



Brainy's Articles on BullCharts

Breakout tools

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page 1 of 6
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Introduction

The day-to-day and week-to-week performance of companies in the share market depends on the underlying mood and sentiment of all the investors and traders who participate in the market — and this is reflected in the price charts.

One of the key chart features that helps flag changing sentiment, and provide an inkling of possible investment opportunities, is the *breakout* on a price chart as shown in the sample in Figure 1 below.

Other Articles in Brainy's series provide background information about breakouts, and this eBook Article (number BC-26-500) provides information about the tools within the BullCharts charting package that can highlight potential breakout opportunities.

These tools fall into the following categories:

- *Alert Line tool* — to place a price or volume alert;
- *Alert Trend Line tool* — similar to the Alert Line but which is a sloping line;
- *Scans* — using either the supplied scans in BullCharts, or your own scans to quickly search the market for specific price chart criteria.
- *Chart indicators*, such as the “*Price Volume Breakout Marker*” indicator.

Readers should also refer to the following articles in Brainy's series of eBook Articles:

- Article **ST-6130**, “*Breakouts — introduction*”,
- Article **TA-3900**, “*Breakouts — Case study details*”,
- Article **BC-10-200**, “*BullScan Manager to manage scans*”, and
- Article **BC-40-300**, “*Alerts and Alert Manager*”.

Sample

The sample daily price chart in Figure 1 shows Resolute Mining in September 2009 with the range in price each day sitting within an ever decreasing range in price which can be indicated on the chart by drawing straight lines around the price action. In many cases these straight lines can indicate the extremes of the views of “fair value” according to the market participants.

In this case there was a change in view of the market participants by 5th October resulting in demand for the stock causing the share price to rise. The daily volume amounts rose dramatically from 7th October, and the price went on to rise 80% in the following 8 weeks.

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Figure 1: Sample breakout - Resolute Mining, October 2009



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