**Brainy's
Share Market Toolbox
Members Area**

Brainy's Share Market
Analysis and Update

to help you watch out for the bears in the market

Quick Links

- **MONTHLY** Analysis
- **WEEKLY** Analysis
- Introduction and overview to this material

- Toolbox Gateway page
- Robert's investing/trading philosophy
- Weekly Watch List - public details
- Weekly Watch List - for Premium Members

A Members-Only feature of *Brainy's Share Market Toolbox*.

As a key part of his own trading strategy,
Robert (aka *Brainy*) looks at the state of
the Australian share market on a weekly basis.
Looking at both the short-term, and long-term.
And, using the "4 Windows" Analysis approach.

**See occasional Special Comments below.
And see the bigger picture MONTHLY analysis.
See short-term charts in the WEEKLY analysis.**

Any updated comments are imbedded within the charts.
Click on any chart for a larger image.

Brief comment
about the charts

These charts and comments are purely observations of the market, based on one person's opinion. They are of a general nature, and to assist with general education only.

There is no advice of any sort.

It is recommended that you do NOT make any investment decisions based on any of the information here.

Special Comments

On some occasions there might be something to comment about that is not covered in the other charts on these analysis pages (ie. the Weekly Analysis or the Monthly Analysis pages).

This might be a chart pattern (like the megaphone in early 2010), or a special indicator feature (like the Moving Average Golden Cross).

If there are additional observations or comments to be made, then they will be shown here at right.

If there is a chart at right, then see the latest comments in that chart. It is possible that a chart will be left here unchanged for a couple of weeks - so don't panic if it has an old date.

If there is a chart (or two) shown above,
click on the chart(s) for a
larger image in a new window.

The information presented herein is for general education only.
It represents the opinions of the web page content owner, and does not include
any recommendations or endorsements of any product, method or strategy.
This material does not contain any financial advice of any sort,
nor any suggestion or recommendation to trade or invest in the share market.
For financial advice, a professional and licensed financial advisor should be engaged.

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**The charts above are updated every week - see the date included in the text on the charts.
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Monthly Analysis

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Robert (aka *Brainy*) looks at the state of
the Australian share market on a weekly and monthly basis,
and posts updated observations below, and
on the weekly analysis page.

This analysis is based on the
"4 Windows" analysis approach.
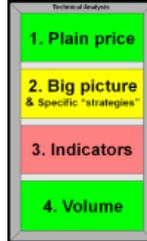
Technical Analysis

1. Plain price
2. Big picture & Specific "strategies"
3. Indicators
4. Volume

The four charts below are long-term
(ie. "big picture") charts because the
market is like an elephant,
intended to be reviewed each month
(and more often can be useful).
The WEEKLY analysis charts
are updated weekly.

The updated comments are imbedded within the chart screen shots below.

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- Toolbox Gateway page
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- Weekly Watch List - Premium Members
- Information about candlestick charts

Brief comment
about the long-term charts below

**The charts on this web page are updated at least monthly, and
sometimes more often. Because they are weekly or monthly charts
looking at the big picture, they tend not to change much throughout the
calendar month.**

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Click on any chart
to see a larger view in a new window.

Other notes:

**As a Toolbox Member you are already registered to receive
emails on one or more topics. You can review the list of available
email topics here.**

The charts below utilise some basic Technical Analysis (charting)
concepts and indicators.

More information about candlestick charts is available.

The charts shown here are of the **Australian All Ordinaries** index
(XAO) which is an aggregation of the "top" 500 companies in the
Australian market. What does "top" mean?
See information about market indexes.

The charts below are produced using the Australian BullCharts
charting software.

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1. Big picture - Market Overview
Trends, Support, Resistance

**As with the weekly analysis, it is very useful to view
the chart and look for the following three things but
in a longer timeframe (ie. "big picture"):**

1. **The existence (or absence) of a trend.**
2. **Any possible support or resistance levels.**
3. **Possible chart patterns.**

The weekly version looks at shorter term.

Remember Brainy's "3Ways Rule (in 3Times)". This
concept is a very useful way to remember the key
elements to look for with trends. This is a unique way to
remember the basics of trends as Robert devised this
approach and no one else teaches this.

See the very latest comments in the chart at right.

Click on the chart at right
for a larger image in a new window.

Back to top.

(Click on the chart for a larger image.)
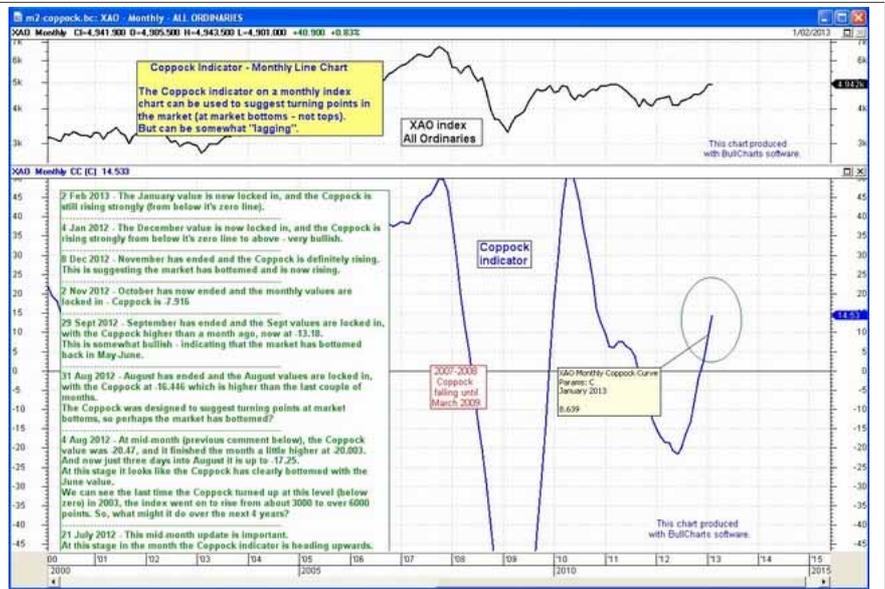
2. Coppock Indicator
(monthly chart)

The Coppock indicator on a monthly chart of an index (such as the XAO) can be used to suggest possible turning points in the market.

For an explanation of the indicator, see the public web page here...

See the very latest comments in the chart at right.

Click on the chart at right
for a larger image in a new window.

Back to top

(Click on the chart for a larger image.)

## 3. Momentum Indicator (monthly)
and it's Moving Average

The Momentum indicator is a measure of how far the price has moved over a specific period of time. It can be very useful on a monthly chart to indicate overall strength or weakness in the market over the longer term.

An Exponential Moving Average (EMA) of Momentum is shown on the monthly chart here. The MA is very useful; but the EMA is more useful than the SMA on the Monthly chart. But one contentious point currently is whether the 14-period Momentum (green line) is more or less useful than the 28-period (red) line in this time frame. Until we decide one way or the other, both are displayed.

For an explanation of the indicator, see the public web page here...

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Back to top
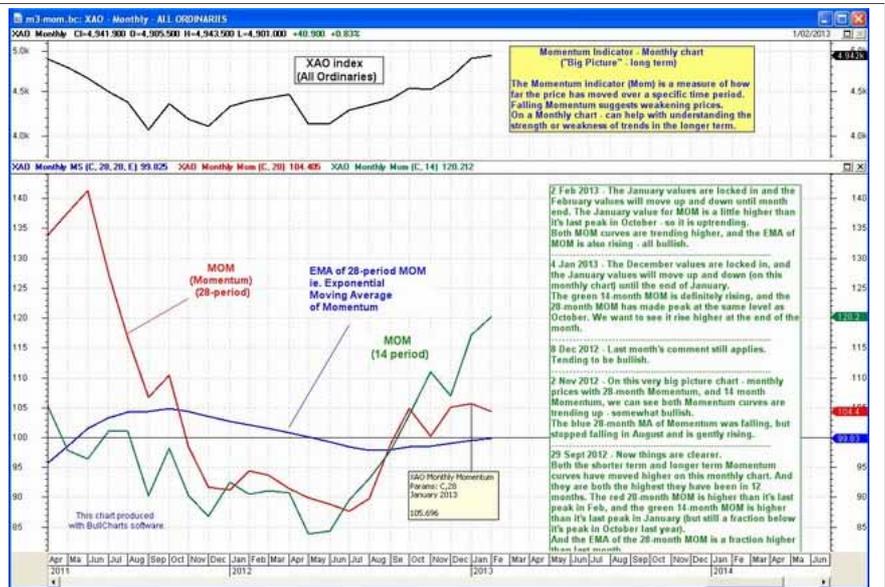
(Click on the chart for a larger image.)

4. Volume
(weekly chart)

Observing the Volume in each period is essential.

For broader comments about the use of Volume, see the weekly analysis where we look at volume on a Daily chart. But it is also useful to look at weekly volumes over several months as in the chart at right to look for "big picture" changes.

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Back to top
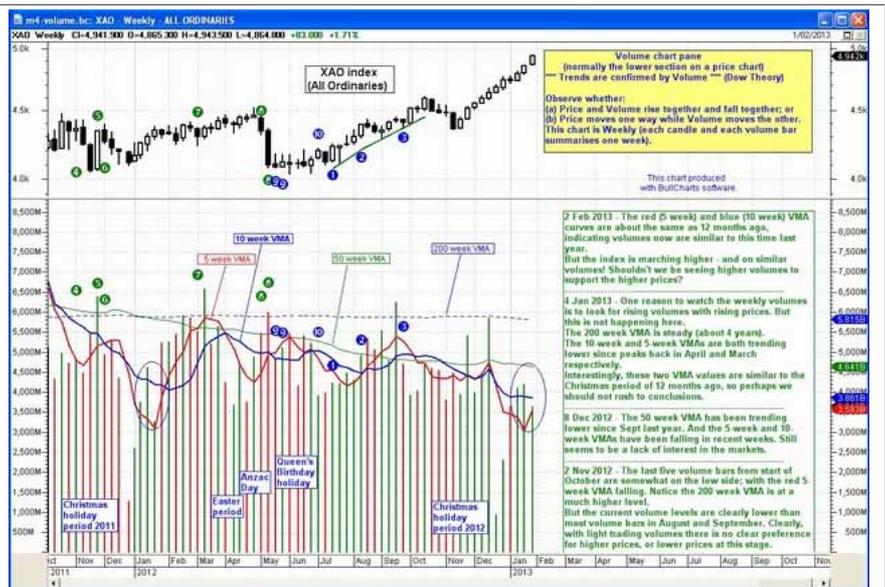
(Click on the chart for a larger image.)

This web page is the MONTHLY Analysis. Also see the WEEKLY analysis.

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"4 Windows" analysis approach.

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4. Volume

The charts below are shorter-term charts,
intended to be reviewed each week.
Also see the "big picture" MONTHLY analysis charts
because the market is like an elephant.

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Brief comment
about the short-term charts below

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More information about candlestick charts is available.

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mean?
See information about market indexes.

The charts below are produced using the Australian BullCharts charting software.

1. Market Overview
Trends, Support, Resistance

It is very useful to view the chart and look for three
things:

1. **The existence (or absence) of a short-term
   trend.**
2. **Any possible support or resistance levels.**
3. **Possible chart patterns.**

Here we look at shorter term periods.
The monthly analysis considers longer term.

Remember Brainy's "3Ways Rule (in 3Times)". This
concept is a very useful way to remember the key
elements to look for with trends. This is a unique way to
remember the basics of trends as Robert devised this
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See the very latest comments in the chart at right.

Back to top.

(Click on the chart for a larger image.)

2. The 30-Week SMA and Weinstein's Stage Analysis
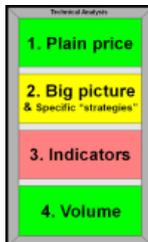
Stan Weinstein published one really good text book in 1988 (*Secrets for Profiting in Bull and Bear Markets*), and promoted a number of key strategies and concepts.

One of Stan's key principles is the 30-week Simple Moving Average on a Weekly price chart, to be reviewed weekly.

We look for three things:

1. Index (or price) above or below the SMA; and
2. Is the SMA rising or falling? and
3. Stage Analysis (the ribbon across the bottom of this price chart).

For more information about this chart
see the public web page, and
the special Weinstein strategy web page.

See the very latest comments in the chart at right.
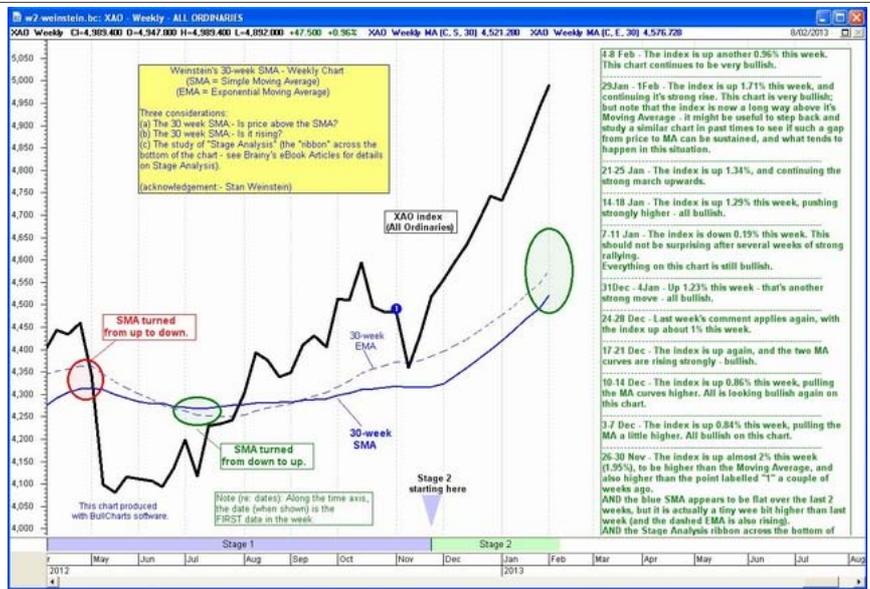
Back to top

See the latest comments in the chart above.
(Click on the chart for a larger image.)

3. Momentum Indicator and Simple Moving Average of Mom

A Weekly chart of the XAO (All Ordinaries) (upper window pane) and *Momentum indicator* (lower pane). This technical analysis chart indicator is simply a measure of how far the price has risen or fallen over a specific time period. It does not consider volume.

Observe any little peaks (and troughs) on the red coloured Momentum curve, and compare them with the corresponding peaks (and troughs) in the price curve directly above. Notice if successive peaks are higher and higher, or lower and lower. The blue line is the Moving Average of Momentum.

Note that a 28-period Momentum is used here. Many charting tools use a default of 14 periods. There is no single correct value to use. Many people have found that 28 gives better results.

One key observation to look for is the presence of divergence which can warn of a potential change in trend. (This is when the index and the Momentum are not moving up and down together.)

For more information, see the public web page here...

Back to top

The chart of a stock or index will generally move up and down roughly in sync with the *Momentum* indicator. Watch out when it doesn't!

See the latest comments in the chart above.
(Click on the chart for a larger image.)

4. Twiggs* Money Flow (TMF) Indicator

The family of money flow indicators give an idea of whether the net flow of money investments is into the stock (or index), or out of the stock. They are somewhat similar to Momentum, except that they factor in the volume.

We look for three things with TMF:

1. Whether TMF is above or below zero.
2. Whether TMF is trending up or down (or not).
3. As with Momentum above, we can look for divergence of the peaks in Money Flow, compared with the peaks in price.

See the latest comments in the chart at right. Click on the chart for a larger image in a new window.

For an explanation of the indicator, see the public web page here...
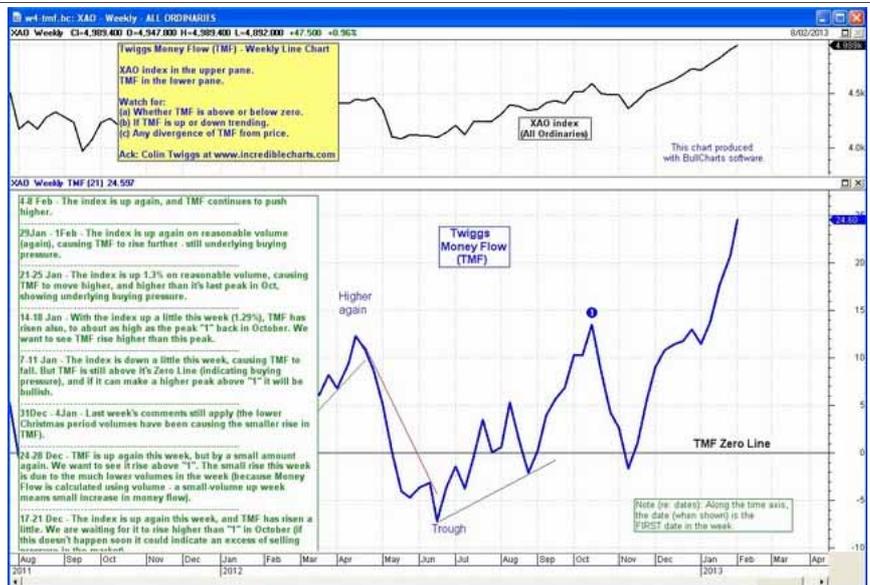
Back to top

* - Ack: Colin Twiggs www.incrediblecharts.com/indicators/twiggs_money_flow.php

(Click on the chart for a larger image.)

5. GMMA Indicator

The Guppy Multiple Moving Average indicator (GMMA) can be used to determine the mood, sentiment and direction of the market.

This chart shows **weekly candles**, and **daily GMMA**.

The GMMA is comprised of two sets of 6 Exponential Moving Averages (EMA). The blue group of 6 represent the shorter-term investors (actually the traders), while the red group of 6 represent the longer-term investors.

Once trained in how to interpret this indicator, it is possible to understand a lot about the character and nature of a trend. Key features to look for:

- the reds roughly parallel;
- the blues gently compressing and expanding;
- a gap between the blues and the reds.

For an explanation of the indicator, see the public web page here...

See the very latest comments in the chart at right.

Back to top
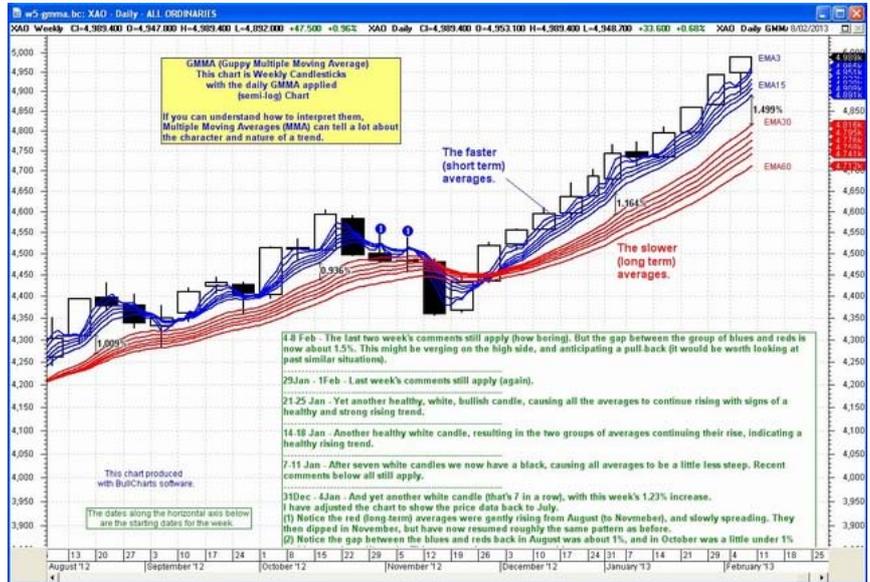
(Click on the chart for a larger image.)

6. Candlestick patterns

(a) Individual candlesticks have characteristics - long or short body (or no body), absence or presence of upper and/or lower tails, and the length of tails if present. Many of these characteristics have their own names (eg. Doji, Marubozu, etc.).

(b) Two or more candlesticks together can present as a known pattern.

Candlesticks can give a good indication of the mood and sentiment of the market, and can show a presence (or absence) of buyers and/or sellers. The weekly chart at right is updated weekly and is a real-life example of interpreting candlestick patterns. Remember that on a weekly candle chart, each candle summarises all price action for one week.

More information:

- The public introduction to candlesticks.
- Candle addition.

Back to top
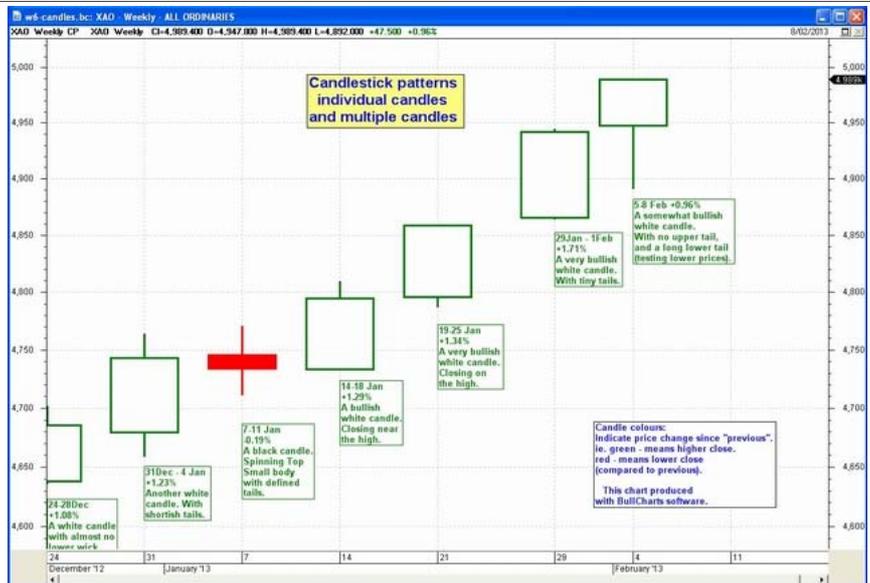
(Click on the chart for a larger image.)

7. On Balance Volume (OBV) indicator

The OBV indicator compares volume to price in an attempt to measure the amount of accumulation or distribution.

It works on the premise that larger investors / traders accumulate and distribute stock in higher volumes prior to a corresponding move in share prices. For a positive and bullish sentiment we want to see the OBV trending higher whilst the market trends higher.

See the latest comments in the chart at right.

Click on the chart for a larger image in a new window.

Back to top

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8. Volume

Observing the Volume in each period is essential.

Basic Dow Theory says: "*Trends are confirmed in Volume*". That is, an uptrend with higher volumes is healthy, whereas an uptrend with lower volumes suggests that there is not much buyer support for the higher prices. That is, a lack of people who are prepared to pay higher prices.

Likewise in a falling trend. Higher volumes suggest that people are exiting the market - higher volume is confirming the downward trend.

A Daily chart is often best for this, unlike Weekly charts for most of the above. The Daily chart allows us to see all the action over recent days, and is very useful for our weekly analysis. However, it can also be useful to zoom the chart out, and to view a Weekly or even Monthly version as on the monthly analysis page. It is very useful to remember that the *market is like an elephant*.

Back to top

See the latest comments in the chart above.
(Click on the chart for a larger image.)

9. Intraday

Observing the movements within each trading day can be useful to understand how the market moves, and to help formulate strategies.

This chart is a 10-minute intraday chart over a 2-week period, and is a simple line chart. Remember that a line chart simply shows the price at the end of each "period" as a dot on the chart (in this case, each 10-minute period), and then shows a short straight line between each dot. We can't actually see the dots, but if we zoom this chart in to study the detail, we would be able to see the short straight-line segments between the end of each 10-minute period. In some places on these charts you can actually see the straight-line segments.

Depending on your charting software or data provider, intraday charts can display intraday data in the following periods: 1-minute, 2-minute, 5-minute, 10-minute, 15-minute, 30-minute, hourly, and 2-hourly. Many day traders tend to use charts as short as 1-minute, 2-minute, or 5-minute.

Back to top

See the latest comments in the chart above.
(Click on the chart for a larger image.)

This page is the Weekly Analysis.

Also see the MONTHLY analysis, because the market is like an elephant!

* Notes:
Twiggs Money Flow - Acknkowledgements: Colin Twiggs at www.incrediblecharts.com.au

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