



# Brainy's Articles on Technical Analysis

## Trends in multiple time frames

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page 1 of 6  
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### Introduction

When looking for investment opportunities in the equities markets (or even in other markets), many investors and traders look for a rising price *trend*\* (simply referred to as an *uptrend*), and consider riding the trend because it is often said that "*the trend is your friend*" — especially because one of the principles of technical analysis is that once a price *trend*\* is in place, it is likely to continue. [This trend-following approach is simply one of many possible investing strategies, and we are NOT advocating that it is a clear winner. You see, just because a strategy works for one person, it is not guaranteed to work for another. In fact, there are many anecdotal instances where this has been the case.]

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However, there is a minor complication with the study of uptrends and downtrends on price charts. It is to do with the possibility of a different trend existing in a different time frame. In fact, trends can exist in many time frames, and many experienced traders know that it is common for a trend to reverse, and resume the direction of the trend in the next longer time frame (as in the case study example below). This Article in Brainy's series on Technical Analysis (number TA-3230) discusses this. A good example of the different trends in different time frames is shown in the price chart below of BHP Billiton from April to August 2011. See the explanatory comments for this chart in the text on the following pages.

The sample price chart in Figure 1 below is a good example of a price trend within a trend. In this case, a multi-week uptrend within a multi-month downtrend. This price chart is a composite daily and weekly chart, and is explained in more detailed in the notes below.

\* — Definition for *uptrend*:- sequence of higher *peaks* and higher *troughs*.

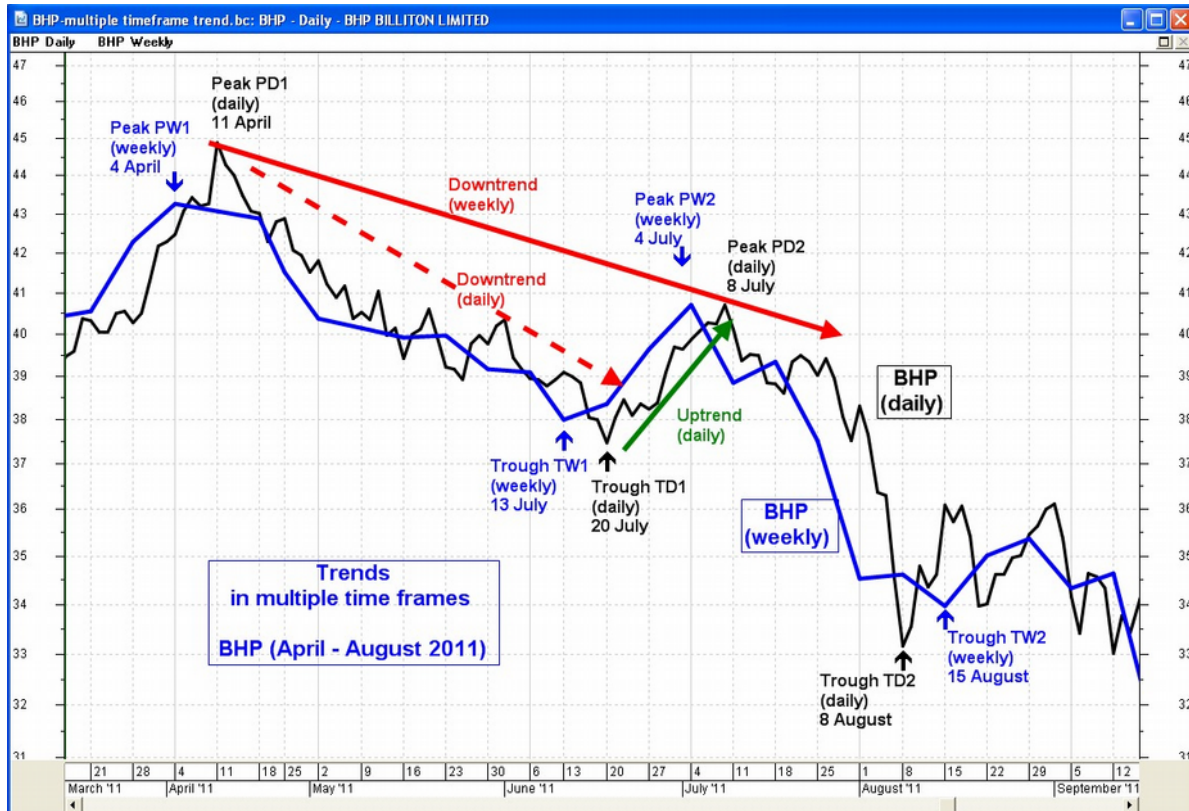


Figure 1: Sample price chart - uptrend within a downtrend  
(more details on the following pages)

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