



Brainy's Articles on BullCharts

What is it?

Article No:
BC-02-050
page 1 of 3
31 Mar 2010

This article
is free*

Introduction

BullCharts is a software product. But what is it really? What can we use it for?

This article in Brainy's series on BullCharts (number BC-02-050) provides an overview of the BullCharts software, and briefly describes the things we can use it for.

A more technical product overview is included in Brainy's Article BC-02-100, "*BullCharts — Product Overview*".

Client based, not web based

The first thing to understand is that BullCharts software is installed onto your computer, including a database of all Australian share price data going back about two decades. It uses the internet to download the latest End-of-Day data when it suits you. It can also display various market reports using data stored on the internet. Otherwise, all the share price charting features function locally on your computer with no need to be connected to the internet.

Price charts — shares, indexes, currencies

To summarise in a nutshell, BullCharts can be used to display price charts for any Australian listed companies, plus Australian market indexes (eg. All Ordinaries, S&P/ASX 200, etc., etc.), plus many overseas shares and indexes and a number of currency pairs.

Share price charts

Okay, so BullCharts can display share price charts for stocks and indexes. But it can do a lot more than just display them — it can help find companies with share price behaviour that matches some sort of pattern or criteria. And you can readily apply a large range of technical chart indicators.

In its simplest form, the price chart might look like that in Figure 1 below — a simple monthly line chart of United Group (UGL) from April 2003 until October 2006.



Figure 1: Simple price chart - United Group monthly line chart.

Or, it could be a more complex looking chart with somewhat more information as in the candlestick version shown in Figure 2 below — for the same stock over the same period with the Momentum chart



Brainy's Articles on BullCharts

What is it?

Article No:
BC-02-050
page 2 of 3
31 Mar 2010

This article
is free*

indicator displayed in the upper third, and volume shown in the lower third.

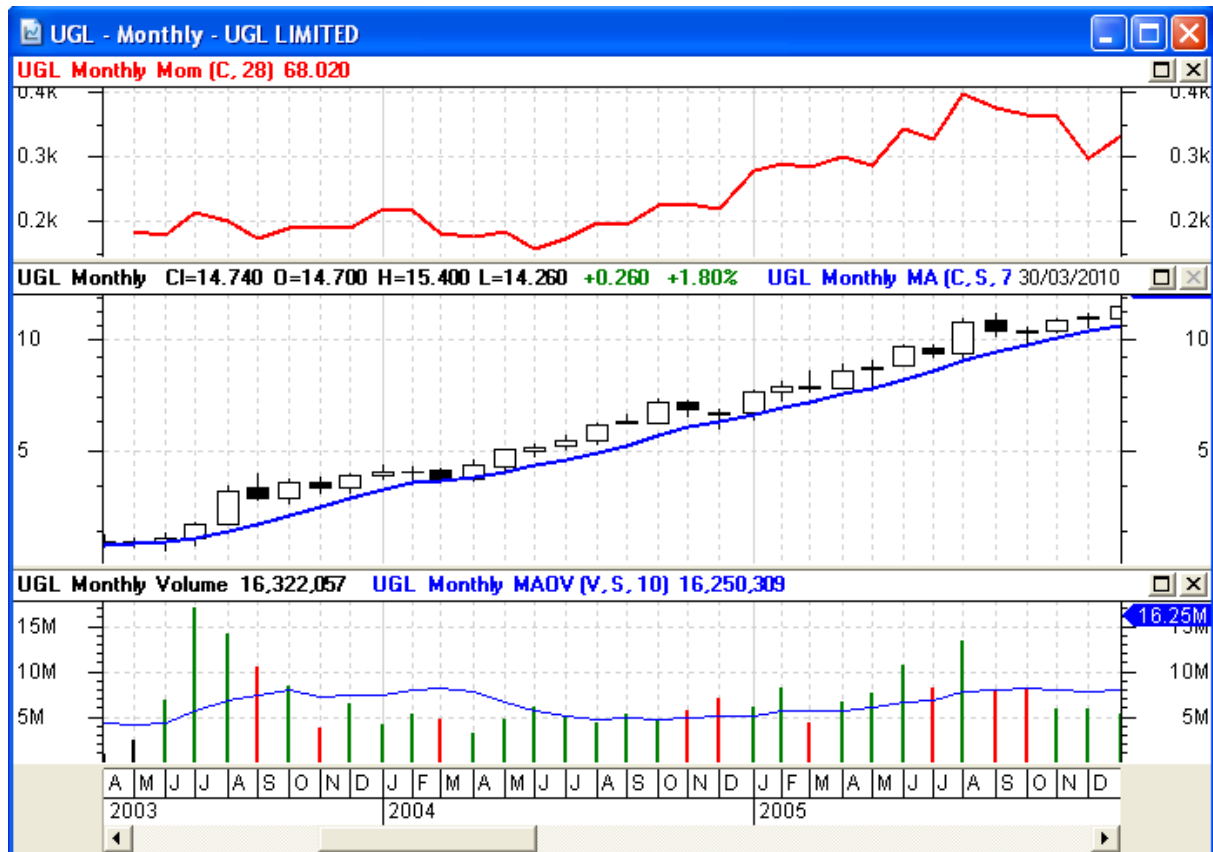


Figure 2: Monthly candlestick chart of United Group
(with Momentum indicator in top third, and volume in the bottom).

But the above simple explanation of BullCharts does not do it justice, so please read on.

Charting software

In terms of share price charting software, the BullCharts software includes a database of share price data that resides on your computer. Using the data in this database, you can easily display a price chart for any Australian security, going back to the late 1980s.

Onto the price chart, you can display a large number of technical chart indicators such as a moving average, or RSI, MACD, Bollinger Bands, etc., etc.

And you can draw a variety of lines and chart tools onto the chart, and include text annotations, and save the chart for later recall. The available chart tools include things like: Fibonacci retracements, extensions, arcs and fans; Gann Fans, Squares, Lines and Angles; trend lines; support lines; channels; Andrews Pitch fork; cycle studies; Count Back Lines; and various measurement tools (for price, time or trend measurement).

Master lists of stocks and indexes

Within the Security Manager tool in BullCharts there are several lists of items, listing the constituents in each of 12 of the major market indexes, plus the 12 sub-indexes of the S&P/ASX 200, plus the stocks within each of the major GICS category groupings. There is also a list of the 29 indexes and sub-indexes on the Australian market. All these are grouped within the Security Manager under the heading "All Securities" (shown in Figure 3 below).



Brainy's Articles on BullCharts

What is it?

Article No:
BC-02-050
page 3 of 3
31 Mar 2010

This article is free*

More than price charts — watchlists

But BullCharts is more than just share price charting software. You can set up one or more watchlists of stocks. The watchlist might be a list of stocks that you are currently watching, and in which you might wish to invest in the near future. Or the watchlist might be your current portfolio.

Or, you might use *FundaTechnical Analysis* to identify a list of quality stocks, and then put all those stocks into your “favourites” watchlist.

If you have a number of watchlists, you can create a watchlist “folder” in which you might have several watchlists. If one watchlist folder is not enough, then create several. The sample in Figure 3 at right provides an indication of the watchlist folders, and watchlist contents, that are possible.

Market filters and scans

When we look for a company in which to invest, we typically want to search for a company that meets certain criteria. For example, we might want to find a company that has a share price in an uptrend — because we have heard that the *trend is our friend*, and if we buy a stock in a rising trend and ride the trend, we might make a profit. We might also want to focus on any stocks with a low PE value (Price/Earnings ratio), say, below 10.

Well, in BullCharts we can create a “scan” and specify that we want stocks in an uptrend, and with a low PE. Then we can run this scan across one or more of our watchlists (perhaps over our list of *favourite* stocks), or across the list of stocks that comprise the market index (eg. the All Ordinaries).

If the scan finds stocks that match your selection criteria, it will display a list of them. You can then study these stocks and their price charts in more detail to determine if they warrant further attention, and a possible purchase.

Like a word processor or spreadsheet?

Many people are familiar with the word processor software that we use these days to type up a letter or other document. Or perhaps the spreadsheet software that we use to create a table of information. Each of these products is a tool that we use to create some sort of document or table.

In a similar way, BullCharts is a software program that we use to create share price charts. It is the tool to use to display the charts; but it will only show us the things we tell it to show us. It is not a magic stock-picker, and there are no guarantees. It heavily depends on the user knowing enough about charting to be able to interpret and analyse the price charts.

Summary

This article in Brainy's series on BullCharts (number BC-02-050) provides an overview of BullCharts, and explains what it is, with some examples.

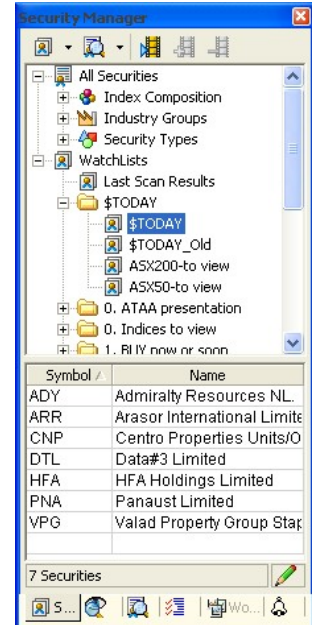



Figure 3: Watchlists in the Security Manager.



For more information on Share Trading, or Technical Analysis, or BullCharts software, look for more of Brainy's articles, or the other resources, in **Brainy's Share Market Toolbox**: www.robertbrain.com

Your own notes and comments: