



Brainy's Articles on BullCharts

Alert settings strategy

Article No:
BC-40-310
page 1 of 7
June 2013

This article
is NOT free*

Introduction

It can often be very useful to find out when a company's share price has hit a specific level. This might be a Stop Loss that will cause you to sell the stock, or you might be watching a few stocks from day to day and looking for a breakout.

Some people become convinced about a company's "story" — so convinced that they think this company is about to take off and make them a fortune, so they invest a lot of money in it and end up losing out on much better investments. Sadly, some of these company "stories" are nothing more than wishful thinking, or a slick sell-job. In the meantime, many people have parted with hard-earned cash and invested in the company in the hope of making a fortune. Very often these companies sit in the doldrums for months or years burning up their cash, resulting in a lost opportunity — the investor could have invested in a confirmed uptrending stock and seen capital appreciation from day one.

Amadeus Energy (AMU) is one example that comes to mind. In Figure 1 below we can see that the AMU share price was stuck under about 13cents for more than 2 years! [Note: If this chart was displayed using a logarithmic price scale instead of the linear scale, shown here it would be easier to see the details of the share price at the lower price values, and the 13cents resistance level is a lot clearer — a good example of when to use a semi-log chart.]

We can also see in this price chart that if we had have been able to spot the price breakout in mid-2003 we could have jumped on board for more than a 400% increase in capital over many months.

In situations like this it is very useful to be able to set a "price alert" on the stock, and then forget about it for days or weeks until the alert is triggered. This is a good example of taking it easy while using our investment capital elsewhere.

This Article in Brainy's series on BullCharts, BC-40-310, "Alerts settings strategy", offers some thoughts for how best to utilise the Alerts feature in BullCharts, including some suggestions for the default Alerts settings. Also see Article BC-40-300, "Alerts and the Alert Manager".

BullCharts Alerts feature recap

The BullCharts charting software includes an Alert feature which allows the following alerts to be placed on a price chart:

- Breakout alert (price level alert) — So that an alert is triggered when the share price moves above this level (or below this level).
- Trend failure (*Alert Trend Line*) — Much like a sloping trend line, can be placed above the price action in a downtrend situation, and the alert is triggered when price moves above the line (or place it below an uptrend to trigger when price breaks below the trend line).
- Horizontal line on volume — The alerts can also be placed on the volume pane, to alert when a high-volume day (or week) occurs (both a regular horizontal alert and a sloping alert line).

This is not an exhaustive list, as there are other possible uses for the BullCharts Alerts feature. The notes and price charts below show realistic examples of utilising this feature to be alerted to specific price (or volume) conditions. Some suggested settings for Alert Line Style (colour and line type) are also offered below.



Figure 1: Amadeus Energy stuck in congestion for years.

* — Brainy's eBook (PDF) Articles are only available to **Share Market Toolbox** members.
Visit www.robertbrain.com/articles/ for more information.

The first page of every article is free, and some of the articles are completely free (eg. shorter ones and Table of Contents).



Brainy's eBook (PDF) Articles

This article
is NOT free*

Unfortunately,
the remaining pages of this article
are not available for free.

Some of the eBook Articles are available for free,
including the Table of Contents pages,
and the Introduction and Overview pages.

These articles take a lot of time, experience,
knowledge and expertise to compile.

However, there is some good news.

You can subscribe as a Toolbox MEMBER
and have unlimited access to all Articles,
plus a whole lot more.

Visit: www.robertbrain.com

Robert writes and updates Articles on three topics:

- ✓ Share Trading & Investing
- ✓ Technical Analysis
- ✓ BullCharts (charting software)

See a list of Articles in the free section of the Toolbox:
www.robertbrain.com/members-area/articles.html
(the green shaded articles are free)

* — Brainy's eBook (PDF) Articles are only available to **Share Market Toolbox** members.
Visit www.robertbrain.com/articles/ for more information.
The first page of every article is free, and some of the articles are completely free (eg. shorter ones and Table of Contents).