How to Read Stock Trading Charts

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In many ways, traders need to find out how to deal with currency pair coupons, including commodities and other instruments, and the most important and reliable way to follow charts. Traders who use charts are called technical trades and prefer observation tools to find the accuracy and price points when they want to enter the market and stop the market.

With a number of options, traders have to figure out how to go along with trends in forex market pairs also commodities and other instruments, the most important and trusted is to follow the charts. Traders who use charts are called technical traders (Lo et al., 2000; CMT Association, 2023), who prefer to follow charting tools with accuracy to find the peaking trends and price points when they like to enter and exit the market. It is very important to check the forex broker review before trading in any stocks.

Many traders like to follow news sources that provide information on economic growth, interest rates, political situations, and threats. We will guide you in reading price charts and predicting with accuracy. To help you in your financial trading career, we will also outline a few tips to help you get along well with charts as a good trader.

First we like to know what is really a chart is which gives us information. A chart is the depiction of rates of exchanges around the world and the trades happening on financial instruments on a digital graph. The quality of reading chart shows how much you can keep track of it but also helps you to find the developing trend in the graph.

Understanding the Trends

We find a number of data plotted in a particular direction, which allows us to easily find the overall direction of the instrument. Every chart has a graph that is different from others, and it easily shows the trend, while other charts are a bit more complex than others. The trend is a series of peaks and valleys that move in that direction (Murphy, 1999). When you see a “bullish” trend, you are looking at a mounting high and lows, and when you say “bearish,” it means sequences of descending lows and highs.

There is another trend called “sideways,” which is unidirectional in the movement of the market on the graph. This depicts the forces of supply and demand as equal to a single straight line, then a view of valleys and peaks later, which is another sort of market trend. Trends are not only seen by their direction but also by the time duration. There are long, short, and intermediate trends that coexist and could be the same as well as opposite directions and vice versa. They are easily understood as they are based on time and part of the trend line when we look at or read a chart (Brock et al., 1992).

Different Trading Charts

To fully understand the knowledge and clarity of a chart, first and foremost, show the information it brings to trade and traders. When we start online trading, three types of charts are the main types of charts or the most famous. Each chart has its own information level according to the trader or his / her individual skill level:

To fully grasp the knowledge and clarity of any chart, it is necessary to show the information that it brings to trading and traders firsthand. When we start online trading, there are three types of charts, the most famous of which are the following: Each chart has its own level of information according to the trader or his/her individual skill level:

Line Chart

The most basic of the chart is a line chart and pacing position for a newbie trader. This chart represents only a closing price over a period of time and a closing price, which is often considered the valuable data analyzing phase. It is formed by connecting the closing price over the time frame. There is no trading range and information visually for meaning highs and lows and nothing for opening rates.

Bar Chart

Extending the Line Chart, the bar chart contains several data that are added to the chart. It consists of a series of rows that are vertical, and each row represents trading information. It also represents increases and downs in the trading period, as well as the opening and closing prices. The opening and closing prices are shown on each horizontal short wire.

Candlestick Chart

Once you gain overhand in the line and bar charts, you move to the next level, the "candlestick" chart, which is easier to understand than a bar chart. The vertical lines of both charts illustrate the trading period`s price range, and the body of a candle represents different colors to represent the market that changes with the time period (Edwards et al., 2018). "Coloured" and "hollow" elements are called the candlestick body. Long, thin lines above and below the frame represent high or low areas and are known as camels or traces, or shadows. The lines at the top of the body indicate a high and close price, while the bottom of the body indicates a low and low price.

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