



Learn to Trade

RSI – Relative Strength Index

RSI

- The RSI is an oscillator that helps traders identify the strength of the current market.
- It is plotted in a separate window underneath the chart.
- Like the stochastic, it identifies oversold and overbought conditions.
 - It is scaled from 0 – 100.
 - Below 30 = oversold.
 - Above 70 = overbought.

HOW TO USE THE RSI

- Apart from using the oversold and overbought signals, you can look for centerline crossovers.
- The centerline is at 50.
- When it crosses from **below to above 50**, this can indicate a **rising trend**.
- When it crosses from **above to below 50**, this can indicate a **falling trend**.
- RSI is often used to confirm trends that you find on the price chart.