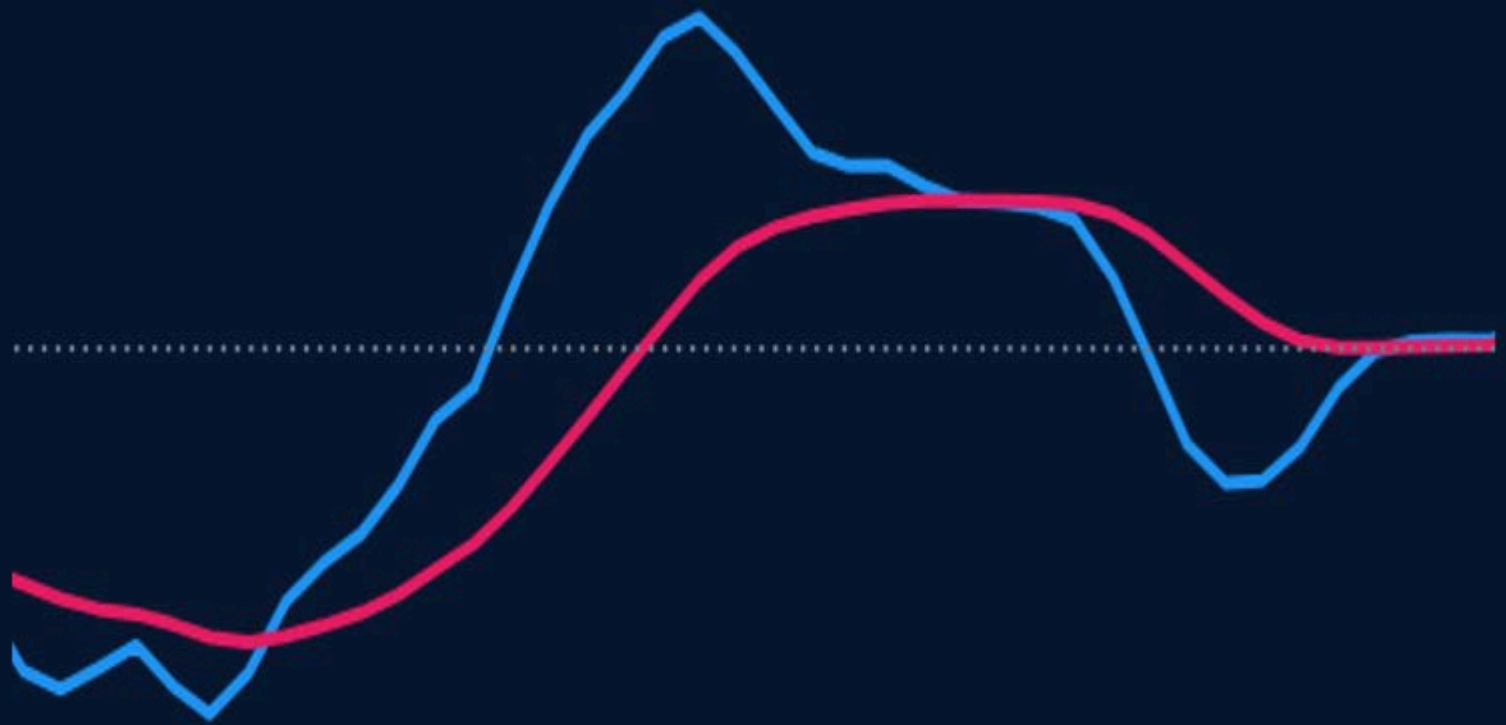


# True Strength Index (TSI)



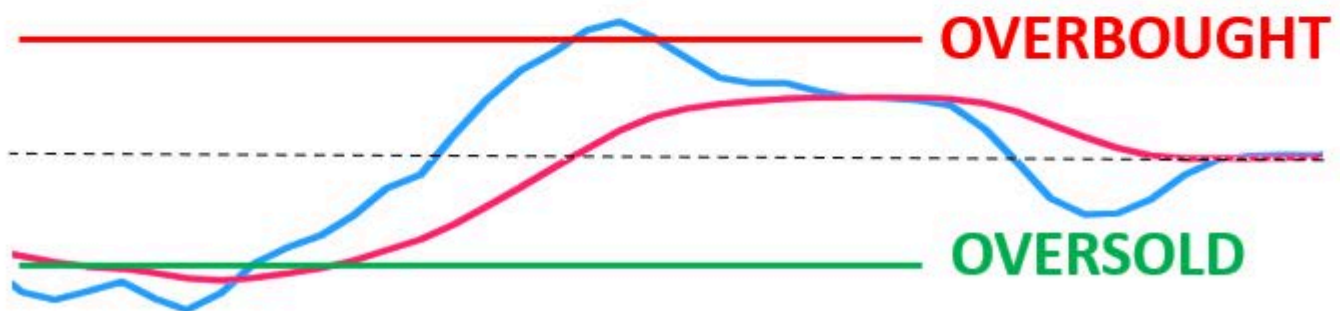
Trade for  
**Good.**



## What Is the True Strength Index (TSI)?

The true strength index (TSI) is a technical momentum oscillator **used to identify trends and reversals.**

The indicator may be **useful for determining overbought and oversold conditions**, indicating potential trend direction changes.

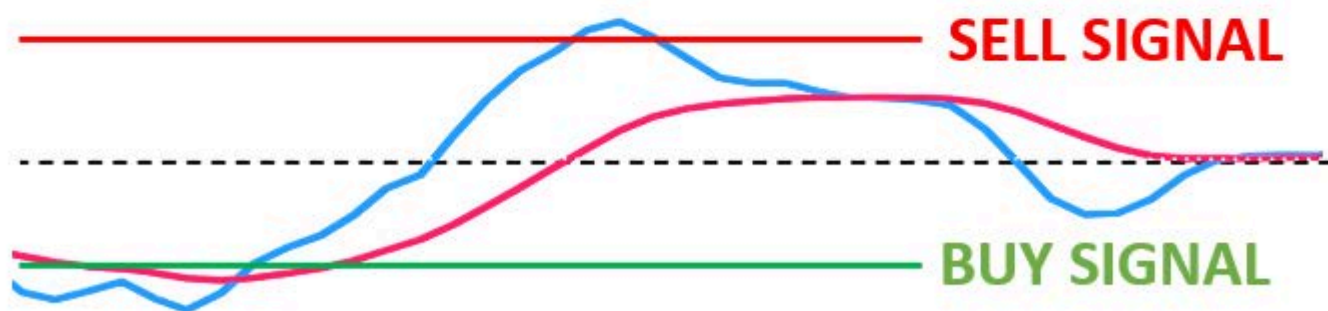


Trade for  
**Good.**



## KEY TAKEAWAYS

- **Positive territory means the bulls are more in control** of the asset.
- **Negative territory means the bears are more in control.**
- A signal line can be applied to the TSI indicator. When the TSI **crosses above the signal line** it can be used as a buy signal, and when it **crosses below, a sell signal.**



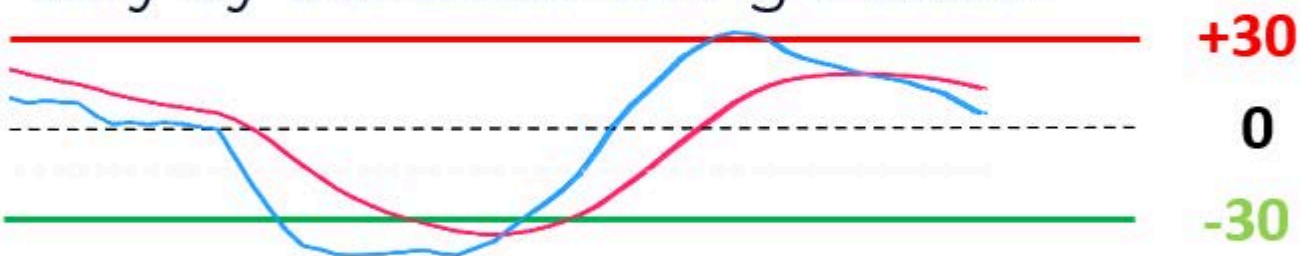
Trade for  
**Good.**



## What Does the TSI Tell You?

The TSI is primarily used to **identify overbought and oversold conditions** in an asset's price.

Oversold and overbought levels will vary by the asset being traded.



Some stocks may reach **+30** and **-30** before tending to see **price reversals**, while another stock may reverse near +20 and -20.

Trade for  
**Good.**



## Signal Line Crossovers

The TSI has a signal line, which is usually a seven- to 12-period EMA of the TSI line. A signal line crossover occurs when the TSI line crosses the signal line.

When the **TSI crosses above** the signal line from below, that may warrant a

**long position.** **SHORT**



When the **TSI crosses below** the signal line from above, that may warrant selling or **short selling.**

Trade for  
**Good.**



## Centerline Crossovers

The centerline crossover is another signal the TSI generates.

Price momentum is:

**+** **positive** when it's above zero,  
**-** **negative** when it is below zero.

The centerline can be used for directional bias. For example, entering a **long position** if the **indicator is above its centerline**. Conversely, when its bearish and only consider **short positions** if the indicator's value is **below zero**.

Trade for  
**Good.**



## Breakout and Divergence

Traders can use support and resistance levels created by the TSI to identify divergence breakouts and price momentum shifts.

If the **price of an asset is moving higher while the TSI is dropping**, that is called **bearish divergence** and could result in a downside price move.

Conversely, **if the TSI is rising while the price is falling**, that could signal higher prices to come. This is called **bullish divergence**.

Trade for  
**Good.**