Brainy's Articles on
BullCharts
Alerts and the Alert Manager

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Introduction

Let's say you browse through some price charts and notice a price consolidation as in the weekly chart of MLX in Figure 1. In this example we can see that Metals X Limited could not close above resistance at about 14.5 cents over at least a 15 month period until August 2010.

Remember that the price resistance situation comes about because the market participants don't believe the stock is worth any more than this price. This might be due to broker or analyst published views and recommendations

Figure 1: Set a Price Alert in order to spot a breakout.

regarding so-called *fair value*. At some stage, if there is positive news about the stock, or a situation that causes a re-rating, the views of participants will change, and more people will want to own it. An increased level of interest in the stock will cause a bidding war and the share price will at some stage rise above the resistance level (as has happened in this chart in late 2010).

If only we could easily and quickly find out as soon as the share price closes above the resistance level. Such a breakout might be the start of a new uptrend that might be worth riding. In this case we can see in the chart that there were tests of higher prices above the resistance level in late July and August 2010 with the upper candle tails rising above the dotted resistance level. There were then enough buyers to cause the MLX share price to break out above resistance and go on to rise about 93% in the following 7 weeks.

There are several ways to be on the ball and to spot such price breakouts, and without much effort. Utilising share broker alert tools is one way, and the alert features in charting software is another. In this regard, the Alerts feature in the BullCharts charting software can readily do this.

The BullCharts Alerts feature can also be set on a sloping line (as in a trend line) as shown in the sample in Figure 2 at right, and also on Volume
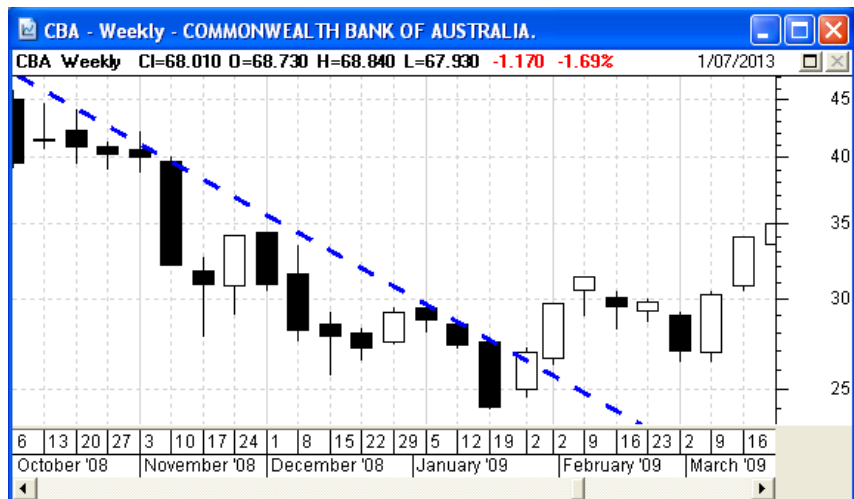

Figure 2: Alert Trend Line - a sloping alert line.

This Article in Brainy's series on BullCharts, BC-40-300, *"Alerts and the Alert Manager"*, describes the Alerts feature in BullCharts as well as a number of the scenarios in which you might want to use it. Also see Article BC-40-310, *"Alert settings strategy"*, for more details about the Alert feature options, and some ideas about how to best utilise them.

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