



Brainy's Articles on Share Trading**

Strategy ideas — Strength comparison

Article No:
ST-6270
page 1 of 8
Feb 2016

This article
is NOT free

Introduction

When an investor sits down to think about how to invest their hard-earned money, there are many possible considerations. If we decide to invest some money into the shares of a company, how do we actually decide which company? If we have two stocks to choose from that are both equal regarding future outlook, we might then look at which one has been performing better than the other. That is, we might lean towards the **stronger stock**. Or we might be looking for a **strong stock in a strong sector**.

So, how can we readily compare the relative performance, or the relative strength, of one stock to another, and perhaps to its own sector? And how can we compare the performance of one sector to the other sectors? To help you visualise this, refer to Figure 1 below — a weekly chart of two bank stocks (CBA, ANZ) and their sector index (XFJ) with the vertical axis showing the **percentage change** of each since a start date in March 2015. In this example note that ANZ has under-performed both CBA and the XFJ sector index, and that they have all gone backwards since March 2015.

This Article in Brainy's series on Share Trading and Investing (number ST-6270) explains one way to do the comparison, by utilising the available simple **Comparative Percentage Performance** tools.

Table of Contents

Introduction.....	1
Stock selection.....	2
Not the Relative Strength Index.....	2
Comparative performance — introduction.....	3
Time frame.....	3
Adjust the start date.....	4
Comparative percent performance tools.....	5
Summary.....	5

* — Brainy's eBook (PDF) Articles are only available to **Share Market Toolbox** members.
Visit www.robertbrain.com/articles/ for more information.

The first page of every article is free, and some of the articles are completely free (eg. shorter ones and Table of Contents).

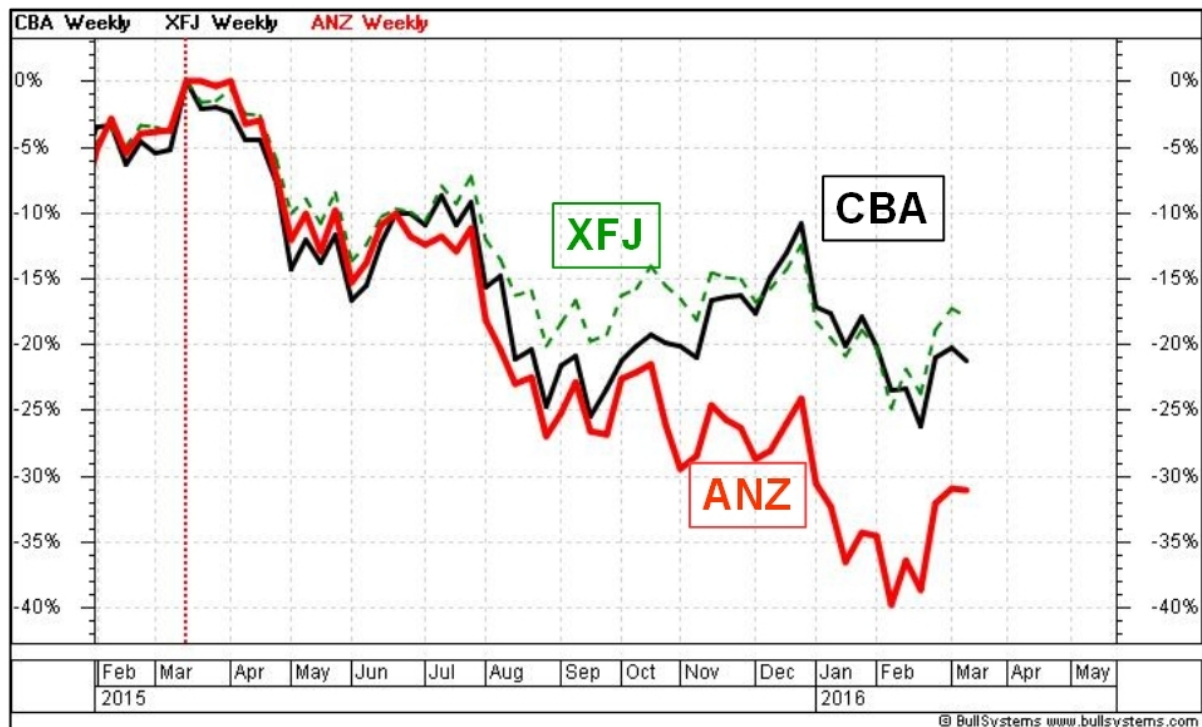


Figure 1: Comparative percent performance (weekly chart) of CBA bank, ANZ and their sector index (XFJ), from March 2015.

Another way to compare the relative performance of two stocks, or a stock and a sector index, is using a technical analysis indicator such as the Relative Strength Comparison (RSC). See the eBook (PDF) **Article TA-4510, "RSC chart indicator"**, for more details.

More information about the Comparative Percent performance is included in the following pages.

** - The two words *trading* and *investing* are often used somewhat interchangeably.

File Name: st-6270_strategy-strength-comparison.odt [Charts produced with BullCharts] Printed: 7 Apr 2016

Note: This information cannot be relied upon. It is only a guide. There is no guarantee of success.

© Copyright 2016, Robert Brain. These Articles are available by subscription: www.robertbrain.com



Brainy's eBook (PDF) Articles

This article
is NOT free*

Unfortunately,
the remaining pages of this article
are not available for free.

Some of the eBook Articles are available for free,
including the Table of Contents pages,
and the Introduction and Overview pages.

These articles take a lot of time, experience,
knowledge and expertise to compile.

However, there is some good news.

You can subscribe as a Toolbox MEMBER
and have unlimited access to all Articles,
plus a whole lot more.

Visit: www.robertbrain.com

Robert writes and updates Articles on three topics:

- ✓ Share Trading & Investing
- ✓ Technical Analysis
- ✓ BullCharts (charting software)

See a list of Articles in the free section of the Toolbox:
www.robertbrain.com/members-area/articles.html
(the green shaded articles are free)

* — Brainy's eBook (PDF) Articles are only available to **Share Market Toolbox** members.
Visit www.robertbrain.com/articles/ for more information.
The first page of every article is free, and some of the articles are completely free (eg. shorter ones and Table of Contents).