

Training Module

Basic Charting

Basic Charting

In this Training Module we will introduce the basics of charting:

- a) Reading Line, Bar and Candle Charts
- b) Understanding Volume
- c) Identifying Trends
- d) Identifying Support and Resistance levels

Charting enables a trader to minimise risks by further refining their entry points, as well as identify the potential profit prior to making the trade.

Line Charts



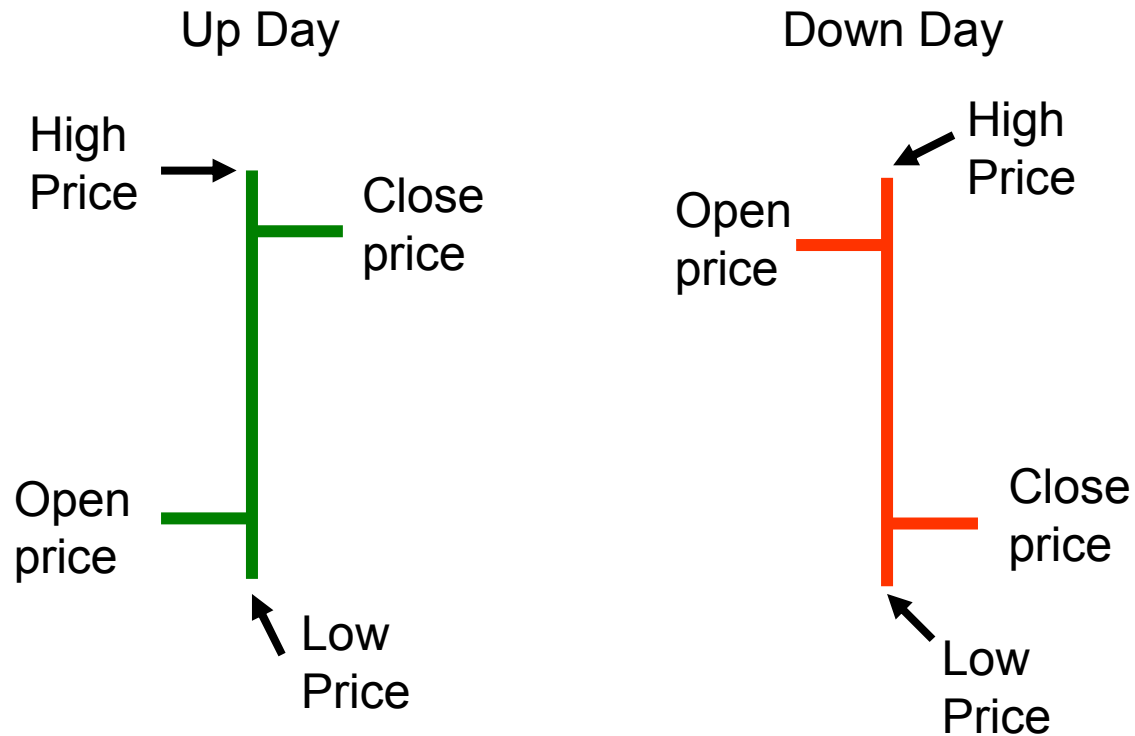
Every time you open a chart on Integra Stock, it will open on a 'Line' Chart. Line charts are formed by the joining the closing price for each day. Line Charts are easy to recognise and read current trends.

Bar (OHLC) Charts



Each one of the bars represents one day of trading. It shows the Open, High, Low and Close (OHLC) price of the stock on that particular day of trade. The difference between the High and Low prices is known as the daily Range.

Bar (OHLC) Charts



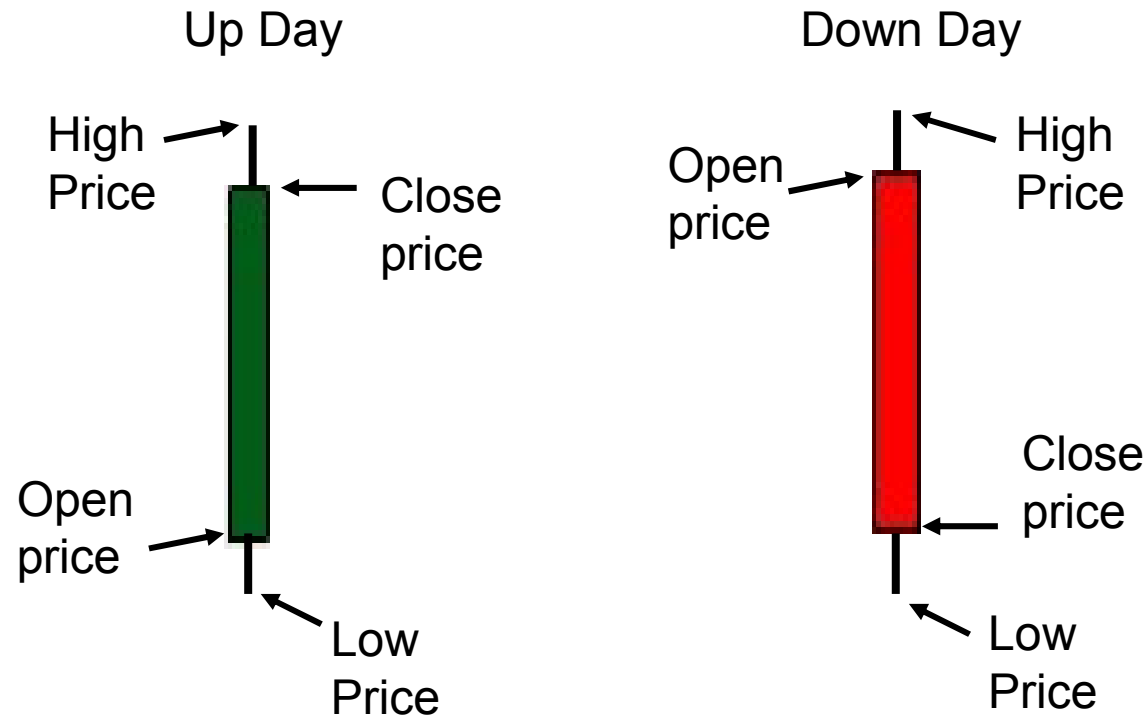
An up day represents a day when the stock closes at a higher price than it opened and is green. A down day represents a day when the stock closes at a lower price than it opened and is red.

Candlestick Charts



Each one of the candles represents one day of trading. It shows the Open, High, Low and Close price of the stock on that particular day of trade. The difference between the High and Low prices is known as the daily Range.

Candlestick Charts



An up day represents a day when the stock closes at a higher price than it opened and is green. A down day represents a day when the stock closes at a lower price than it opened and is red.

Volume



Rising volume & Rising share price – Buyers in control.

Rising volume & Falling share price – Sellers in control.

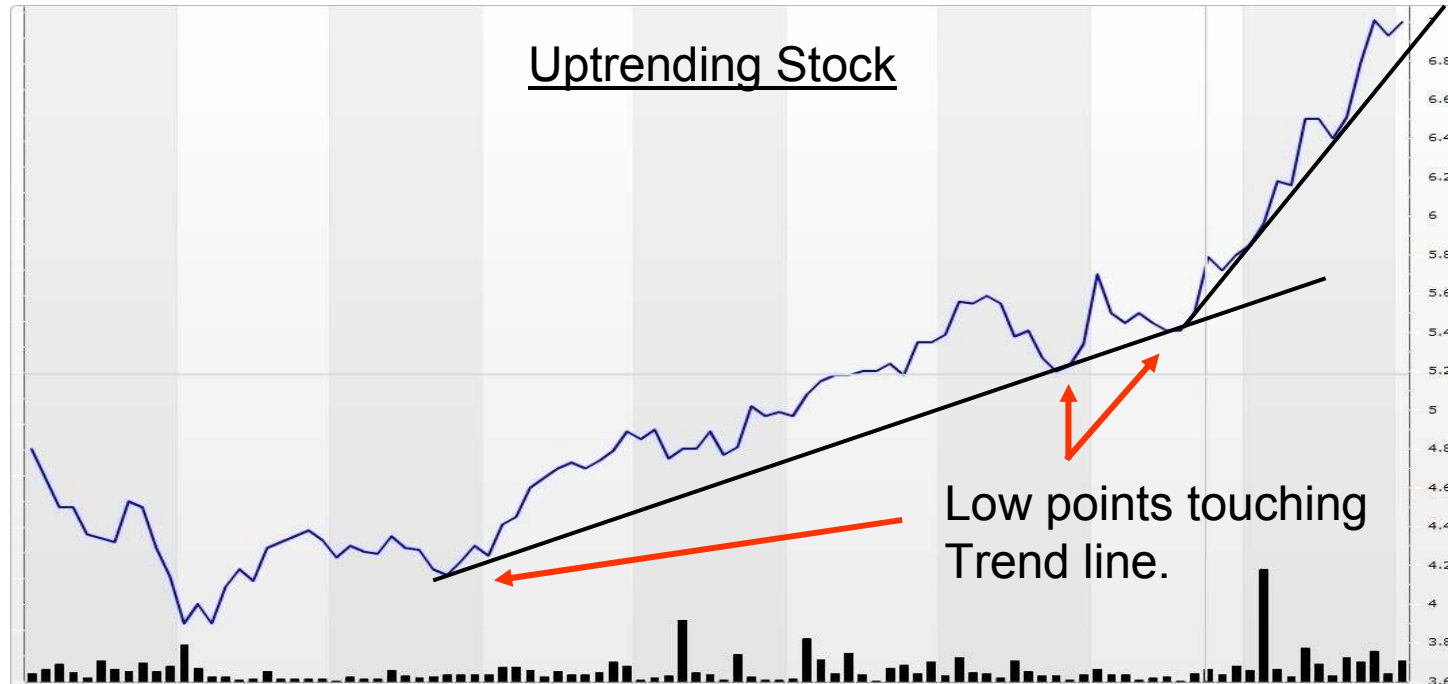
Volume needs to be constant and consistent, low levels of volume can mean that a stock may not trade on a regular basis and therefore would be difficult to sell.

Identifying Trends



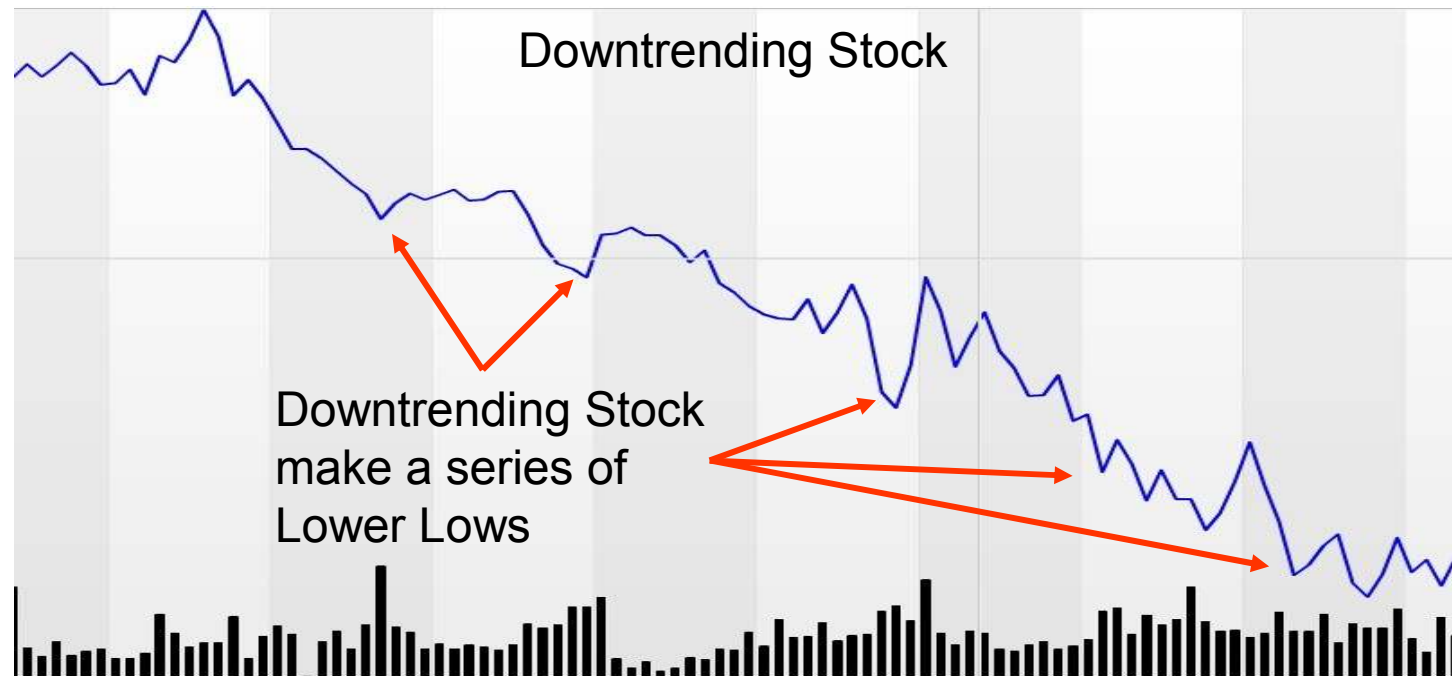
An Uptrend is defined by a stock making consecutive higher price levels as the stock price rises. As the stock price will not rise every day there will be days when the price will also fall. An uptrend is formed when the up days stock prices reach higher price levels than they had previously.

Identifying Trends



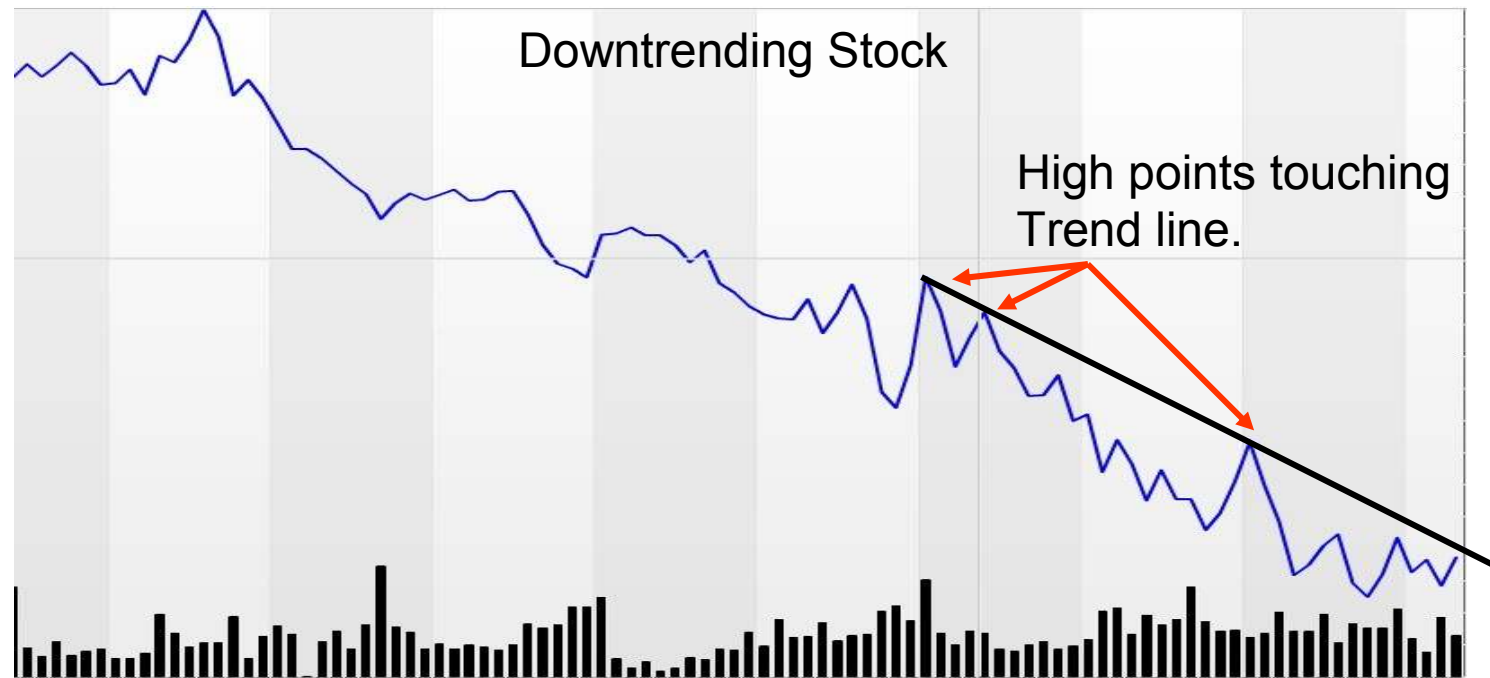
To draw an uptrend line, the line must be below the price line and ideally should touch at least three low points. In the above example the stock moved into a steeper trend, so a new trendline would need to be drawn.

Identifying Trends



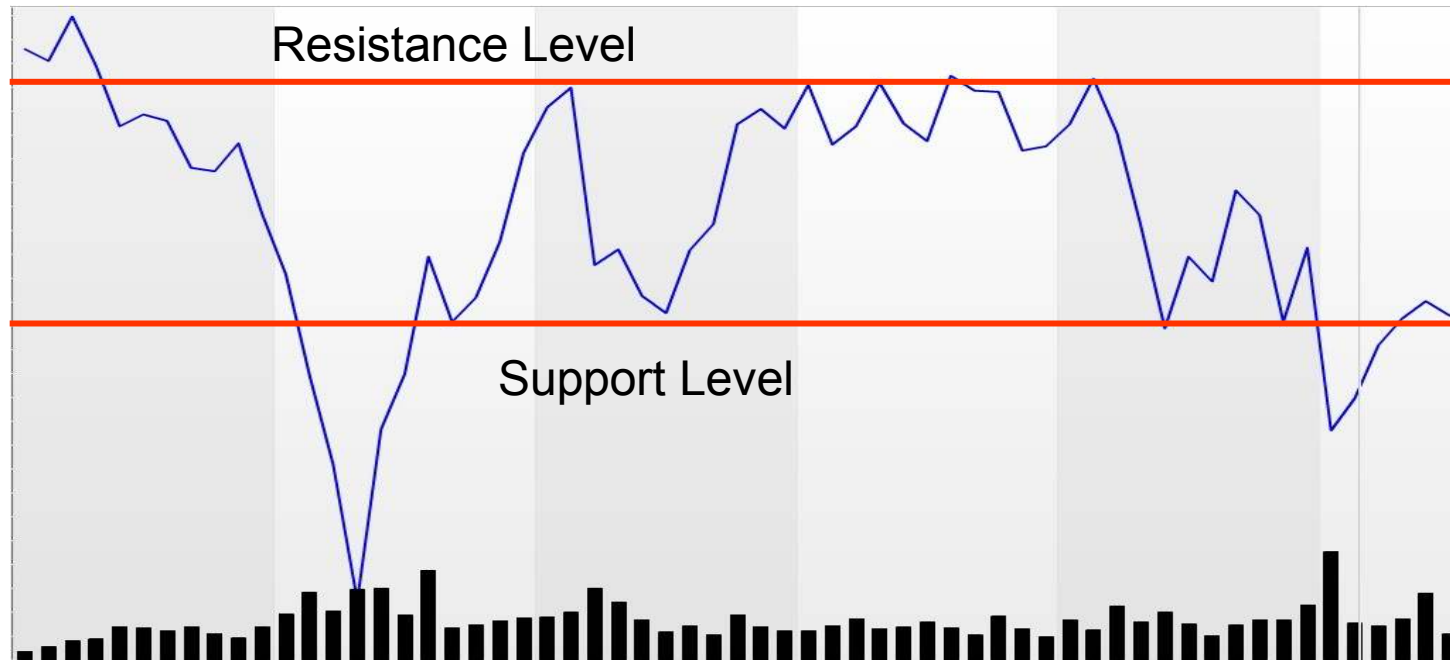
A downtrend is defined by a stock making consecutive lower price levels as the stock price falls. As the stock price consistently falls lower than the previous lowest price a downtrend is formed.

Identifying Trends



To draw a downtrend line, the line must be above the price line and ideally should touch at least three high points. An early sign that the trend may be about to change direction, would be when the price line moves up and through the drawn trend line.

Support & Resistance



There are price levels that market traders appear to recognise as floors or ceilings to price action. The floor is commonly known as support and the ceiling as resistance. Support is always below the current price and resistance above.

Support & Resistance

Support develops as the result of price testing a price level and failing to break lower. In fact if price repeatedly rallies off a particular level, even if it's only twice, we can view this as confirmation of the support level. The more often it rallies from a level the better the support.



Resistance is like a price cap, a price that the market can't seem to get above. It is a barrier to higher prices, a level where sellers outnumber buyers.

Conclusion



As outlined at the beginning of this module, Charting enables a trader to minimise risks by further refining their entry points, as well as identify the potential profit prior to making the trade.

For further Charting tuition, please visit the help section or contact customer support.

