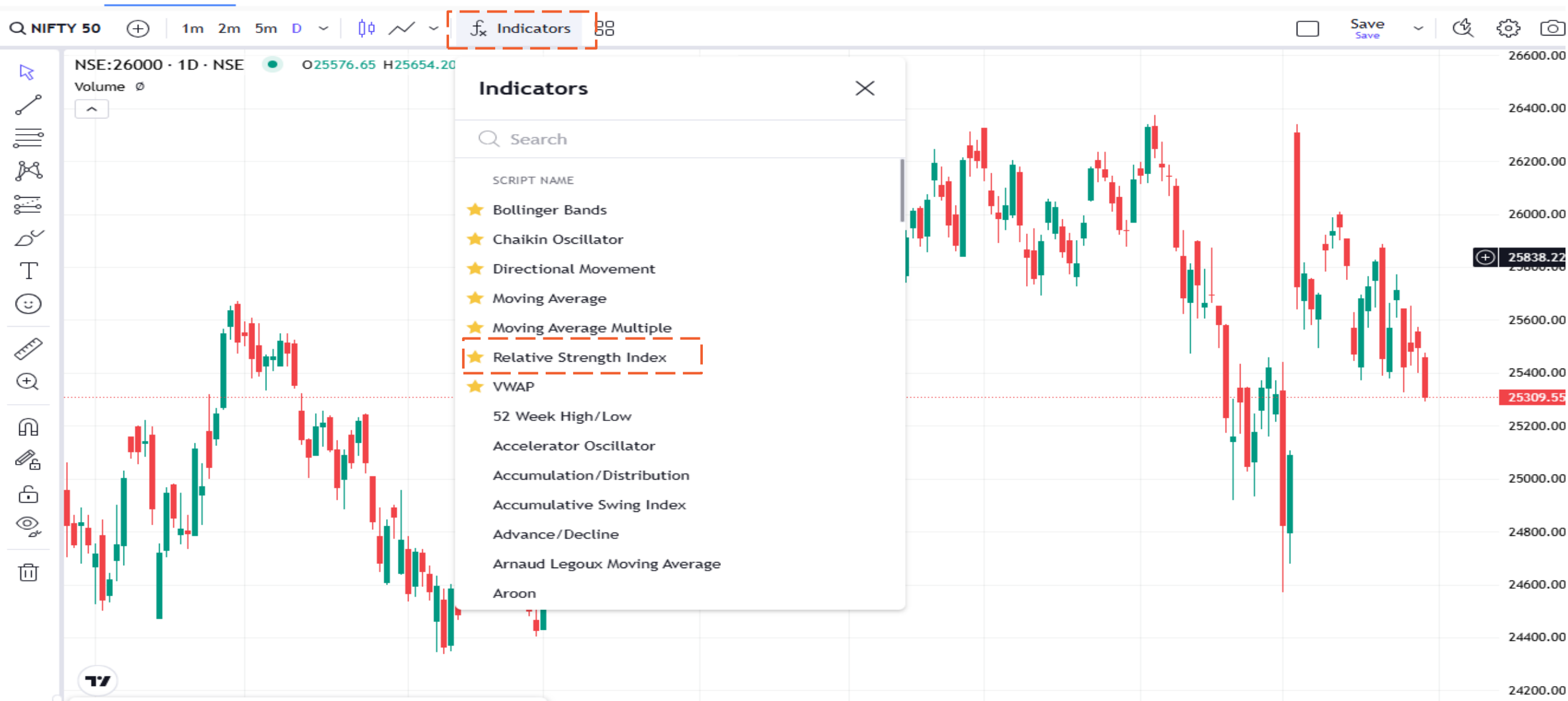
- Overbought
- Oversold
- RSI Pattern
- Used in combination with Trend
- Used in combination with SB &RB
- Positive Divergence
- Negative Divergence

Relative Strength Index (RSI)

- The RSI is a momentum oscillator that's widely used in technical analysis of stocks and commodities
- The relative strength index (RSI) is a popular momentum oscillator introduced in 1978 : Wells Wilder
- Identify changes in momentum and price direction
- Traders set lower range as 30 /20 and upper range as 70 /80
- It can provide short-term traders with buy and sell signals
- Traders identify bottom and top reversal with divergence

Plotting RSI

- RSI is always plotted below the price chart: Select Relative Strength Index



Plotting RSI



RSI Settings

RSI

InputsStyleVisibility

☒ Plot

☐ Smoothed MA

☒ UpperLimit

☒ MiddleLimit

☒ LowerLimit

☐ Hlines Background

OUTPUTS

Precision

Default

☒ Labels on price scale

☒ Values in status line

Defaults

Cancel

Ok

RSI

InputsStyleVisibility

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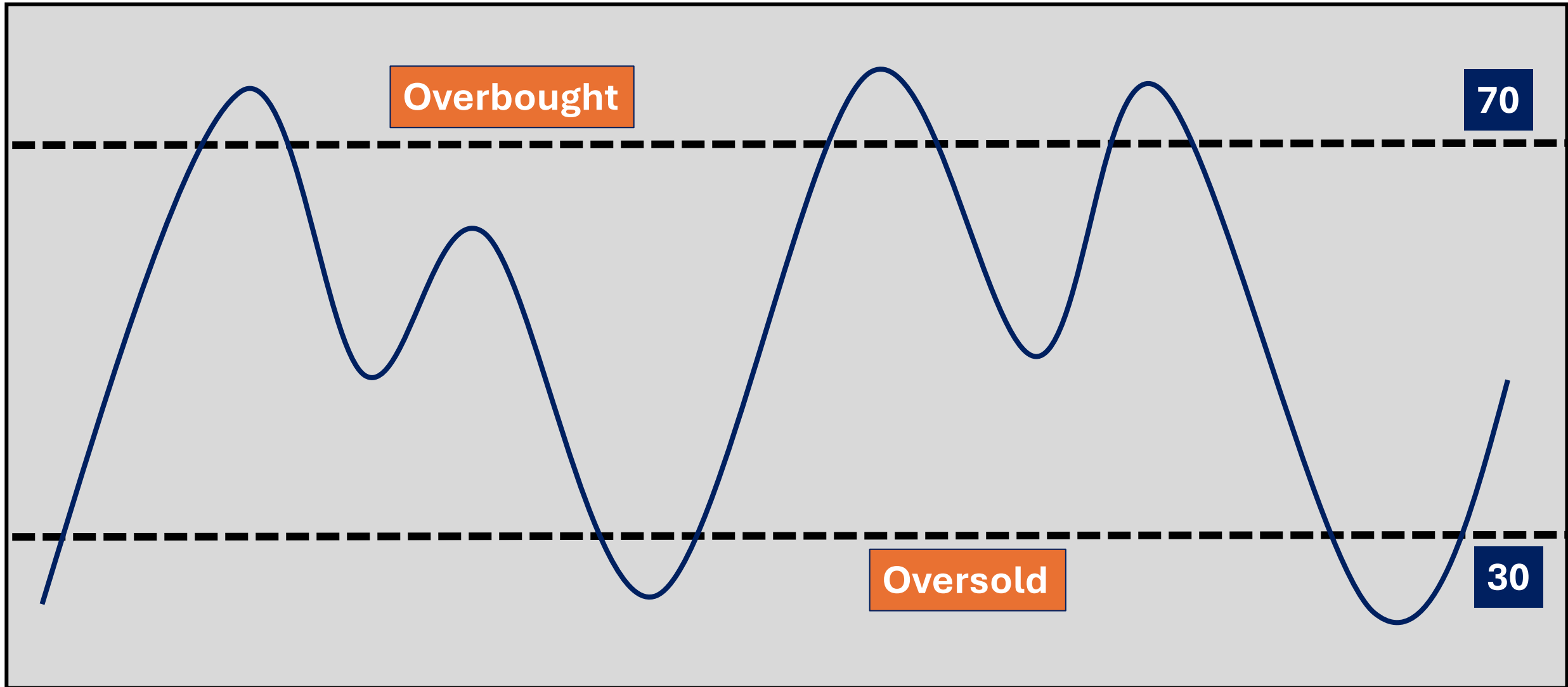
☒ Values in status line

Defaults

Cancel

Ok

Overbought - Oversold



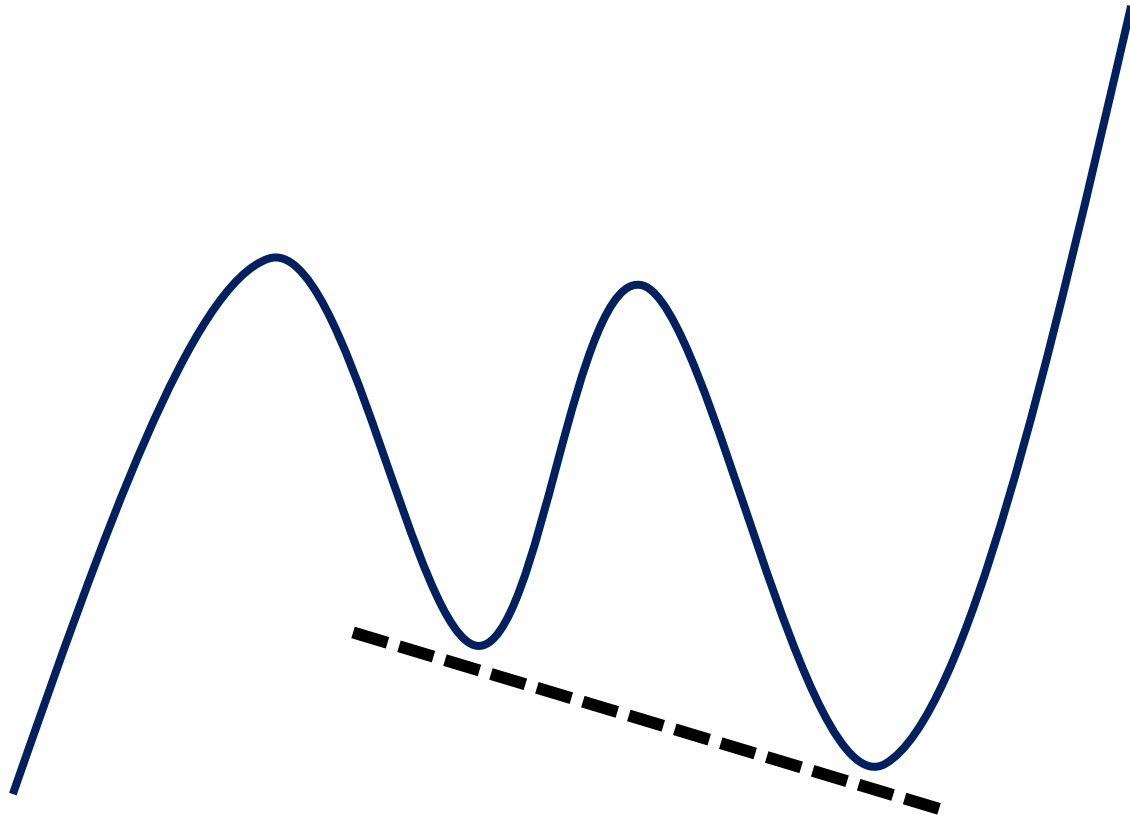
RSI + Moving Average (7)

- **Positive** : When RSI crosses the 7-period average from below
- **Negative** : When RSI crosses the 7-period average from above

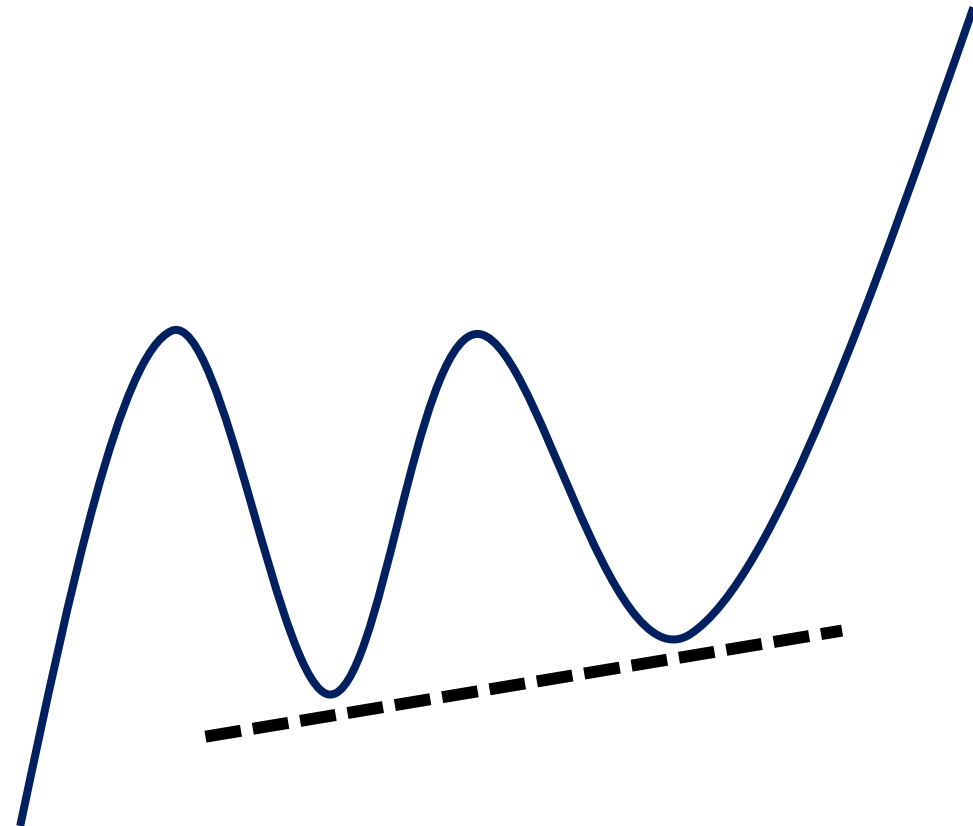


Positive Divergence

Bottom Reversal



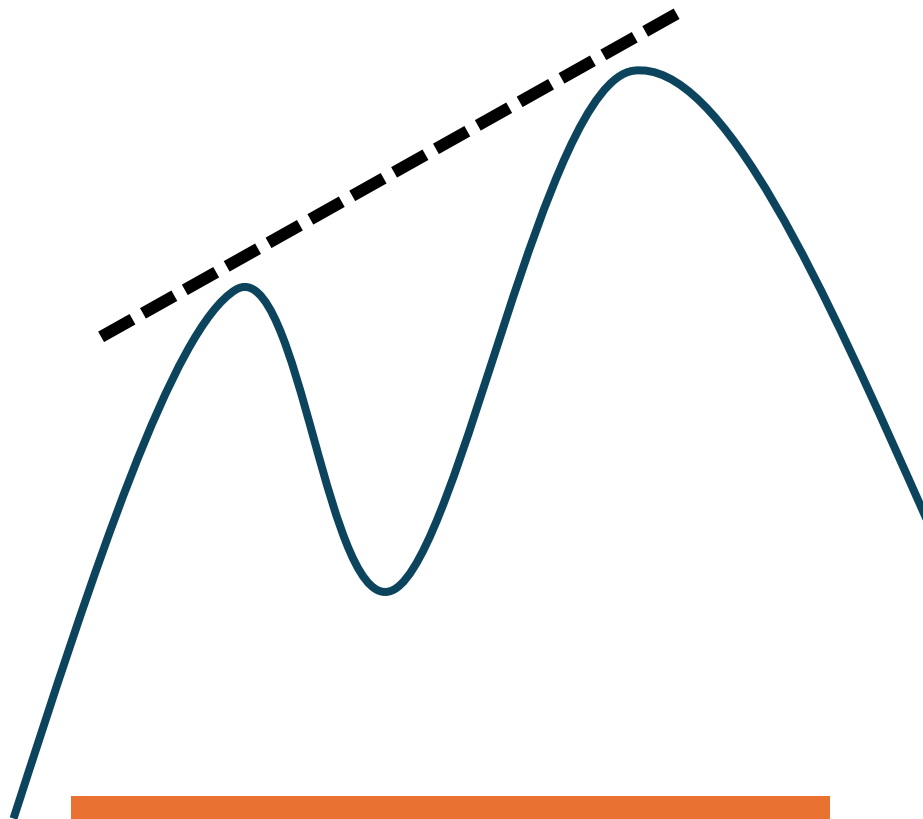
Price making lower low



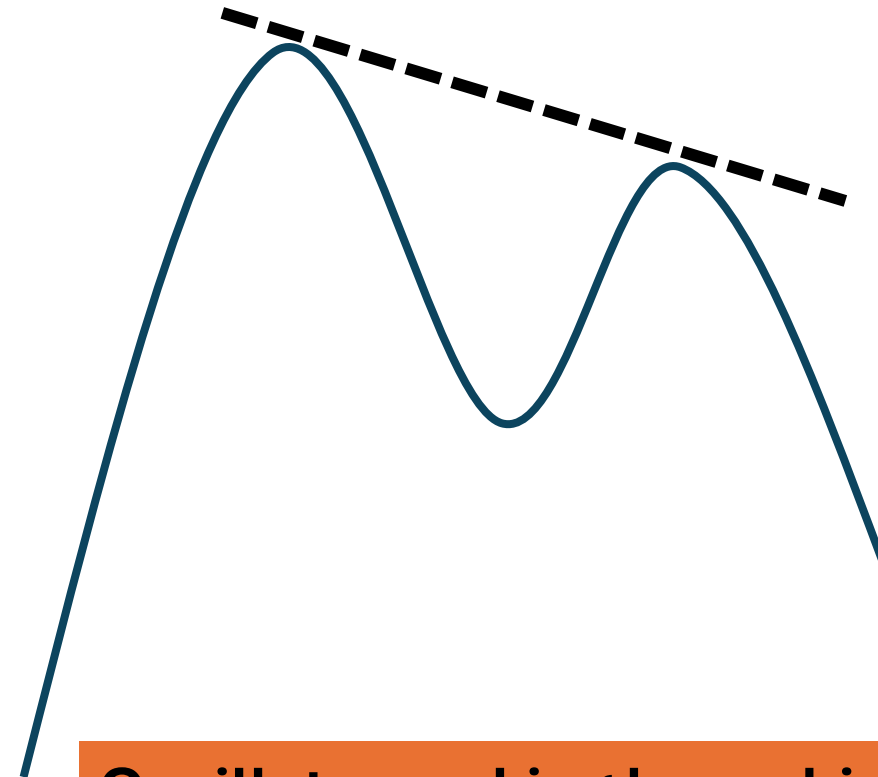
Oscillator making higher low

Negative Divergence

Top Reversal



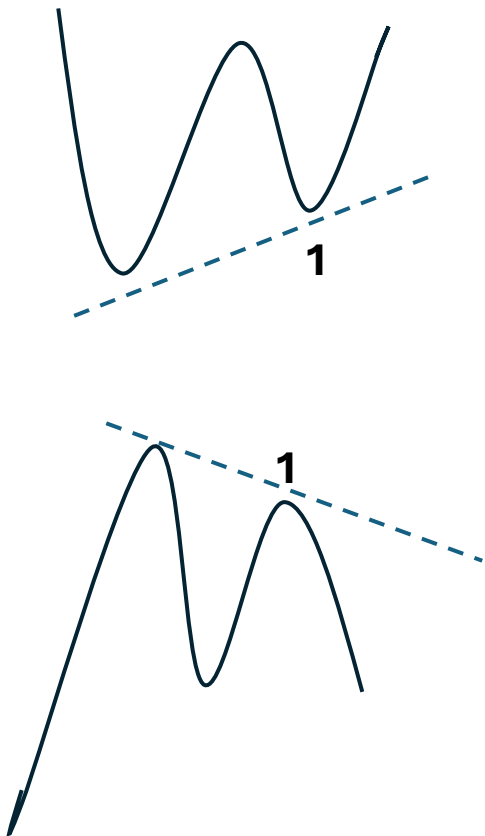
Price making higher high



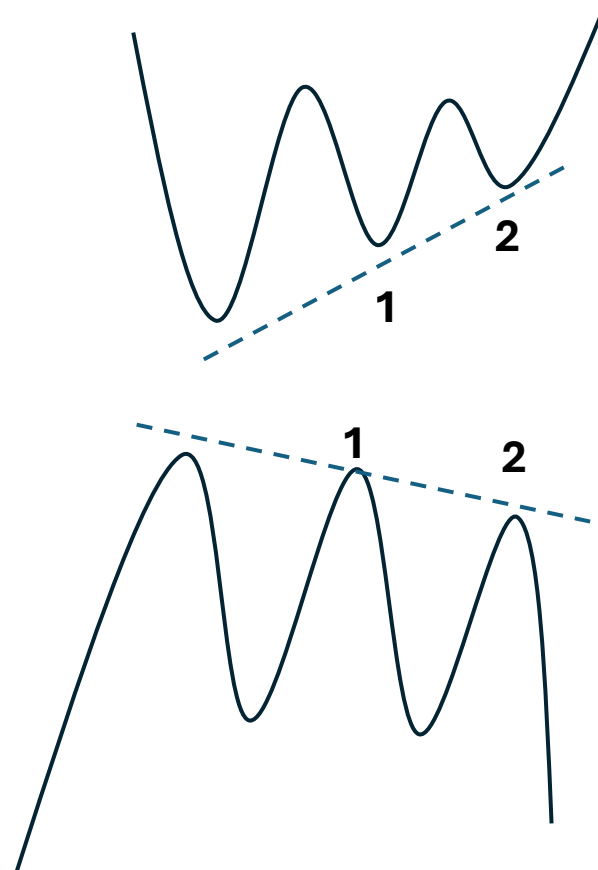
Oscillator making lower high

Divergence

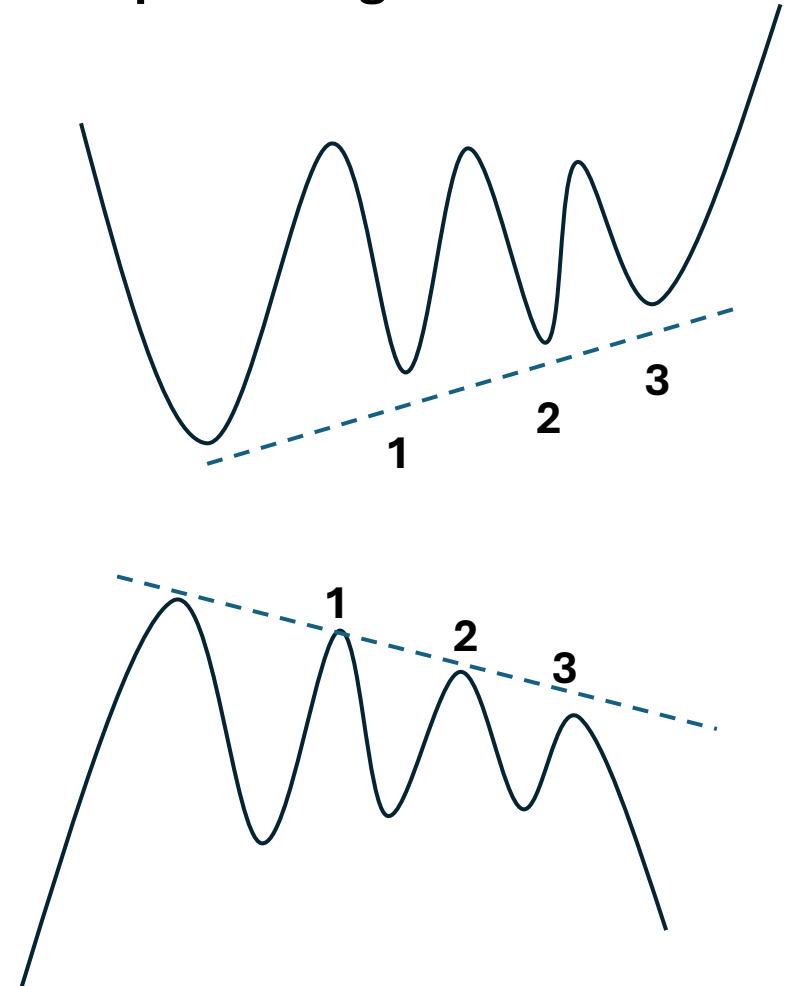
Single Divergence



Double Divergence



Triple Divergence



RSI Swing Rejection : Bullish

- The RSI falls into oversold territory.
- The RSI crosses back above 30.
- The RSI forms another dip without crossing back into oversold territory.
- The RSI then breaks its most recent high.



RSI Swing Rejection : Bearish

- The RSI rises into overbought territory.
- The RSI crosses back below 70.
- The RSI forms another high without reaching overbought territory.
- The RSI then breaks its most recent low



Q&A

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