



# Brainy's Articles on Technical Analysis

## Hull ROAR chart indicator

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### Introduction

When looking for stocks in which to invest, many investors have many different ideas about how to find, and select, their candidate stocks.

Many investors prefer to use fundamental analysis to identify those stocks which ought to perform over the longer term, because of favourable fundamental criteria.

There are also many investors and traders who prefer to ignore most fundamental parameters and focus on simple things like the current share price performance. If the stock price is trending higher, then perhaps we can capitalise on the uptrend by simply joining the trend while it lasts. [This is one of the simplest and most basic notions that technical analysts use.]

When looking for stocks in which to invest, it can be very useful to consider the share price performance of the stocks, and to "rank" several stocks against each other. There are several ways to do this, one of which is to use Alan Hull's ROAR technical analysis chart indicator tool. Additional methods can utilise a Moving Average.

This eBook Article (TA-6170) looks specifically at the Hull ROAR indicator — what it is, what it tells us, and how to use it.

### ROAR — What is it?

The price chart shown in Figure 1 at right gives a pictorial indication of the ROAR indicator. Note this chart is a weekly price chart of Westpac Bank (WBC) from the key market trough in March 2009 (after the GFC) while most of the market rallied throughout 2009. The upper half of the chart shows Westpac's share price rising from about \$16 to \$27. The bottom two panes of the chart show two variations of the ROAR indicator — the upper one is **HAVROAR** the investor's version, and the lower one is **HATROAR** the trader's version.

[Note: The titles *HAVROAR* and *HATROAR* are the two chart indicators in the BullCharts charting software. They are also known as *Hull ActVest ROAR*, and *Hull ActTrade ROAR*, respectively.]

**But, what is "ROAR"?** It is an estimation of the annualised increase in share price, for any specific week across the chart. It is basically calculated from averages of the change in share price over a recent period in time.

The **HAVROAR** and **HATROAR** are similar to each other, but they are calculated over different periods in time — the **HAVROAR** version over a longer period that is more relevant to investors than the **HATROAR** version which is more relevant to the shorter term traders (and which therefore ignores earlier price moves). This helps to explain the different values when comparing **HAVROAR** to **HATROAR**.

More information about the ROAR chart indicator is included in the following pages, including a discussion about the cut-off values that are used with the indicator.

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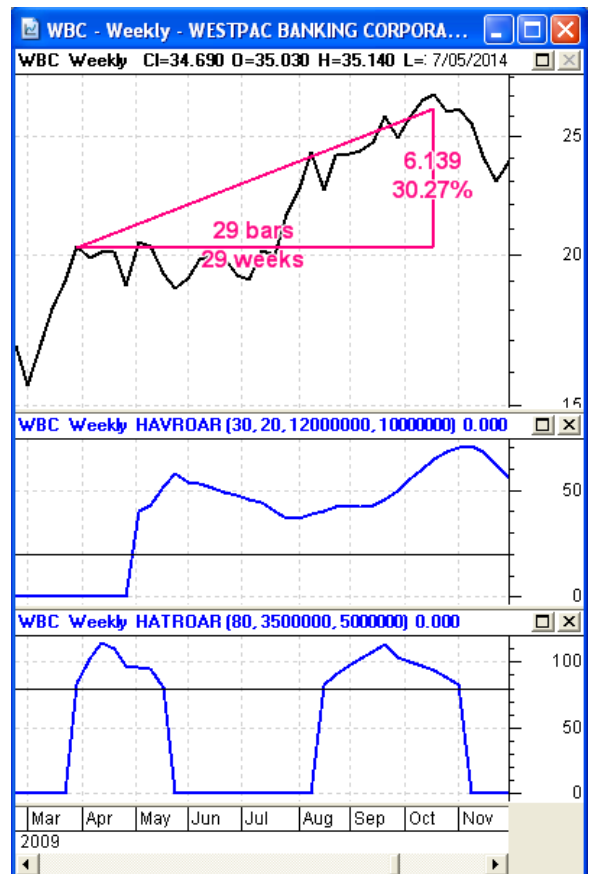


Figure 1: Westpac Bank (WBC) in 2009, and two variations of the ROAR indicator.

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