



# Brainy's Articles on Technical Analysis

## Price charts, time periods

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### Introduction

This article in Brainy's series on Technical Analysis (number TA-2100) provides an introduction to share market *price charts*, including discussion on some of the different chart types (eg. line, OHLC bar, candlestick) and the various time periods that you might encounter (eg. daily, weekly, monthly, quarterly). The volume pane of the price chart is also discussed, as well as the optional chart pane that shows the number of trades in the period. The article also helps to explain why it is so useful to be able to understand the information in the price charts. Note that the article number **TA-3100**, "**Price charts in detail**", provides further information on *price charts*.

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Why are price charts so useful? Why is it that we can look at many price different charts of stocks and notice that the share price often swings back and forth between specific price levels? — As shown in the sample chart in Figure 1 at right. The answer to this is to do with the opinions of the market participants, and is discussed in the earlier Article **TA-2000**, "**Technical Analysis — Introduction**".

### Overview

Firstly, it is important to understand that the shares in a listed company might be traded several times each day. In which case, the first *trade* of the day marks the *open* price for the day. Likewise, the last trade of the day marks the *close* price for the day. During the day, a certain number of shares will have changed hands (the daily *volume*), and the total number of transactions for the day will be recorded (the number of *trades*).

Where trades have taken place, the following share price details are captured and widely available for each trading day:

- Open — the first sale price of the day.
- High — the highest price during the day.
- Low — the lowest price during the day.
- Close — the last sale price at the end of the day.
- Volume — the actual number of shares traded during the day.
- Trades — the number of buy/sell transactions that were executed (for some stocks there are no trades on some days, and for others there are thousands).



Figure 1: Why does the share price swing between specific price levels?

The above information items can easily be shown graphically on the price chart. Some chart types show more of this information than others, and some chart types show the same details, but in a different way. If there were no trades in any trading day, then these values will be zero for the day.

All this, and more, is explained in the following pages.

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