



Brainy's Articles on Technical Analysis

Price charts, time periods

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is NOT free*

Introduction

This article in Brainy's series on Technical Analysis (number TA-2100) provides an introduction to share price charts, including the various time periods that you might encounter. The article number TA-3100, "Price charts in detail", provides more details on this same topic. If you are already familiar with price charts, then you might want to quickly peruse this article TA-2100, and go on to TA-3100.

Overview

Firstly, it is important to understand that the shares in a listed company might be traded several times each day. If you prepare a list of all of the trades for the day, you will typically find that the share price has varied during the day. A list of all trades in one company's shares for the day is called the "course of trades", or "course of sales". This list of information will include the number of shares traded at a given sale price, and the value (ie. the volume multiplied by the price). According to the ASX specifications for the transmission of the course of sales data between data service providers, there is actually a lot more information accommodated than this. More information is on the ASX web site.

Mind you, there are many companies whose shares might trade only once during a trading day, or might not even trade at all.

Where trades have taken place, the following share price details are captured and widely available for each trading day:

- Open — the first sale price of the day
- High — the highest price for the day
- Low — the lowest price for the day
- Close — the last sale price at the end of the day.
- Volume — the number of shares traded on the day.
- Trades — the number of buy/sell transactions that were executed (for some stocks there are no trades on some days, and for others there are thousands).

Chart types — Line chart

The most common type of share price chart that you will come across is the line chart. See the sample here in Figure 1. Note the following about line charts:

- The Daily price chart at right is of ANN (Ansell Limited), from 12 to 18 August 2008 (16 and 17 August were non-trading days on the weekend, and 18th is the last point).
- The chart is a simple Line graph — the price is indicated along the vertical axis, in this case ranging from about \$10.90 to \$11.50, and the dates across the bottom of this chart are shown as 12 to 15 August 2008.
- It only shows the Close Price for each day with a straight line joining each day's closing price.
- It gives no indication of the day's volatility (the range up/down during the day).
- This daily line chart of Ansell is doing what many investors and traders would like, and that is it is making a few consecutive "higher closes". That is, it is up trending. Remember that the trend is your friend.



Figure 1: Sample line chart