WHAT IS A TREND?

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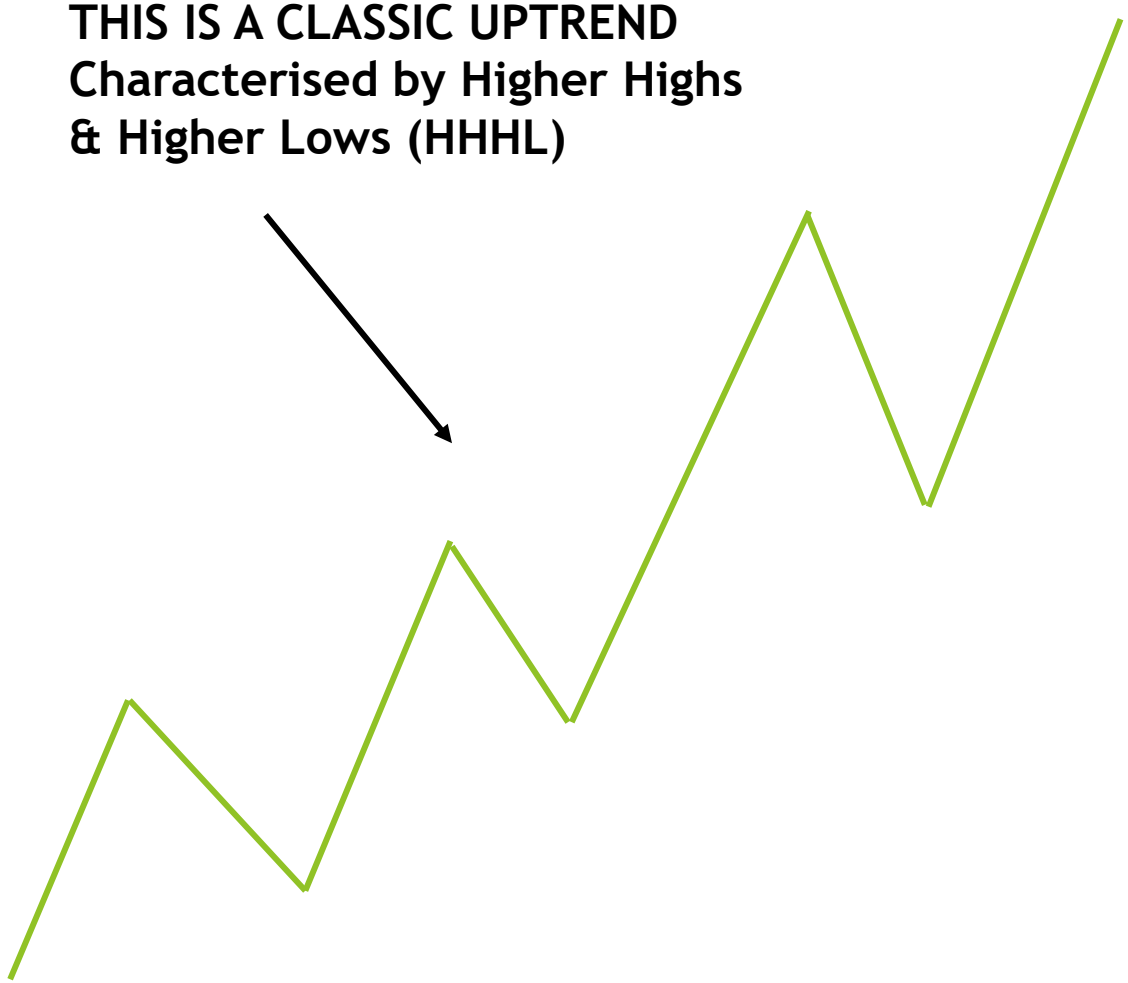
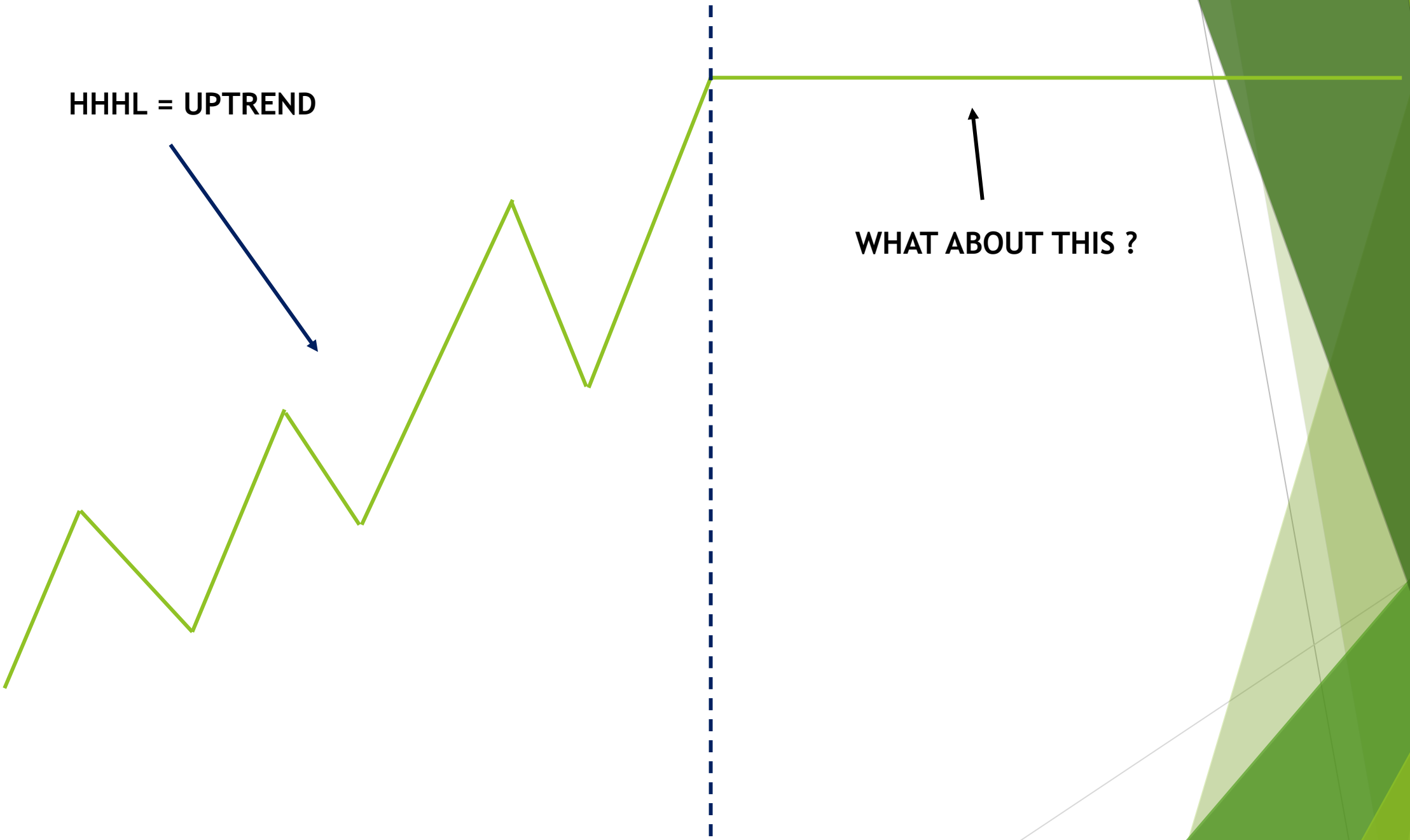
BullCharts User Group

Tuesday 16th March 2021

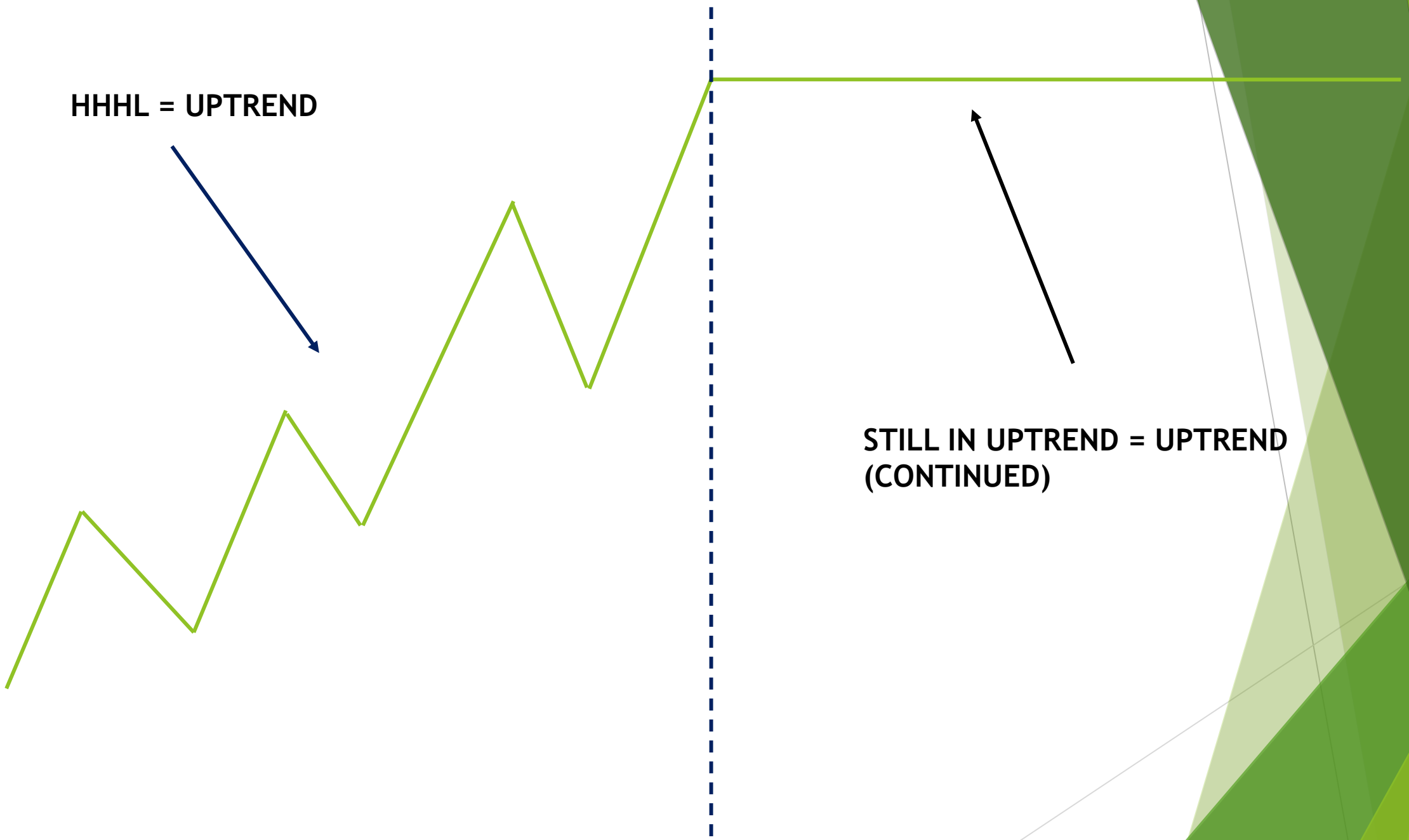
WHAT IS THIS?

THIS IS A CLASSIC UPTREND
Characterised by Higher Highs & Higher Lows (HHHL)



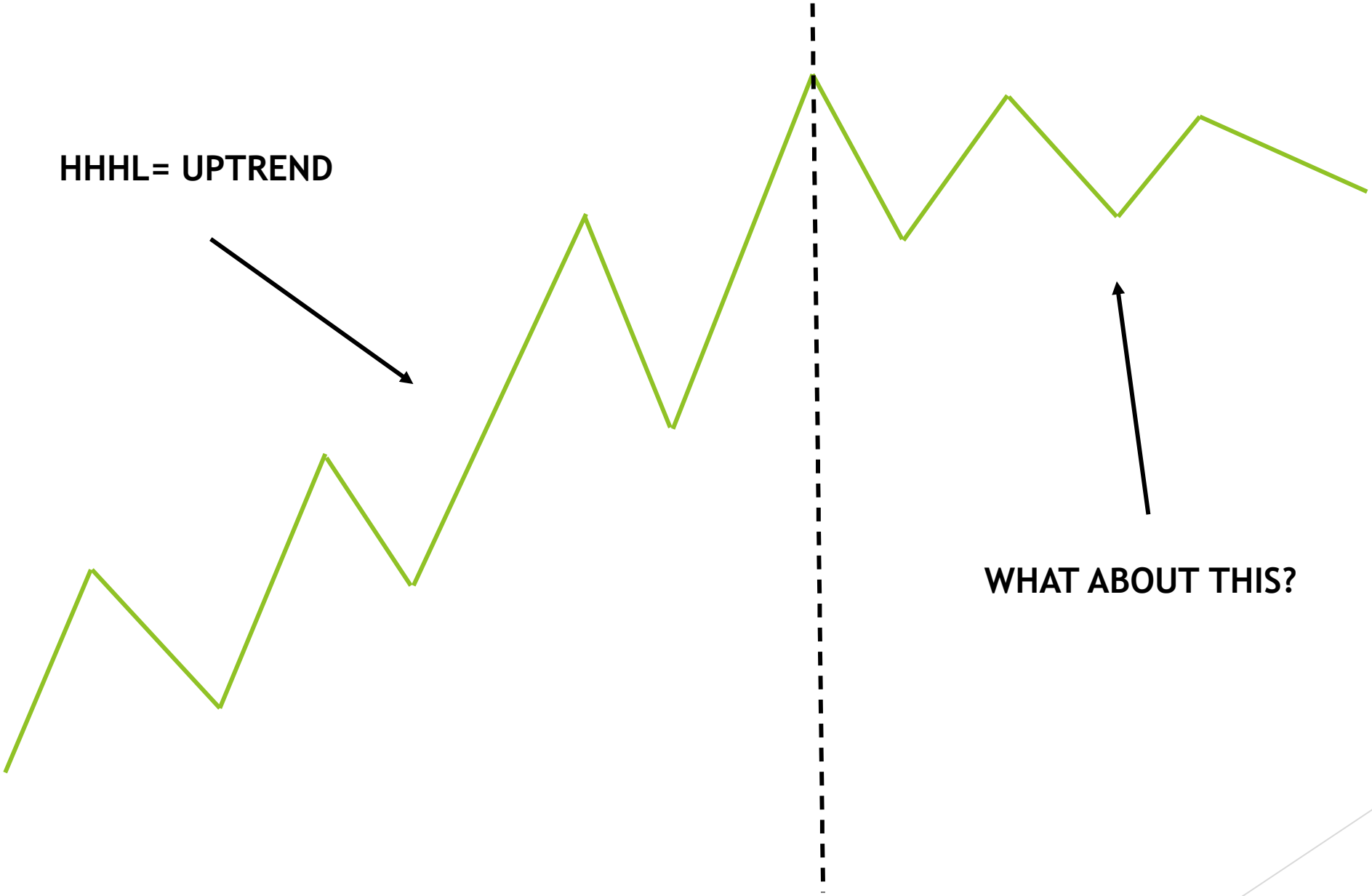

HHHL = UPTREND
WHAT ABOUT THIS ?

HHHL = UPTREND



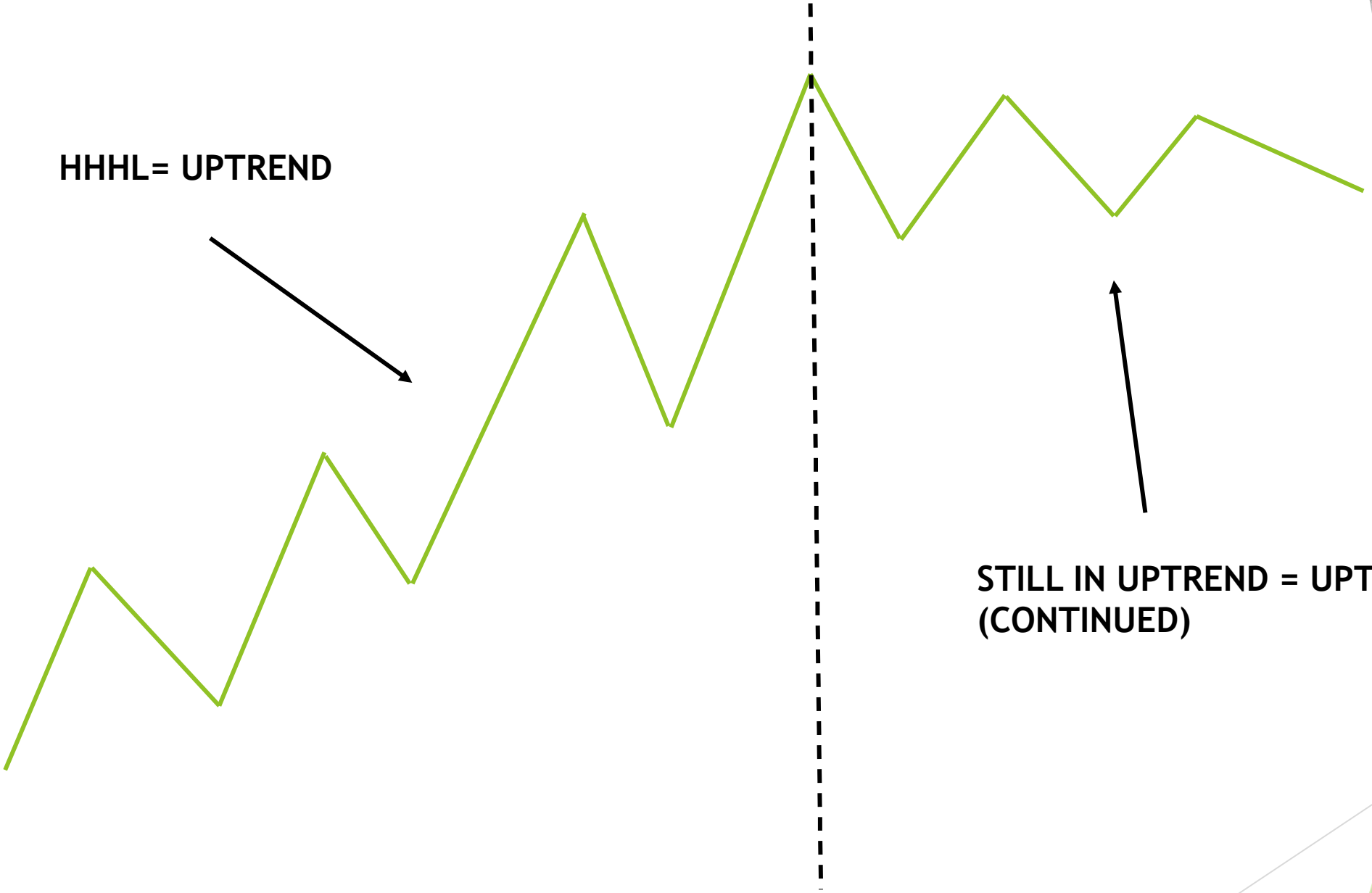
STILL IN UPTREND = UPTREND (CONTINUED)

HHHL= UPTREND

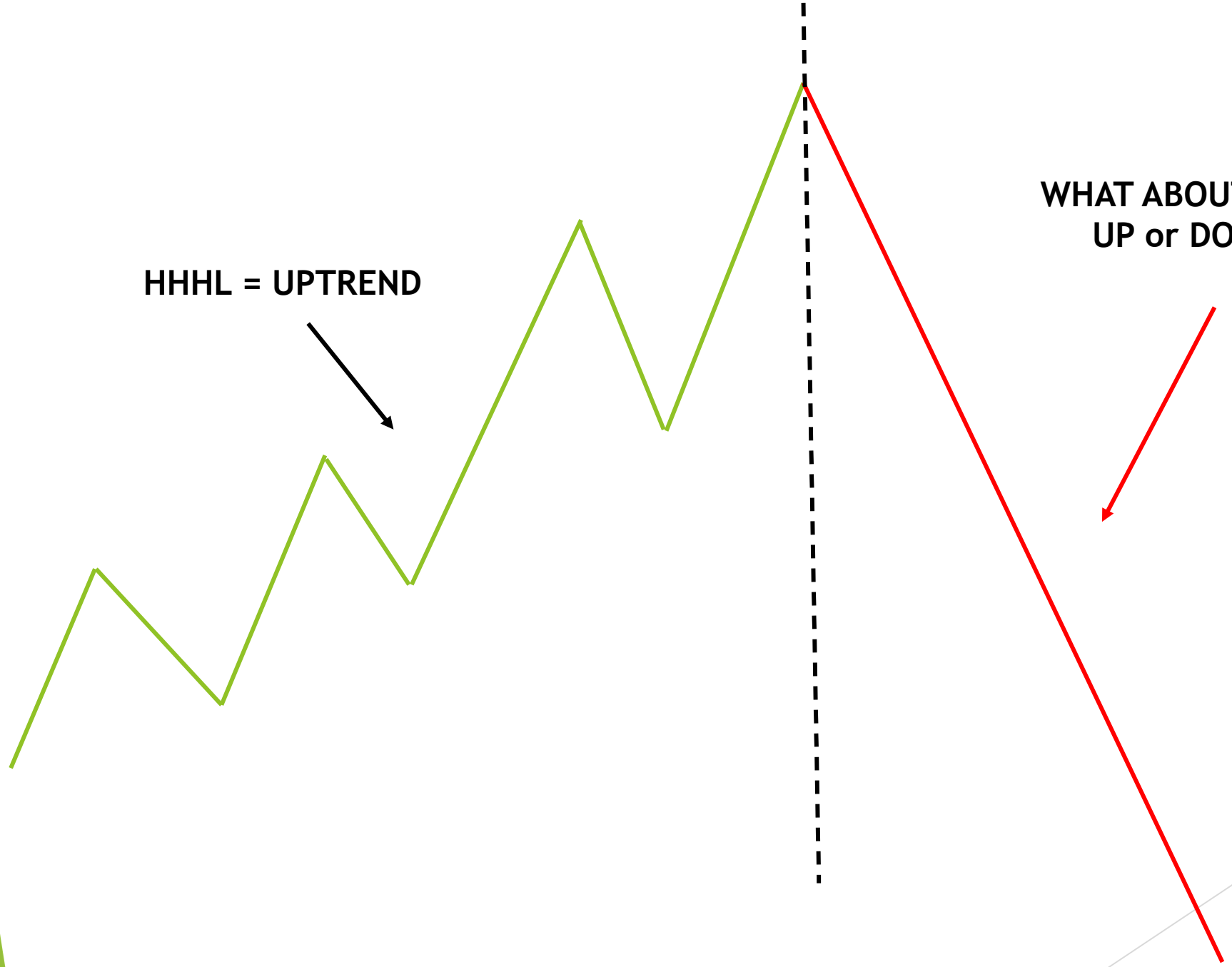


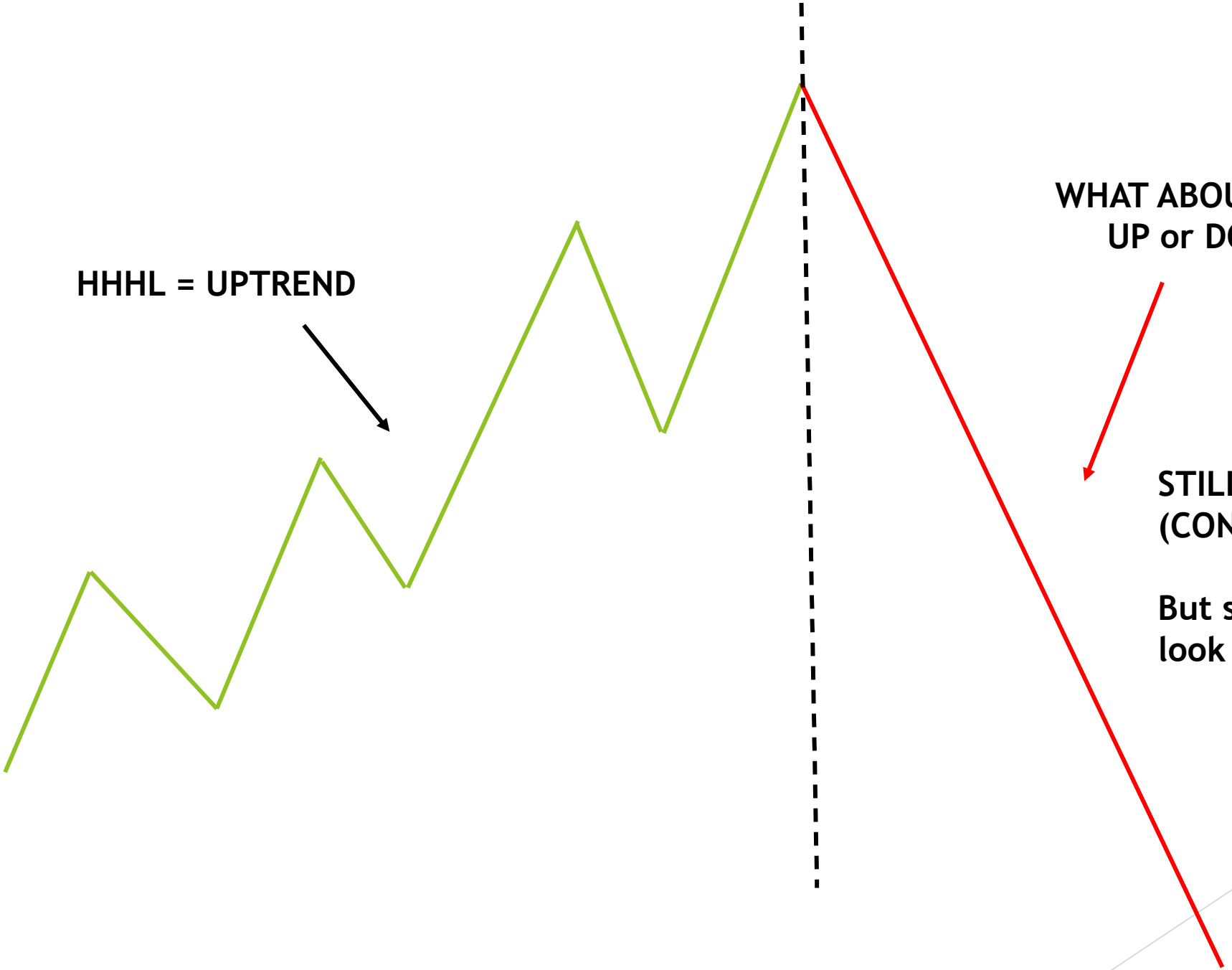
WHAT ABOUT THIS?

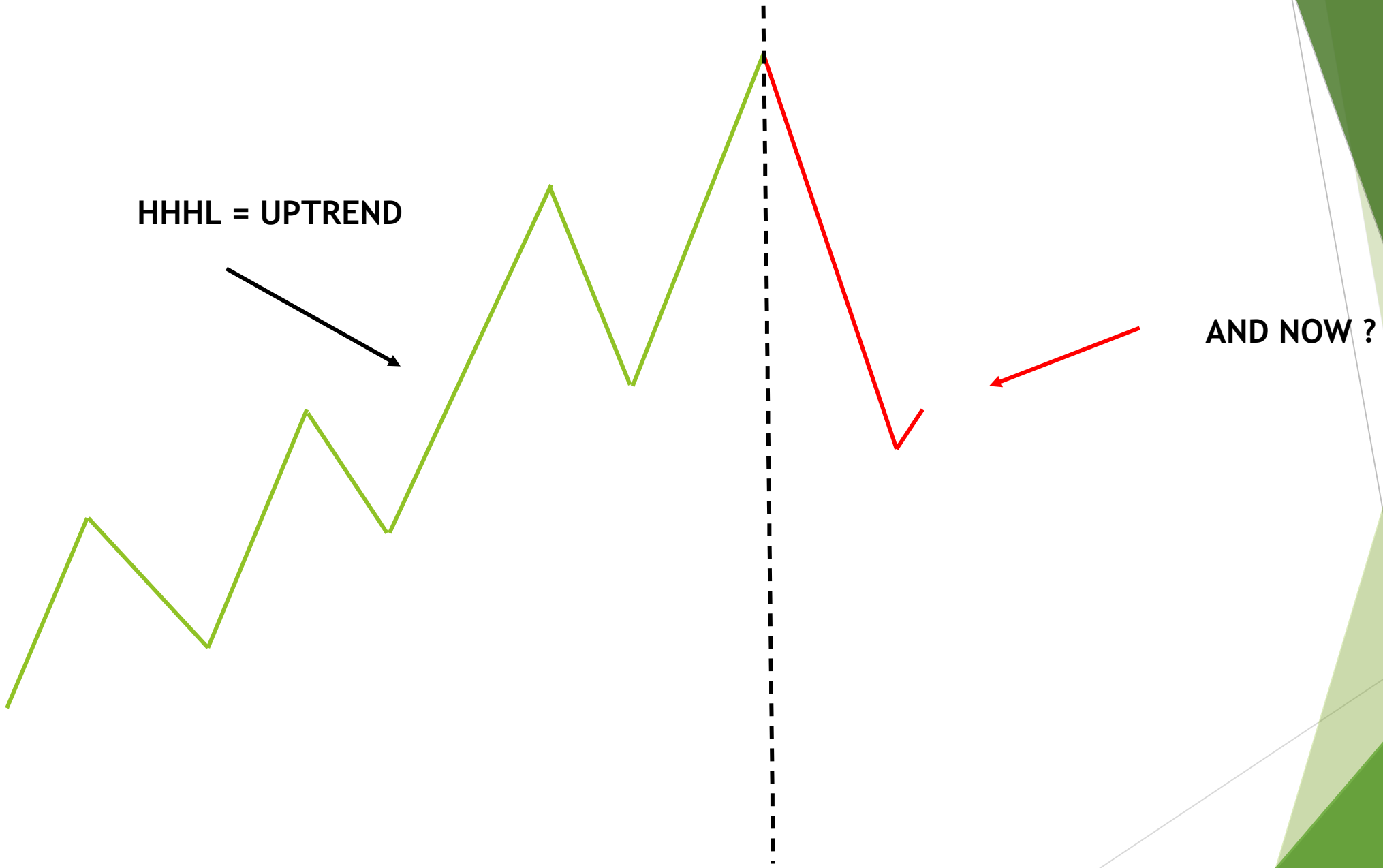
HHHL= UPTREND

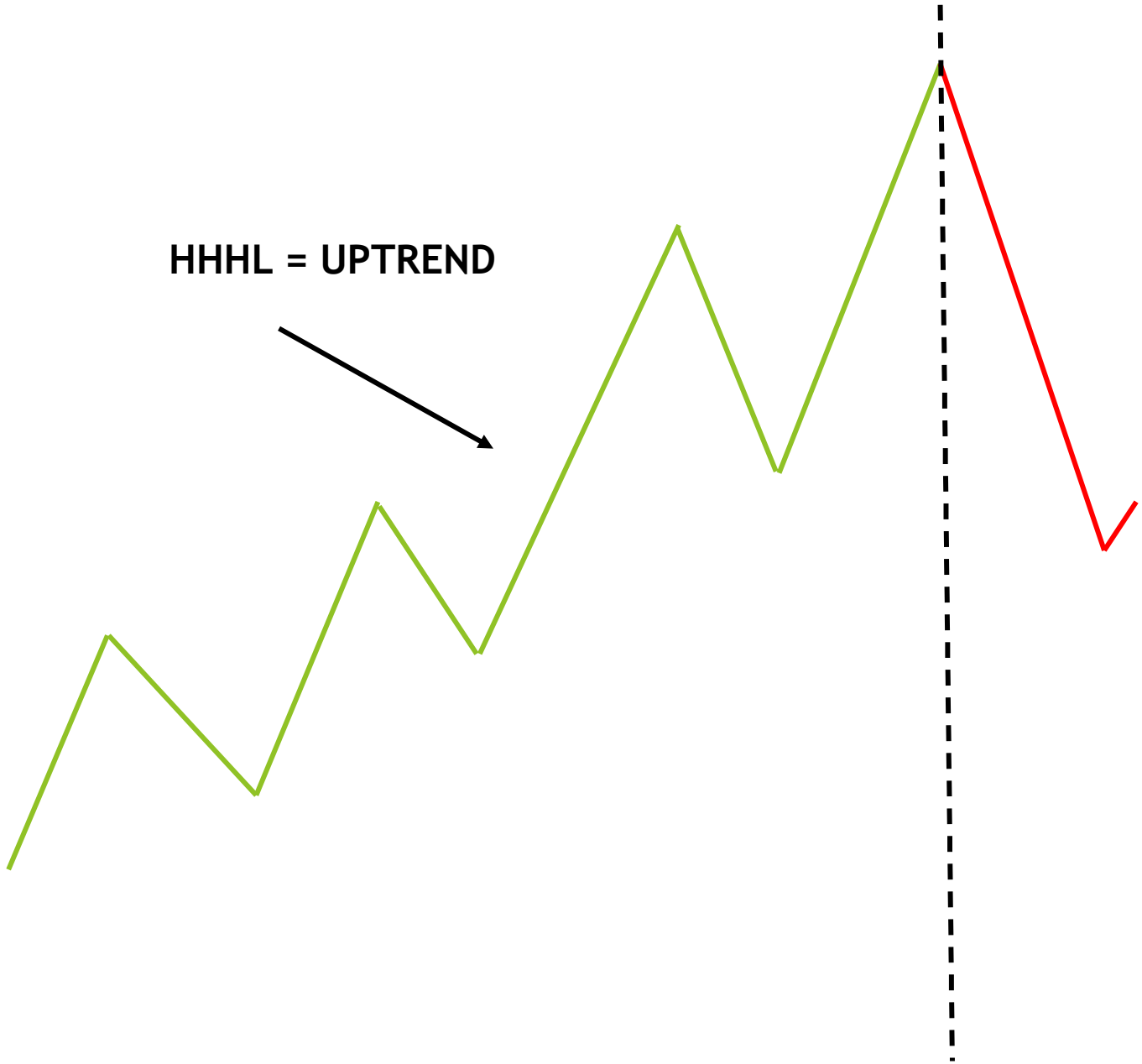


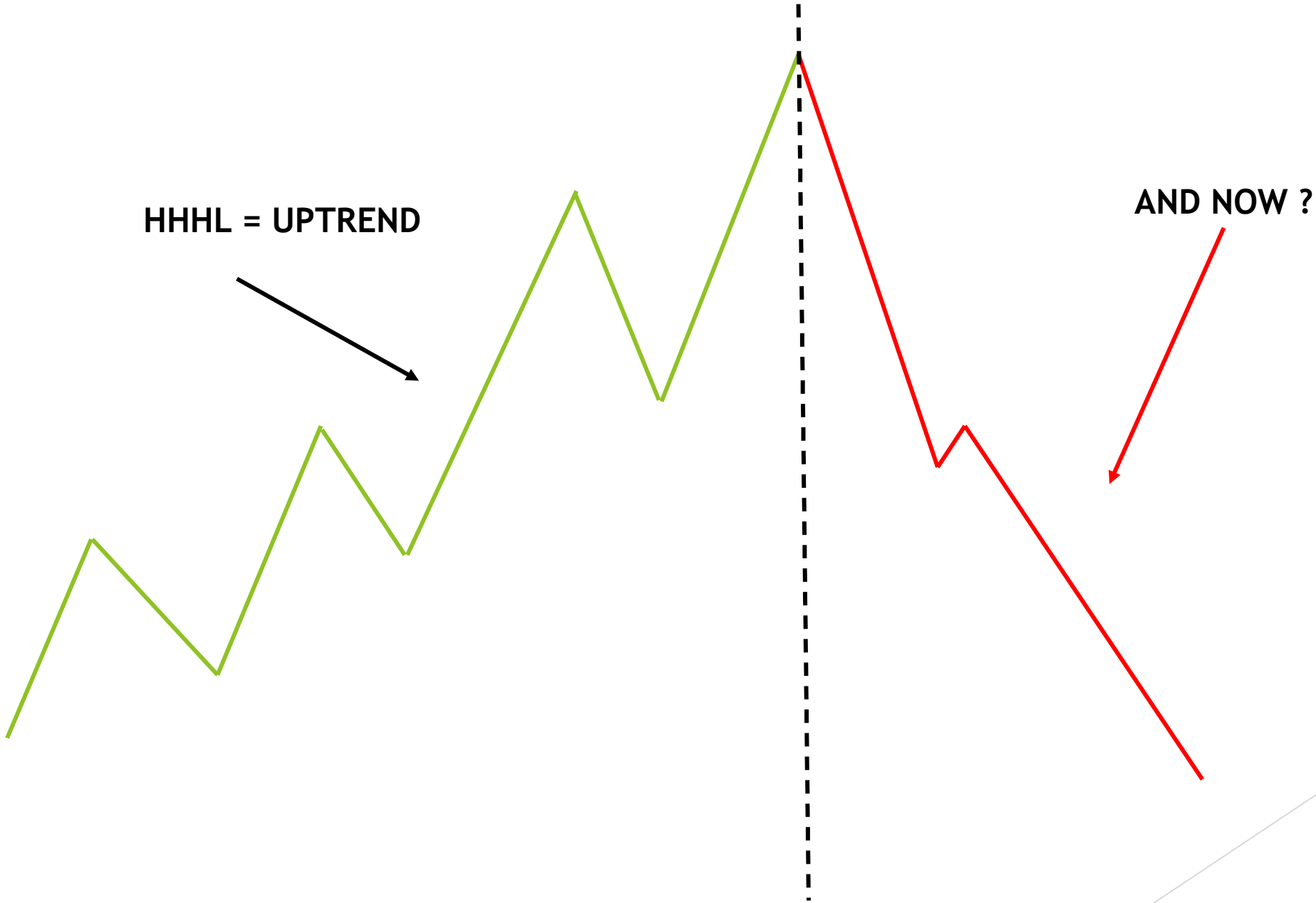
STILL IN UPTREND = UPTREND (CONTINUED)

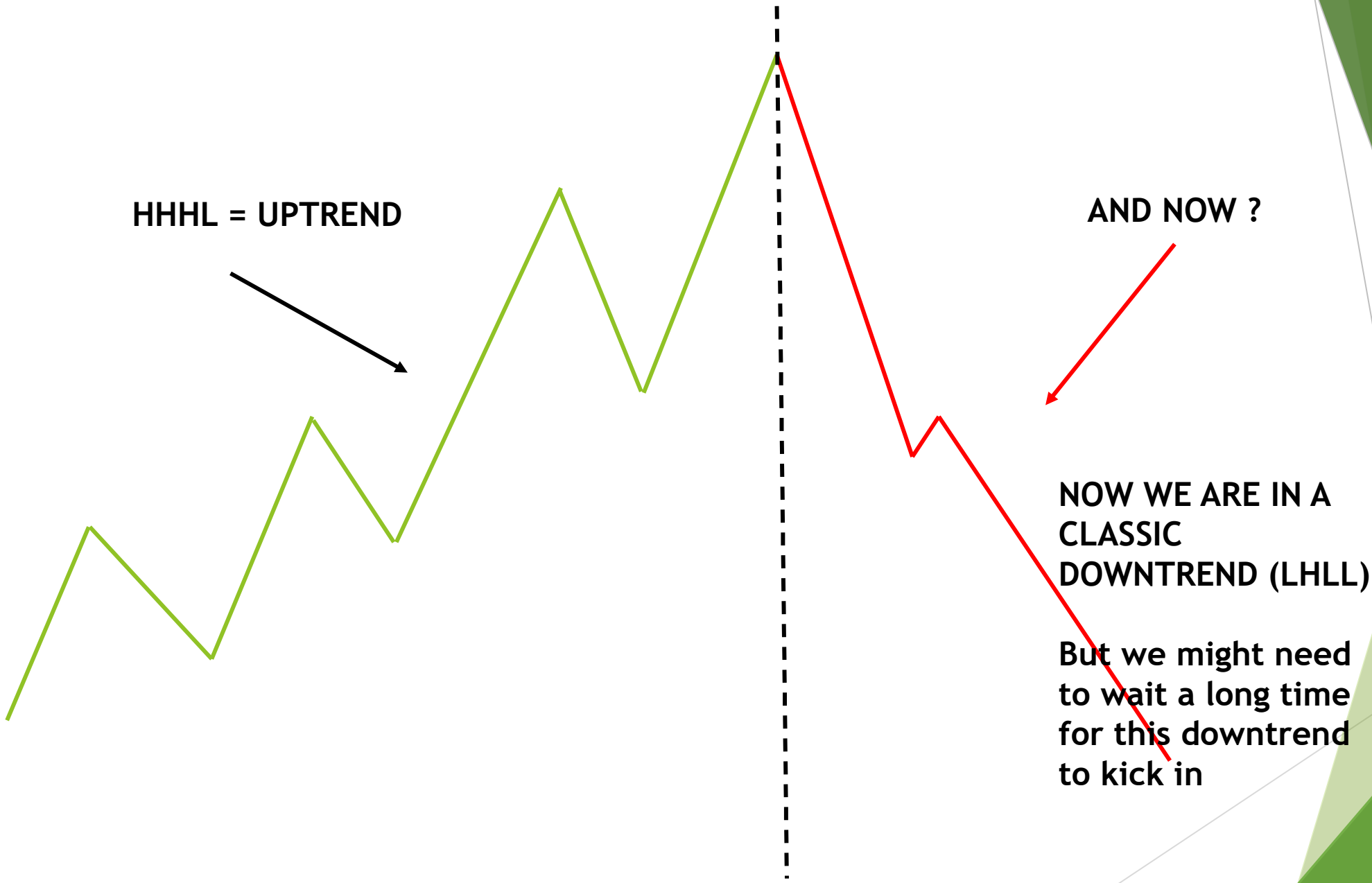

HHHL = UPTREND
WHAT ABOUT THIS -
UP or DOWN?


HHHL = UPTREND
WHAT ABOUT THIS
UP or DOWN?
STILL IN UPTREND
(CONTINUED)
But somehow doesn't
look quite right


HHHL = UPTREND
AND NOW ?


HHHL = UPTREND
AND NOW ?
STILL IN UPTREND
(CONTINUED)


HHHL = UPTREND
AND NOW ?


HHHL = UPTREND
AND NOW ?
NOW WE ARE IN A CLASSIC DOWNTREND (LHLL)
But we might need to wait a long time for this downtrend to kick in

SO WHAT?

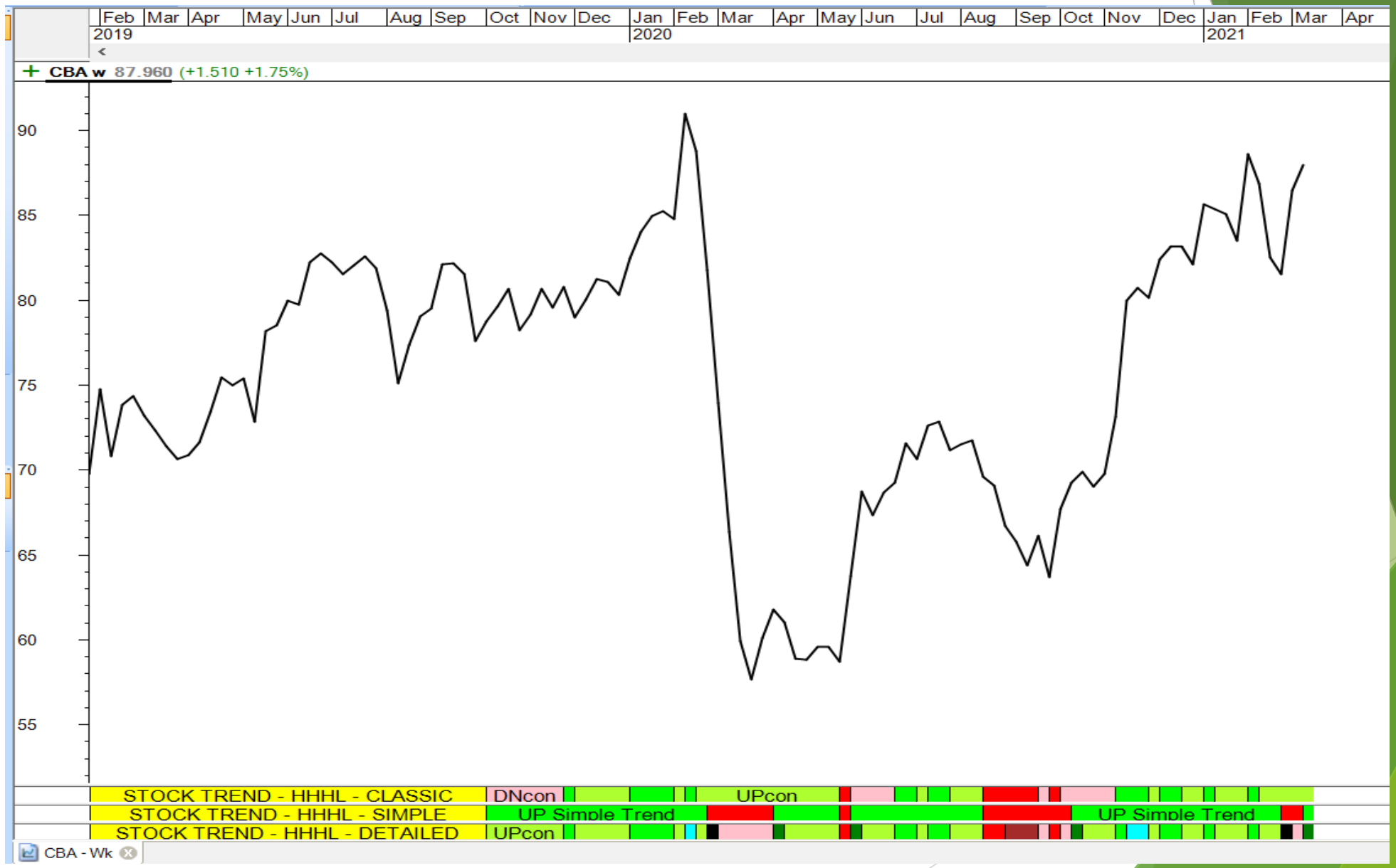
- Does it really matter?
- Does it happen often?
- Is it substantial or just little blips on the trend chart?
- See real world examples

REAL WORLD EXAMPLES - Feb 2020

WHAT TO DO?

- Sometimes the Classic HHHL is VERY late to change its status and may therefore misrepresent the state of the trend because it needs an extra “kink” to force the change in the HHHL status.
- Determine Trend has changed when a sufficiently large price movement has taken place (UP & DOWN) – (i.e. - introduce an artificial “kink”)
- Your choice – I use 7% for a stock (weekly) – less for an Index (set by parameter)
- Timeframe – weekly vs daily – what % to use
- Overrides classic HHHL structure
- Apply in both breakaway UP & DOWN situations
- Gives a much more rational picture
- Display as ribbon – choose whichever version you like
  - CLASSIC / SIMPLE / DETAILED

EXAMPLE - CBA


Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr
2019
2020
2021
CBA w 87.960 (+1.510 +1.75%)
90
85
80
75
70
65
60
55
STOCK TREND - HHHL - CLASSIC
DNcon
UPcon
STOCK TREND - HHHL - SIMPLE
UP Simple Trend
UP Simple Trend
STOCK TREND - HHHL - DETAILED
UPcon
CBA - Wk

TREND IS CLEAR IRRESPECTIVE OF CHART TYPE

QUESTIONS

- BullChart code freely available
- Contact des@bleakley.com.au

Description

Input parameters

Decide Runaway limits

Find Highs & Lows

Classic UP/DOWN?

Runaway?

Previous Trend Continues?

Colour Ribbon Appropriately

```
[description=HH & LL TREND RIBBON - COMES IN THREE VARIANTS (set by parameter)
D - DISPLAY DETAILED TREND CHANGES
C - USE CLASSIC HH & HL
S - SIMPLE UP or DOWN ONLY.
DETAILED AND SIMPLE INCLUDES CODE TO CHANGE TREND WHEN RUNAWAY UP OR DOWN OCCURS.
DEFAULT IS SIMPLE AND RUNAWAY DEFAULTS TO 7%.

COLOURS

RED (DOWN Trend started)
PINK (DOWN Trend continued)
LIME GREEN (UP Trend Started)
YELLOW GREEN (UP Trend continued)
BLACK (UP Trend broken by x%)
DARK GREEN (DOWN Trend broken by x%)
CYAN BLUE (DOWN Trend broken by x% AND UP Trend started).

LAST MODIFIED 9 MAR MMXX1 ;author=Bleakley, Des];

num_bars_displayed := input("BARS  TO DISPLAY (0=ALL)",75,0,1000);
display_bars := if(num_bars_displayed=0, TRUE, barnumber > lastvalue(barnumber) - num_bars_displayed);
display_type := inputtext("CLASSIC C, SIMPLE S, DETAILED D", "S");
runaway_ratio_pc := input("RUNAWAY % ",7 ,0,100);
display_C := display_type = "C" OR display_type = "c";
display_D := display_type = "D" OR display_type = "d";
display_S := NOT (display_C OR display_D);

{    ****    SET RUNAWAY VALUES FROM INPUT PARAMETER    ****    }

runaway_up_ratio := (100+runaway_ratio_pc)/100;
runaway_down_ratio := (100-runaway_ratio_pc)/100;
earlybar := barnumber<10;

{    **** FIND LAST TWO HIGHS & TWO LOWS (last & previous)    ****    }

high_point_plus1 := hist(close,2)<hist(close,1) AND hist(close,1)>close;
close_last_high_point := valuewhen(1,high_point_plus1, hist(CLOSE,1)) ;
close_previous_high_point := valuewhen(2,high_point_plus1, hist(CLOSE,1)) ;

low_point_plus1 := hist(close,2)>hist(close,1) AND hist(close,1)<close;
close_last_low_point := valuewhen(1,low_point_plus1, hist(CLOSE,1)) ;
close_previous_low_point := valuewhen(2,low_point_plus1, hist(CLOSE,1)) ;

{    ****    DECIDE IF WE ARE HH & HL (UPTREND) OR LH & LL (DOWNTREND)    ****    }

highs_going_down := close_previous_high_point > close_last_high_point;
lows_going_up := close_previous_low_point < close_last_low_point;
close_higher_than_last_high_point := close_last_high_point < close;
close_lower_than_last_low_point := close_last_low_point > close;

{    ****    DECIDE IF WE ARE IN A RUNAWAY TURNAROUND    ****    }

runaway_up := if(display_C, FALSE, close > close_last_low_point*runaway_up_ratio AND CLOSE > hist(CLOSE,1));
runaway_down := if(display_C, FALSE, close < close_last_high_point*runaway_down_ratio AND CLOSE < hist(CLOSE,1));

{    ****    ARE WE IN UP OR DOWN TREND & DOES IT CONTINUE?    ****    }

UPTR := if(earlybar,FALSE,if( (lows_going_up AND close_higher_than_last_high_point) , TRUE, FALSE));
DNTR := if(earlybar,TRUE,if( (highs_going_down AND close_lower_than_last_low_point) , TRUE,FALSE));
UP_TREND_CONTINUED := if(earlybar,FALSE,if(UPTR OR runaway_up,TRUE,if(DNTR OR runaway_down,FALSE,prev)));
DN_TREND_CONTINUED := if(earlybar,TRUE,if(DNTR OR runaway_down,TRUE,if(UPTR OR runaway_up ,FALSE,prev)));

{    ****    DISPLAY COLOURED RIBBONS    ****    }

[TARGET=RIBBON];
[name=STOCK TREND - HHHL - CLASSIC;color=yellow;]display_C AND NOT display_bars;
[name=STOCK TREND - HHHL - DETAILED;color=yellow;]display_D AND NOT display_bars;
[name=STOCK TREND - HHHL - SIMPLE;color=yellow;]display_S AND NOT display_bars;
[name=UP Classic;color=lime;]display_C AND UPTR;
[name=DN Classic;color=red;]display_C AND DNTR;
[name=UP Simple Trend;color=lime;]display_S AND UP_TREND_CONTINUED;
[name=DN Simple Trend;color=red;]display_S AND DN_TREND_CONTINUED;
[name=UPboth;color=cyan;]display_D AND UPTR AND runaway_up;
[name=DNboth;color=brown;]display_D AND DNTR AND runaway_down;
[name=UPrun;color=green;]display_D AND runaway_up AND NOT hist(runaway_up,1) AND hist(DN_TREND_CONTINUED,1);
[name=DNrun;color=black;]display_D AND runaway_down AND NOT hist(runaway_down,1) AND hist(UP_TREND_CONTINUED,1);
[name=UP Trend;color=lime;]display_D AND UPTR;
[name=DN trend;color=red;]display_D AND DNTR;
[name=UPcon;color=green yellow;]UP_TREND_CONTINUED;
[name=DNcon;color=pink;]DN_TREND_CONTINUED;
[name=ERR;color= yellow;]TRUE;
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