

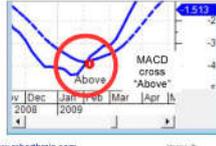
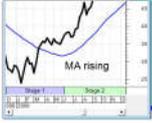
# Ranking stocks using bullish chart indicators



## Ranking stocks using bullish chart indicator features

**Robert Brain**  
November 2017

Price charts summarise the underlying opinions and emotions of the market participants. Every chart tells a story. It pays to understand the stories in the price charts.



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## Introduction

### About this presentation

Wouldn't it be good if we could take a **list of stocks\***, and sort the list with strongest performing stocks (ie. most bullish) at top of the list?

And then invest in these stocks in anticipation of the best price performance?

**BUT HOW??**

\* – ie. your "stocks universe"



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## Introduction

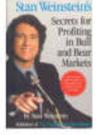
### Use bullish T.A. indicator observations

We could use observations of technical analysis (T.A.) chart indicators such as:

- "Moving Average (MA) rising for consecutive bars", especially if it is below the share price.

We might use a 30 week SMA on weekly chart (à la Stan Weinstein).

This observation is said to be bullish, and can be readily scanned for using charting or trading software.



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# Ranking stocks using bullish chart indicators

**Introduction**

## Use bullish T.A. indicator observations

We could use observations of technical analysis chart indicators such as:

- Moving Average (MA) rising for consecutive bars, especially if it is below the share price.

What other observations?

- MACD crosses "above" when below its own zero line?

Any others?



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**Introduction**

## Use bullish T.A. indicator observations

We might use bullish observations of technical analysis chart indicators such as:

- Moving Average (MA) rising for consecutive bars, especially if it is below the share price.
- MACD crosses "above" when below its own zero line.
- (and many more? )

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**Introduction**

## About this presentation

Wouldn't it be good if we could take a list of stocks, and **study bullish features of chart indicators to allocate a ranking or score,** then sort the list with strongest performing stocks (ie. most bullish) at top of the list? (and the most bearish at the bottom)

Let's consider how to do this...

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# Ranking stocks using bullish chart indicators

**Introduction**

## Questions?

- Please ask questions.
- Let's discuss details.
- Any price charts prepared with BullCharts software.



*Every chart tells a story.  
It pays to understand the stories in the charts.*



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

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**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)
- **No AFS license!** (Can't give advice)
- **BullCharts software** (convener Australian BullCharts User Group and authorised reseller with special pricing)



**Conflict of interest?**

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

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**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.



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# Ranking stocks using bullish chart indicators

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Introduction

Important Notice



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Introduction

NOTE...

In this presentation we focus on a ***trend-following*** approach, so the indicator observations are relevant to that approach.

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# Ranking stocks using bullish chart indicators

**Introduction**

## Today's Agenda

1. Identify some technical analysis indicators
2. Identify bullish observations of the chart indicators — and prepare a list
3. Consider how to quantify these bullish observations to produce a ranking or score
4. Consider how to automate this
5. In a group presentation — encourage discussion and sharing of knowledge.

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**T/A indicator observations**

## Study these bullish features...

We might use BULLISH observations of technical analysis chart indicators such as:

- (a) **Moving Average (MA)** rising for consecutive bars, especially if it is below the share price
- (b) **MACD** crosses "above" when below its own zero line
- (c) **Momentum** indicator is trending higher (ie. higher peaks and troughs) (see details on next slides...)
- (d) **Moving Average of Momentum** is above the Momentum and rising
- (e) **ActVest Range+** — indicator cord is rising
- (f) **Hull ROAR** is rising
- (g) **Volume** is above a Moving Average of Volume.

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**T/A indicator observations**

## (a) Moving Average rising...

**Moving Average (MA)** rising for consecutive bars, especially if it is below the share price.

Indicative of a rising trend



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# Ranking stocks using bullish chart indicators




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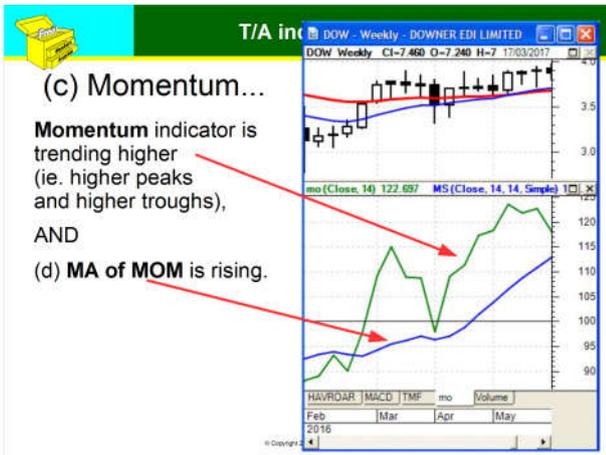
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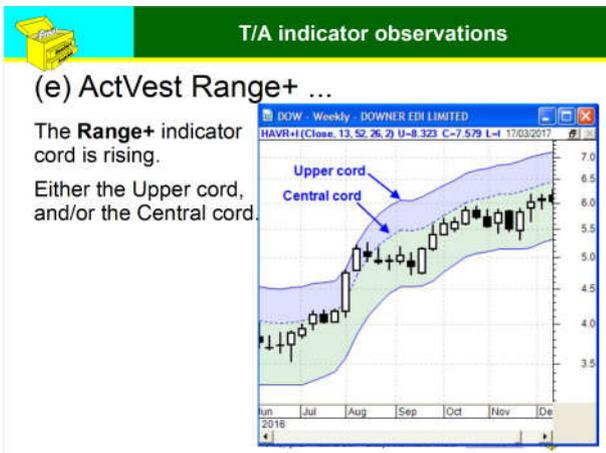
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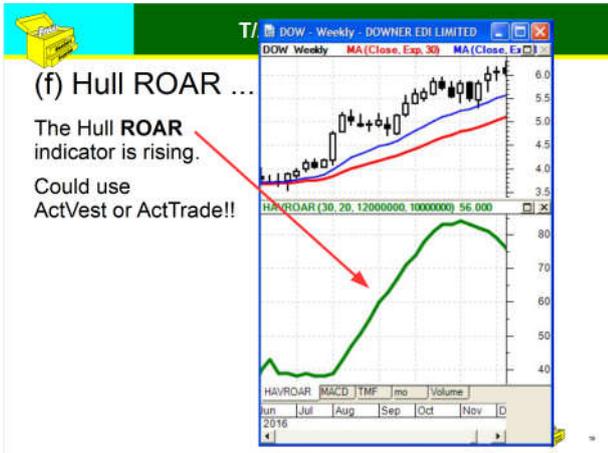
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# Ranking stocks using bullish chart indicators




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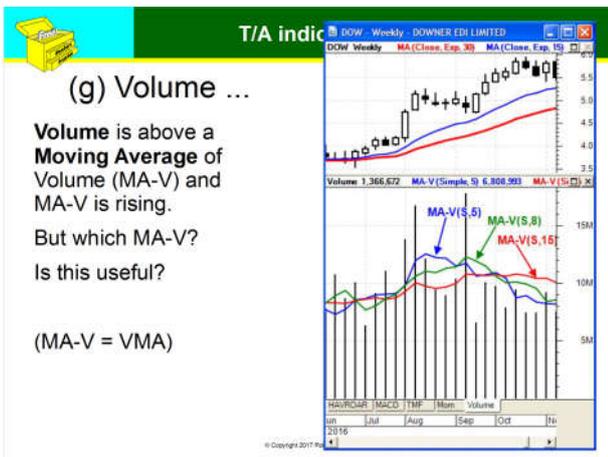
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**T/A indicator observations**

**EXAMPLES**

Consider the following sample charts and the T.A. indicators ...

Could we have “predicted” the bullish uptrends?

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# Ranking stocks using bullish chart indicators




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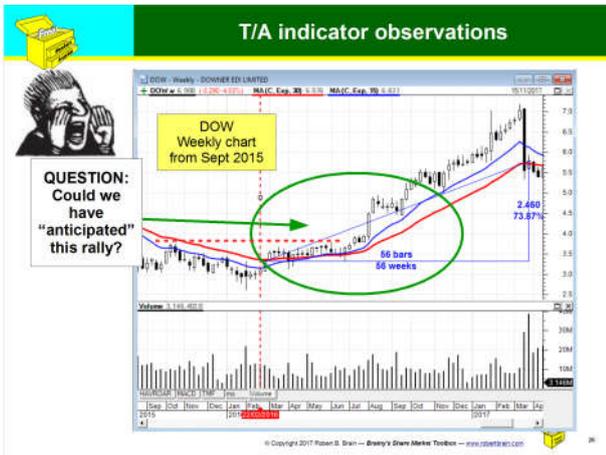
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# Ranking stocks using bullish chart indicators

**T/A indicators**

Identify the bullish observations in this price chart.

- HAVROAR
- MACD
- T/MF
- Momentum (and its MA)
- MA of price
- Volume (and VMA)

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**T/A indicator observations**

Any other useful ones?

**Are there even more bullish observations and indicators that could be useful?**

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**T/A indicator observations**

**What Other Indicators??**

What other chart indicators could we use?

1. Stochastic?
2. OBV?
3. RSI?
4. Bollinger Bands?
5. ...

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# Ranking stocks using bullish chart indicators

**Allocating a Score value**

**So how to rank the stocks?**

Let's allocate a "Score value" for each bullish indicator observation that is true.

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**Allocating a Score value**

**(a) Moving Average rising...**

Moving Average (MA) rising for consecutive bars, especially if it is below the share price.

We could allocate a "score"...

Ref.	Technical analysis indicator observation	Score Value
1	15-week EMA has increased every week for 3 weeks	1
2	30-week EMA has increased every week for 3 weeks	1
3	If EMA (30) has risen every bar for 5 bars	1
4	If EMA (30) has risen every bar for 8 bars	1

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**Allocating a Score value**

**(b) MACD...**

MACD crosses "above" when below its own zero line.

We could allocate a "score"...

Ref.	Technical analysis indicator observation	Score Value
8	MACD indicator value is less than zero, any bar in the last 8 bars	1
9	MACD has crossed "Above" the signal line, any bar in last 8 bars	1
10	MACD value has increased every bar for 3 bars	1

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# Ranking stocks using bullish chart indicators

**(c)-(d) Momentum...**

Mom is trending higher,  
AND  
MA of MOM is rising.

Ref.	Technical analysis indicator observation	Score Value
11	Mom(14) is > Mom of any of the last 5 bars	1
12	Mom(14) has "crossed above" the MA of Mom for any of the last 5 bars	1
13	Mom(14) is > MA of Mom for every bar in the last 3 bars	1
14	The MA(14) of Mom has increased every bar for the last 5 bars	1

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**(e) ActVest Range+ ...**

The Range+ indicator cord is rising

Not yet included; but exactly what might the score criteria be?  
"... cord is rising...?"

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**(f) Hull ROAR ...**

The Hull ActVest ROAR (Rate of Annual Return) indicator is rising

Ref.	Technical analysis indicator observation	Score Value
5	ActVest ROAR > 20	1
6	ROAR >= previous ROAR	1

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# Ranking stocks using bullish chart indicators

**Allocati**

**(g) Volume ...**  
 Volume is above VMA and VMA is rising.  
 This condition occurs on this sample chart in some weeks, and not others.

Ref.	Technical analysis indicator observation	Score Value
18	If Vol > 5-period VMA	1
19	If Vol > 15-period VMA	1
20	If 8-period VMA has increased every bar for 3 bars	1

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**Allocating a Score value**

**What about price?**  
 Might it be useful to include an observation of the pure share price?  
 Ought this sequence of candles be recognised, and classed as bullish?  
 ie. a sequence of Higher Highs, and/or Higher Closes, and/or Higher Lows, etc...

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**Allocating a Score value**

**The Total Score**

- Take the individual Scores in the previous slides and examples, and simply tally them up to arrive at the "Total Score" value for each stock.

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# Ranking stocks using bullish chart indicators

**Allocating a Score value**

Tally up the scores for this stock

Ref.	Technical analysis indicator observation	Score Value
1	15-week EMA has increased every week for 3 weeks	1
2	30-week EMA has increased every week for 3 weeks	1
3	If EMA (30) has risen every bar for 5 bars	1
4	If EMA (30) has risen every bar for 8 bars	1
5	ActVest ROAR (Rate of Annual Return) greater than 20	(N/A)
6	ActVest ROAR >= previous ActVest ROAR	(N/A)
7	Latest Close >= Previous Close	(N/A)
8	MACD indicator value is less than zero, any bar in the last 8 bars	1
9	MACD has crossed "Above" the signal line, any bar in last 8 bars	1
10	MACD value has increased very bar for 3 bars	1
<b>TOTAL score (this page):</b>		<b>7</b>

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**Allocating a Score value**

Ref.	Technical analysis indicator observation	Score Value
11	Momentum (14) > the Momentum of any of the last 5 bars	1
12	Momentum(14) has "crossed above" the Moving Average of Momentum for any of the last 5 bars	1
13	Momentum(14) is greater than the Moving Average of Momentum for every bar in the last 3 bars	1
14	The MA of Momentum(14) has increased every bar for the 5 bars	1
15	If Twiggs Money Flow (TMF - 13 period) is now the highest it has been in the last 5 bars	(N/A)
16	If TMF(13) is greater than zero	(N/A)
17	If TMF(13) is greater than TMF(13) for any bar in the last 5 bars	(N/A)
18	If Volume > 5-period Moving Average of Volume	1
19	If Volume > 15-period Moving Average of Volume	1
20	If 8-period MA of Volume has increased every bar for 3 bars	1
<b>TOTAL score (this page):</b>		<b>7</b>
<b>TOTAL score (previous page):</b>		<b>7</b>
<b>TOTAL score:</b>		<b>14</b>

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**Allocating a Score value**

### The Total Score

- Take the individual Scores in the previous slides and examples, and simply tally them up to arrive at the "Total Score" value for each stock.
- For the list of stocks and their own Score values, sort the list with the highest scoring stock at the top of the list.

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# Ranking stocks using bullish chart indicators

 **Allocating a Score value**

### Another Problem!

In our case study we have listed about 20 criteria. What if:

- If each criteria is allocated one point, and
- Ten of these criteria are all based on observations of **trend indicators**, and
- Five are based on **momentum indicators**, &
- Five are based on **volume observations**.

**Won't this result in a bias towards the trend observations?**

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 **Allocating a Score value**

### A solution to this bias...

- Instead of allocating one point to each observation, we can allocate different amounts (eg. 2 points or 3 points) [we refer to this as the "criteria importance"]
- For example, allocate a percentage of the total score to each category (20% each?):
  - Trend
  - Momentum
  - Price
  - Volatility
  - Volume

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 **T/A indicator observations**

### Some tips

In the examples shown, we have used **parameters** that could be tweaked:

1. "period" for MOM, MA, etc. (we used the default value of 14).
2. Scan criteria:- "... if the condition has occurred any time in the last X number of bars".
3. Change the "importance" of each scan criteria.

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# Ranking stocks using bullish chart indicators

**How to automate**

## If using BullCharts ...

- If using BullCharts, then view the following slides (and do a demonstration);
- If NOT using BullCharts, then maybe skip the next few slides.

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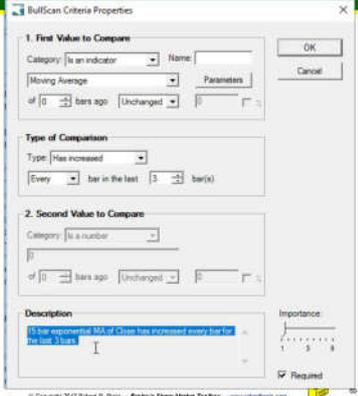
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**How to automate**

Example criteria:  
MA(E,C,15)  
increased  
every bar  
for last 3 bars  
(on weekly period)



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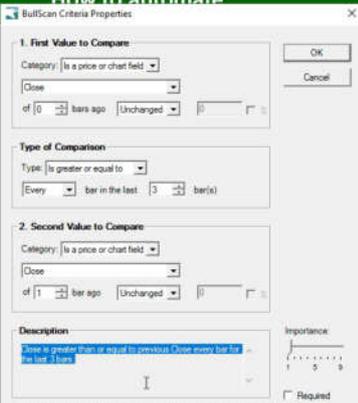
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**How to automate**

Example criteria:  
Close  
greater than or =  
Previous Close  
every bar  
for last 3 bars.



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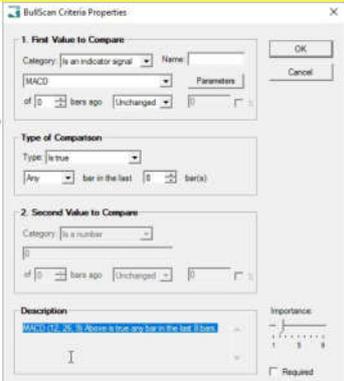
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# Ranking stocks using bullish chart indicators

**How to automate**

Example criteria:  
MACD  
has crossed "Above"  
the Signal line  
Any bar  
in the last 8 bars



The screenshot shows the 'BullScan Criteria Properties' dialog box. Under '1. First Value to Compare', the Category is 'is an indicator signal', Name is empty, and it is set to 'MACD' of '0' bars ago. Under 'Type of Comparison', the Type is 'true' and it is set to 'Any' bar in the last '8' bar(s). Under '2. Second Value to Compare', the Category is 'is a number' and the value is '0'. The Description is 'MACD is greater than 0 bars in the last 8 bars'. The Importance is set to 1.

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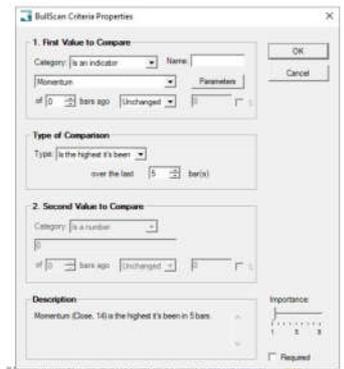
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**How to automate**

Example criteria:  
Momentum is  
the highest it's been  
in the last 5 bars  
ie. Trending higher.



The screenshot shows the 'BullScan Criteria Properties' dialog box. Under '1. First Value to Compare', the Category is 'is an indicator', Name is empty, and it is set to 'Momentum' of '0' bars ago. Under 'Type of Comparison', the Type is 'is the highest it's been' and it is set to 'over the last' '5' bar(s). Under '2. Second Value to Compare', the Category is 'is a number' and the value is '0'. The Description is 'Momentum (Close, 14) is the highest it's been in 5 bars'. The Importance is set to 1.

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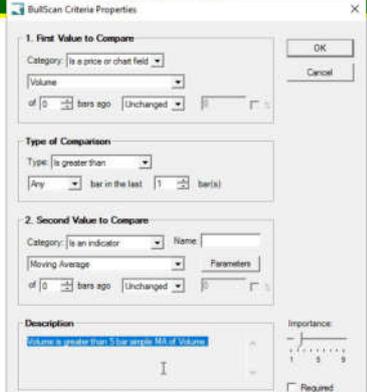
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**How to automate**

Example criteria:  
Volume  
is > than  
5-bar SMA  
of Volume  
(ie. the VMA)



The screenshot shows the 'BullScan Criteria Properties' dialog box. Under '1. First Value to Compare', the Category is 'is a price or chart field', Name is empty, and it is set to 'Volume' of '0' bars ago. Under 'Type of Comparison', the Type is 'is greater than' and it is set to 'Any' bar in the last '1' bar(s). Under '2. Second Value to Compare', the Category is 'is an indicator', Name is empty, and it is set to 'Moving Average' of '0' bars ago. The Description is 'Volume is greater than 5 bar SMA of Volume'. The Importance is set to 1.

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# Ranking stocks using bullish chart indicators

 **How to automate**

Other methods? 

**Are there other methods for doing a scan across your stock universe and allocating a Score value to produce a sorted list of stocks?**

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 **Summary & Wrap up**

**SUMMARY**

We've looked at bullish observations of several chart indicators, and allocated a "Score" value and considered a "weighting", and considered how to automate.

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 **Summary & Wrap up**

Useful?

**Might this approach be useful to rank a list of stocks in order of bullishness and likelihood to perform?**

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# Ranking stocks using bullish chart indicators

 **Summary & Wrap up**

Ranking stocks — chart indicators

Bullish observations of chart indicators can be used to produce a ranked list of stocks.

*Every chart tells a story. It pays to understand the stories in the charts.*  www.robertbrain.com

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 **Summary & Wrap up**

BTW

- I send occasional email to interested people
- My **Share Market Toolbox** web site:
  - Toolbox Members receive weekly email with (charts) analysis of our market
  - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Send me an email request: [robert@robertbrain.com](mailto:robert@robertbrain.com)

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 **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/bullcharts/](http://www.robertbrain.com/bullcharts/)
- My contact details: web site above, or phone: 0438 355 910

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 **Summary & Wrap up**

**ATAA — networking, etc.**  
For totally unbiased and broad support:

 Australian  
Technical Analysts  
Association

- Eight locations around Australia
- Monthly meetings
- Lots of resources — [www.ataa.asn.au](http://www.ataa.asn.au)

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 **Summary & Wrap up**

**Q & A ?**

**Any  
questions?**

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 **Summary & Wrap up**

**THE END**

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

Thank you.

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or phone: 0438 355 910

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