

# Ranking stocks by "performance"



**Brainy's Share Market Toolbox**

## Ranking stocks

How to rank a list of stocks by "performance"?

June 2014

*"The share market can seem mystical and almost like black magic, but with the right support and assistance, it just seems like magic."*  
**Robert Brain**



© Copyright 2014, Robert B. Brain, Brainy's Share Market Toolbox — [www.rbbbrain.com](http://www.rbbbrain.com)

---

---

---

---

---

---

---

---



**Introduction**

## Ranking stocks

**We have a list of stocks that we could invest in.**

**But we can't invest in all of them at this time (eg. not enough funds).**

**So, how to choose which one(s)?**

**How can we "rank" them?**

1

---

---

---

---

---

---

---

---



**Introduction**

## Long-term investors...

Might utilise fundamentals like:

- PE (historic PE or forward PE?)
- ROI, ROE, TSR
- EPS
- CAGR (Compound Annual Growth Rate)
- etcetera...

**But are these helpful?**

**And all investors are not the same!**

1

---

---

---

---


---

---

---

---

# Ranking stocks by "performance"

 Introduction

## Dependencies

Our choice can depend on:

- Our objectives:
  - Aggressive?
  - Conservative?
- Short or long term?
  - Weeks
  - Months
  - Years

But:

- How much time to commit each week?
- Are dividends important for income? or are they a distraction?

4

---

---

---


---

---

---

---

---

 Introduction

## What about shorter-term investors?

What tools or methods, or ideas might shorter-term investors use?

4

---

---

---


---

---

---

---


---

 Introduction

## How to measure stock "performance"?

How can we measure stock "performance" to make sure that we maximise our returns?

Note:  
not company performance;  
but stock performance



---

---

---

---

---

---

---

---

# Ranking stocks by "performance"

**Introduction**

Interactive...

- Please ask questions.
- Let's discuss details.
- Price charts prepared using BullCharts software.



[www.bullcharts.com.au](http://www.bullcharts.com.au)

*Every chart tells a story.  
Understand the story in the chart.*

---

---

---

---

---

---

---



---

**Introduction**

About... Robert Brain

**Nimble Short term Investor**  
consultant, educator and part-time\* share trader  
web-based sharemarket-support business

- Many years experience as trainer, presenter, conference facilitator (Scouts)
- Share Market – active 15+ years\* (slowly at first)
- Chartist ie. technical analyst (ATAA member and national director)
- Provide support and tuition to traders and investors  
*Brainy's Share Market Toolbox*
- Member Mensa
- Engineering Degree (structured thinking with an eye for charts and diagrams)
- 30+ years – professional experience (IT and management)
- Do not hold AFS license! (Can't give advice)
- BullCharts software (convener Australian BullCharts User Group and authorised reseller with special pricing)



\* Not yet enough capital to live off the proceeds of trading (after trading as a hobby until a career change in 2008)

**Conflict of Interest**

---

---

---

---

---

---



---

---

**Introduction**

**Important Notice — No Advice!**

- This presentation does not include any advice.
- For proper advice, your personal financial situation needs to be considered.
- This presentation is pure education, only for your general awareness.
- There are no recommendations to take any action, or to invest any money in any way.
- Always consult a properly licensed advisor before making investment decisions.



---

---

---

---

---

---

---

---


# Ranking stocks by "performance"

**Introduction**

Important Notice



advice



---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

Today's market

**Some home truths:**

- The market index has gone nowhere in 8 years!
- But the market index has rallied 2012-2014 (37% since Sept 2011)
- Some stocks perform... sometimes
- Can't rely on blue chips
- Dividends are great
- Capital improvement can be realised with careful stock-picking.

© Copyright 2014 Robert B Brain - Wealthy Share Market Traders - [www.wsttraders.com](http://www.wsttraders.com)

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

One approach

One approach to today's tough market conditions:

- Ignore the longer term
- Focus on short to medium term (weeks to months)
- Focus on capital returns from improved share prices (maximise profits, minimise losses)
- Take dividends (by all means); but don't get carried away chasing dividends.

© Copyright 2014 Robert B Brain - Wealthy Share Market Traders - [www.wsttraders.com](http://www.wsttraders.com)

---

---

---

---

---

---

---

---

# Ranking stocks by "performance"

**Ranking stocks by "performance"**

Careful money management

- Quit losses quickly to keep them small
- Let profits run

Then:

- The wins can be large, and
- the losses can be small

(remember the Win/Loss Ratio...)

© Copyright 2014 Robert B. Brain - Brain's Stock Market Tracker - www.braint.com

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

How to identify stock "performance"?

**Would we like to spot price performers like the following charts...?**

© Copyright 2014 Robert B. Brain - Brain's Stock Market Tracker - www.braint.com

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

© Copyright 2014 Robert B. Brain - Brain's Stock Market Tracker - www.braint.com

---

---

---

---

---

---

---

---

# Ranking stocks by "performance"



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

# Ranking stocks by "performance"



---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

### Ranking stocks by "performance"

How to identify "performance"?

**Would we like to spot price performers like these?**

© Copyright 2014 Robert B Brain

---

---

---

---

---

---

---

---



# Ranking stocks by "performance"

 **Ranking stocks by "performance"**

### Achievable? or selective?

- The sceptics amongst us will think that those charts are carefully selected with hindsight — and anyone can do this
- **BUT-**  
They are based on a selection strategy which relies on a rising price trend (uptrend)

***How to compare stock performance in an uptrend?***

© Copyright 2014 Robert B. Brain — Brainy's Share Market Notebook — [www.brainysharemarket.com](http://www.brainysharemarket.com)  23

---

---

---

---

---

---

---

---

 **Ranking stocks by "performance"**

### How to quantify price increase

- There are many ways to quantify share price increase over time
- Some methods are subjective
- For shorter-term investing, we could quantify "performance" as the amount of share price increase over a specific time period (eg. over 5 weeks).
- And consider as a "percentage".

© Copyright 2014 Robert B. Brain — Brainy's Share Market Notebook — [www.brainysharemarket.com](http://www.brainysharemarket.com)  24

---

---

---

---

---

---

---

---

 **Ranking stocks by "performance"**

### How to quantify price increase

The change in share price divided by the number of "bars" (ie. the "slope" or gradient on a price chart)

expressed as percentage (ie. divide by original price).

© Copyright 2014 Robert B. Brain — Brainy's Share Market Notebook — [www.brainysharemarket.com](http://www.brainysharemarket.com)  25

---

---

---

---

---

---

---

---




# Ranking stocks by "performance"

**Ranking stocks by "performance"**

**Problem — price is volatile**

- Because the price is volatile, the percentage change in price can be a different amount by adjusting the time period by just a couple of bars.
- So, use a **Moving Average!** and quantify the "percentage price increase" of the Moving Average.

*For example...*



© Copyright 2014 Robert B. Brain - Analyst's Stock Market Tracker - www.stockmarket.com 26

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**



Remember this chart a few minutes ago?

0.501  
46.05%

24 bars  
24 weeks

Let's add two MAs...

© Copyright 2014 Robert B. Brain - Analyst's Stock Market Tracker - www.stockmarket.com 27

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**



Weekly chart

Two EMAs turned upwards

resistance level

downtrend

uptrend

15 week EMA

30 week EMA

Trend Rule:  
Cross: 1.354  
Date: 1A062014  
Start: 3Q122013 at 1.305  
End: 1A062014 at 1.396

Bars: 24  
Change: 0.091  
% Change: 66.05 %  
Slope: -0.0253/bar  
% Annual Change: 127.22 %  
Slope: 13.07

---

---

---

---

---

---

---

---

# Ranking stocks by "performance"




---

---

---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---

---

---





# Ranking stocks by "performance"




---

---

---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---

---

---



# Ranking stocks by "performance"




---

---

---

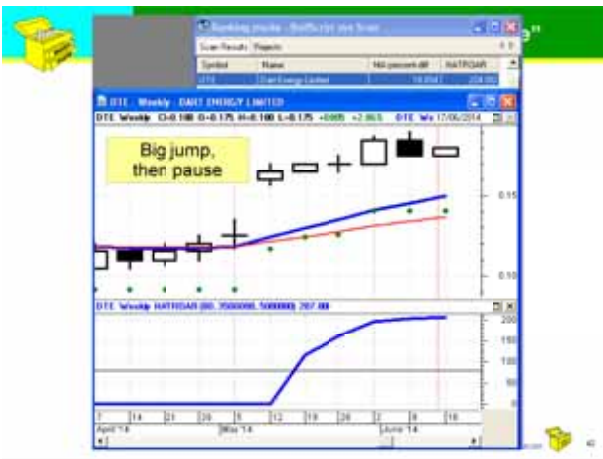
---

---

---

---

---




---

---

---

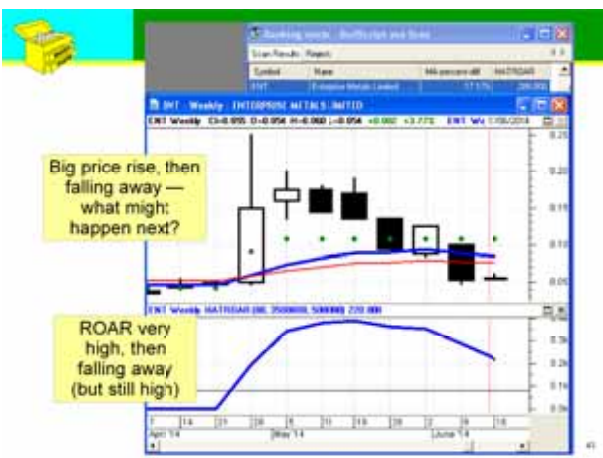
---

---

---

---

---




---

---

---

---

---

---

---

---

# Ranking stocks by "performance"




---

---

---

---

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

**Quantify performance?**

So, can we quantify share price performance so that one stock can be compared to another?

Yes, using:

- Moving Average, and the change in MA over time
- Chart indicators — eg. RDAR.

© Copyright 2014 Robert B Brain - Brain's Share Market Toolkit - 080 227 0700

---

---

---

---

---

---

---

---

---

---

---

---

**Ranking stocks by "performance"**

**Can we scan for stocks then rank?**

Yes, it is possible to scan for stocks that meet criteria (such as share price increase), and:-

- Quantify the price performance, and
- Sort the list of stocks by performance.

Symbol	Name	Share Price	RDAR
TCS	Telcel Mexico Ltd	80.000	240.000
THO	THO Limited	25.000	200.000
PMW	Prime Wireless Limited	18.950	0.000
OSI	OSI Limited	14.810	240.000
TUS	Targa Resources Ltd	19.400	270.000
IGG	IGG Energy Mining Limited	22.200	0.000
WIP	Wipacera And Investment NL	12.700	100.000
OTE	Oran Energy Limited	18.000	200.000
ENI	Eniropia Metals Limited	17.170	200.000
WTC	Wireless Wireless Limited	16.000	100.000
WCL	Wireless Corporation Limited	16.250	100.000
PAR	Parsons Resources Limited	15.200	170.000
PLA	Parsons Limited	13.400	140.000
SHL	Shenoi Vehicle Limited	12.000	120.000
AGA	Agula Resources Limited	12.140	147.000

© Copyright 2014 Robert B Brain - Brain's Share Market Toolkit - 080 227 0700

---

---

---

---

---

---

---

---

---

---

---

---



# Ranking stocks by "performance"

 **Ranking stocks by "performance"**

### Conclusion — AND / BUT

It is possible, BUT:

- Not all "hits" are good prospects
- It is very useful to view the price chart before making a decision
- If we could write some carefully worded "decision criteria", then we can remove some guesswork.

*Every chart tells a story. Understand the story in the chart.*

© Copyright 2014 Robert B Brain - All Rights Reserved. Robert B Brain - robertbbrain.com



---

---

---

---

---

---

---

---

 **Summary & Wrap up**

### Technical Analysis Seminar

- "Share Market Price Charts — Unlocking the Secrets"
- Saturday 28 June,
- Vermont South Community House
- \$195 per person includes:
  - 100+ page handbook
  - light lunch
- 10am to 4:30pm

Free car parking, usually small group

More: [www.robertbbrain.com/shareseminar](http://www.robertbbrain.com/shareseminar)

---

---

---

---

---

---

---

---

 **Summary & Wrap up**

### Q & A ?

**Questions?**

---

---

---

---

---

---

---

---

# Ranking stocks by "performance"

 **Summary & Wrap up**

## Don't forget my Toolbox

- Brainy's **Share Market Toolbox**
  - [www.robertbrain.com](http://www.robertbrain.com)
  - Loads of eBook (PDF) Articles
  - Info: share market, charting, BullCharts
  - Weekly Market Updates and Watch List
  - monthly e-Newsletters
- Good software – BullCharts  
[www.robertbrain.com/bulcharts/](http://www.robertbrain.com/bulcharts/)
- My contact details:  
web site above, or phone: 0438 355 910



---

---

---

---

---

---

---

---

 **Summary & Wrap up**

## THE END

See free stuff here:  
[www.robertbrain.com/free](http://www.robertbrain.com/free)

Thank you.

[www.robertbrain.com](http://www.robertbrain.com)  
or phone: 0438 355 910

---

---

---

---

---

---

---

---