

EMA stands for **Exponential Moving Average** - a technical indicator used to smooth out price data and identify trends more clearly. It's a type of moving average that gives more weight to recent prices, making it more responsive to new information compared to the **Simple Moving Average (SMA)**.

- Key Points About EMA :

1. Tracks the average price of a stock over a specific number of periods (e.g., 9, 20, 50 days), but with an emphasis on recent prices.
2. Helps traders identify trend direction, entry/exit points, and momentum.

- How Traders Use EMA :

> Trend Identification:

1. Price above **EMA** = **uptrend**
2. Price below **EMA** = **downtrend**

- Crossovers (Signal Strategy):

> **Intraday Trading Strategy Using Exponential Moving Averages (EMA) in Zerodha :**

1. Open the Zerodha Kite charting platform and navigate to "Studies".
2. Add the Moving Average indicator three times with the following settings:
 - Period: **6** | Type: **Exponential**
 - Period: **12** | Type: **Exponential**
 - Period: **24** | Type: **Exponential**



Buy Signal :

1. A buy is triggered when the 6-period EMA crosses above both the 12-period and 24-period EMAs.
2. The crossover must occur from below and happen within a single candle.

Sell Signal :

1. A sell is triggered when the 6-period EMA crosses below both the 12-period and 24-period EMAs.
2. The crossover must occur from above, also within a single candle.

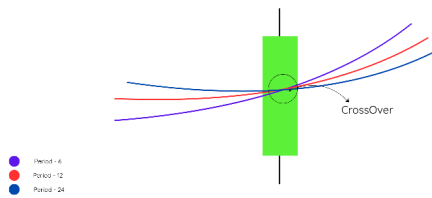
> Important Conditions to Avoid Trades :

- Avoid trading if the crossover occurs during a large candle (big bar)—this may indicate abnormal volatility or false signals.
- Do not enter trades during gap-up or gap-down openings.
- If the 24-period EMA is flat (i.e., not sloping), it suggests a lack of clear trend—avoid trading in such conditions.

Example -

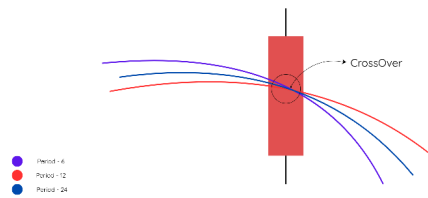
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EMA - CrossOver



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EMA - CrossOver



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EMA - CrossOver



In 5 Mins candle, Crossover for a Buy Signal



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EMA - CrossOver



In 5 Mins candle, Crossover for a Sell Signal



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