

# Price Action Context - explaining odd price movements

**Brainy's Share Market Toolbox**

## Price Action Context

How to explain odd or unexpected share price movements

**Robert Brain**  
February 2023

*"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**



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**Candlestick Charts** **Introduction**

### Odd or unexpected price movements?

Have you ever observed odd or unexpected share price movements on the price charts and wondered what's caused it?

Or why there was a big move (either up or down) in recent days?

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**Candlestick Charts** **Introduction**



There have been some big moves in Liontown Resources since 2015.

Could we have spotted the moves on a daily or weekly chart at the time, and understood those moves and why they occurred, and then invested (or sold) with confidence?

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**Candlestick Charts** **Introduction**

(example #2...)

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**Candlestick Charts** **Introduction**

Today's agenda

- Look at: *Price Action Context*;
- Explain why it can be useful to pay attention to the *news* and *company announcements*;
- Look at *broker consensus* information and explain why it is useful to be aware of this and how to find the details.

This is most useful for shorter term investors and traders.

ps: We'll also touch on technical analysis basics.

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**Brainy's Share Market Toolbox**

**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 i.e. technical analyst (ATAA member and ex-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)

\* - 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?**

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**Important Notice — No Advice!**

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- (2) For proper advice, your personal financial situation needs to be considered.
- (3) This presentation is pure education, only for your general awareness. 
- (4) There are no recommendations to take any action, or to invest any money in any way.
- (5) Always consult a properly licensed advisor before making investment decisions.



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**Important Notice**



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# Price Action Context - explaining odd price movements

 **What is "Price Action Context"?**

Exactly what is  
*Price Action Context*?

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 **What is "Price Action Context"?**

*Price Action Context* – 3 definitions

- *"In price action, the 'context' is a way of describing the overall environment, and using that to help you trade with the underlying order flow."*  
Ack: [www.2ndskiesforex.com](http://www.2ndskiesforex.com)
- *"Price action with context is a process to predict a currency pair's movement by reading the chart."*  
Ack: [www.forex.academy](http://www.forex.academy)

My version is different to these ...!

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 **What is "Price Action Context"?**

**Why do share prices move?**

1. People's opinion about *fair value today*;
2. Opinion of *future value* of the shares;
3. A calculated number based on various assumptions about a variety of factors;
4. These are influenced by:  
company announcements, government announcements, broker recommendations and various news items;
5. Mister Market's opinion of the share price.

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# Price Action Context - explaining odd price movements

**What is "Price Action Context"?**

**Don't forget...**

The share price opinions that really matter are NOT those of the brokers and analysts, UNLESS they are actively participating in the market

It's the *real market participants* who influence the share price, and cause the moves that we see on the price charts.

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**What is "Price Action Context"?**

**My definition for share traders**

**Price action Context:**

*Observing an odd or unexpected share price movement, and understanding the cause of it by looking at relevant price action (the simple price chart), or a company announcement or other news.*

Understanding the relevant announcement or news helps us to understand the **price action** within a relevant **context**.

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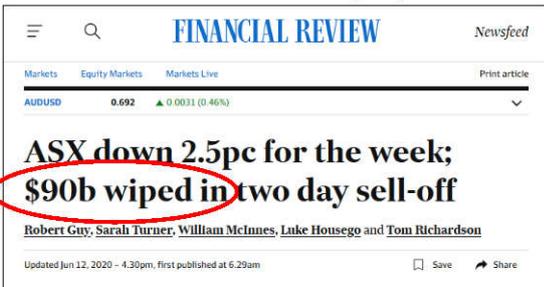
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**Useful examples**

**Beware – crazy news headlines**

Would this news headline make you panic?



The screenshot shows a news article from 'FINANCIAL REVIEW' with a headline 'ASX down 2.5pc for the week; \$90b wiped in two day sell-off'. The '\$90b' part of the headline is circled in red. The article is dated June 12, 2020, and includes the authors' names: Robert Guy, Sarah Turner, William McInnes, Luke Housego, and Tom Richardson.

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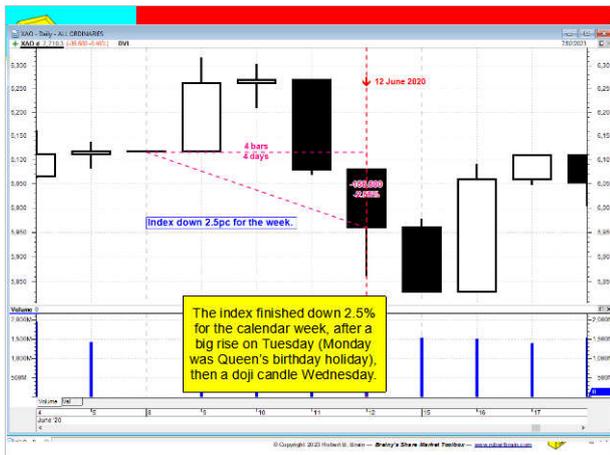
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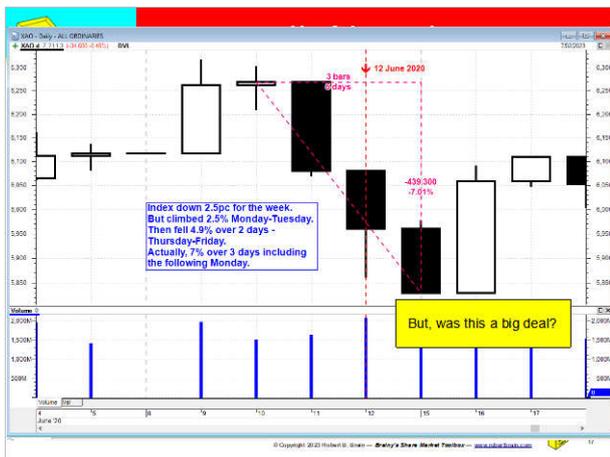
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# Price Action Context - explaining odd price movements

**Useful examples**

## Beware – Crazy headlines?

Conclusion:

- Be wary of attention-grabbing news headlines.
- View more price data.
- Step back / zoom out on the chart because the market is like an elephant

See more:  
[www.robertbrain.com/elephant.html](http://www.robertbrain.com/elephant.html)

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**Useful examples**

## Case studies follow

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**Useful examples**

## Liontown Resources – what happened next?

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**Useful examples**

## Liontown Resources summary

- Large price moves (albeit under 10 cents)
- There have been a lot of company news announcements
- But not all positive news has spurred the share price
- Is it a BUY today?

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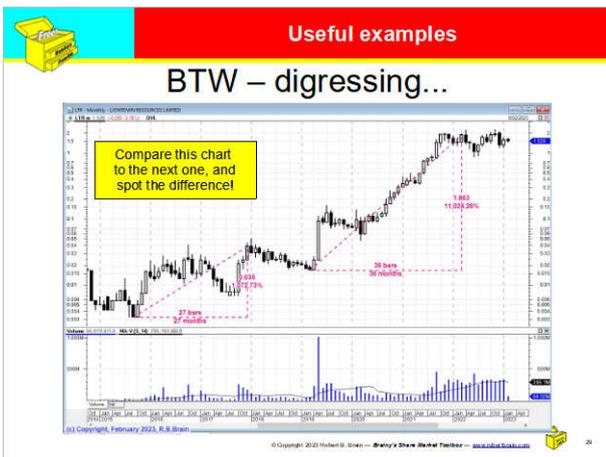
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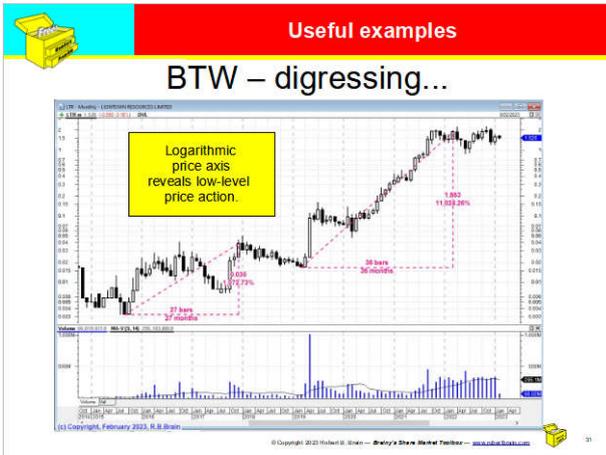
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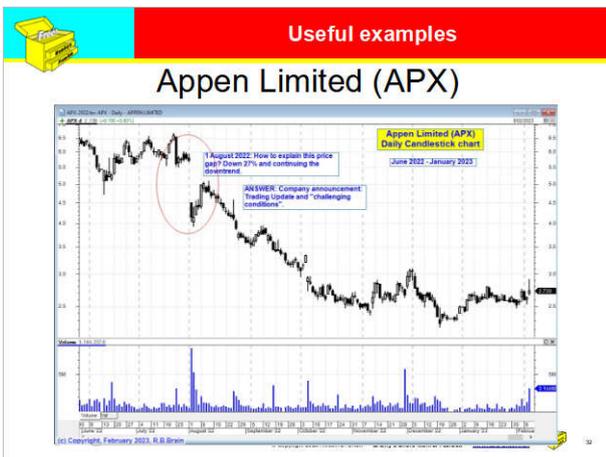
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# Price Action Context - explaining odd price movements




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**Useful examples**

## Appen Limited (APX)

- (1) Seems to have a lot of trouble with:
  - “... lower than expected revenue, investment in transformation, product and technology...”;
- (2) Multi-year downtrend;
- (3) Would I ever buy it?

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### Useful examples

#### Kogan.com (KGN)

- (1) Long term downtrend (2021-2022);
- (2) Some of the company announcements have been helpful; but some seem to have been ignored by the market. Perhaps Mister Market is getting their share price expectations from another source? Not just the company news?
- (3) Has the downtrend ended?

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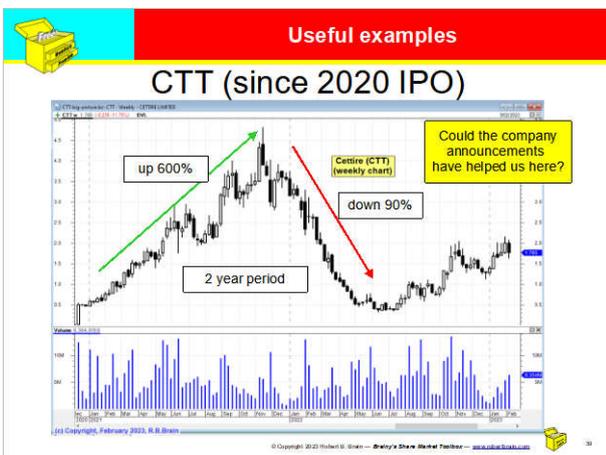
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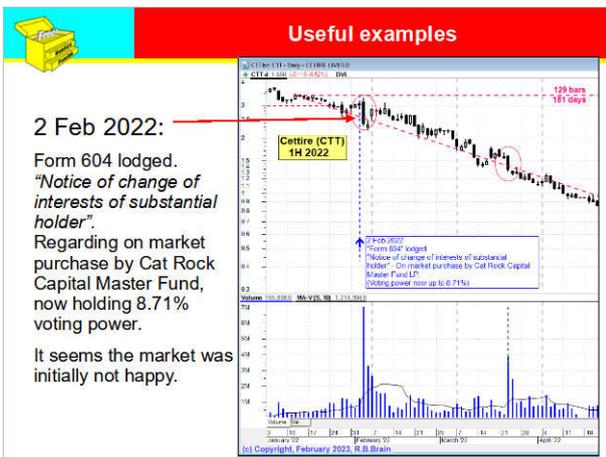
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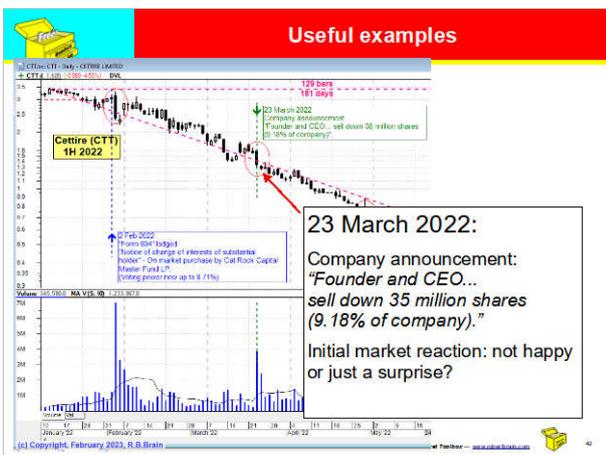
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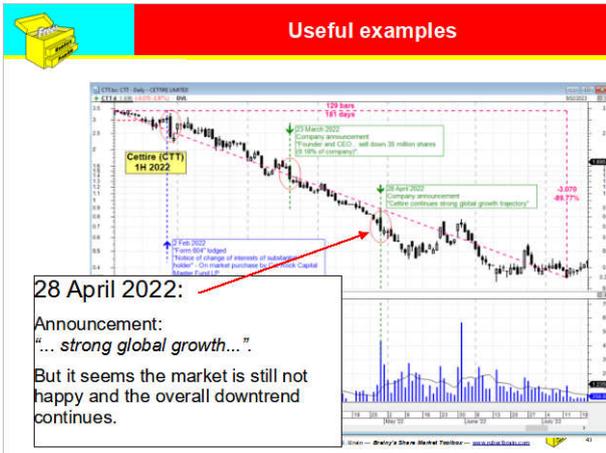
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# Price Action Context - explaining odd price movements




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**Useful examples**

### Cettire Limited (CTT)

- (1) Multi-month downtrend;
- (2) Some of the company announcements were helpful; but some seem to have been ignored by the market. Perhaps Mister Market is getting their share price expectations from another source? Not just the company news?
- (3) Has the downtrend ended?
- (4) Are there other clues in the price charts for astute technical analysts?

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**Useful examples**

### BTW – let's digress

Remember that weekly chart I showed a few slides back?  
 Note the huge run up (600%) in the first half of the chart, and the big fall (90%) in the months afterwards.

Can you see a **Head and Shoulders** pattern around the top?  
 Take a closer look on next slide ...!

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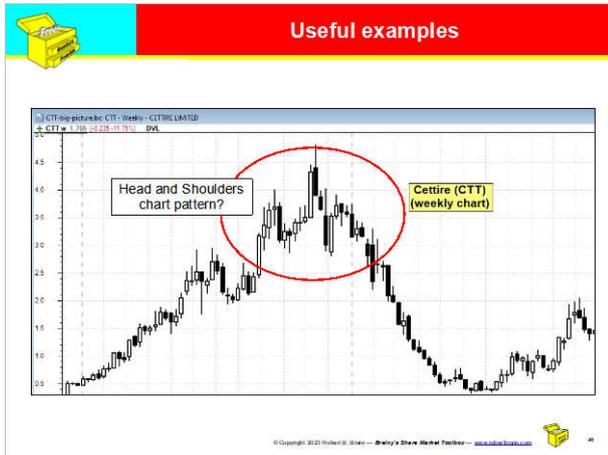
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# Price Action Context - explaining odd price movements




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# Price Action Context - explaining odd price movements

**Useful examples**

## Conclusions

- (1) It can be very useful to research the "news" in search of an *explanation* for an odd or unexpected share price movement;
- (2) The "news" can cause a sudden change in share price, and the price trend;
- (3) If the "news" is different to what's expected (as with half yearly company results reporting), the share price move can be opposite to what's expected;
- (4) Mister Market might ignore the "news".

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**How to find the "news"?**

**So, how to find the relevant company announcement, other news, and broker opinions?**

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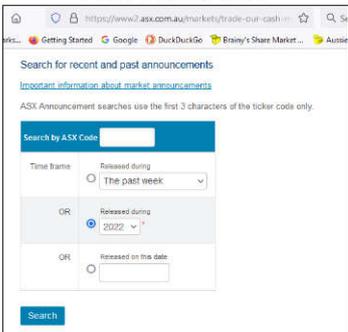
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**How to find the "news"?**

## ASX website



The screenshot shows the ASX website search interface. It includes a search bar for ASX codes, a 'Time frame' dropdown set to 'The past week', and radio buttons for 'Released during', 'Released on this date', and 'Released during' with a date selector set to '2022'. A 'Search' button is at the bottom.

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# Price Action Context - explaining odd price movements

 **How to find the "news"?**

## The company website

- Visit the website for the company concerned, and look for "investor relations" or something similar;
- Sometimes it is quicker to simply Google for the company name and the words 'investor relations'.

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 **How to find the "news"?**

## Other websites (1 of 2)

- **Motley Fool:**  
<https://www.fool.com.au/>
- **Intelligent Investor:**  
<https://www.intelligentinvestor.com.au/>
- **Rask Media:**  
<https://www.raskmedia.com.au/asx/ctt/>
- **Market Index:**  
<https://www.marketindex.com.au/asx/ctt/>

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 **How to find the "news"?**

## Other websites (2 of 2)

- **Market Screener:**  
<https://www.marketscreener.com/>
- **Fresh Equities:**  
<https://www.freshequities.com/>
- **Hot Copper:**  
<https://hotcopper.com.au/>

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# Price Action Context - explaining odd price movements

**How to find the "news"?**

## Broker consensus

**Broker consensus** is another source of very useful information about share prices.

- Brokers issue buy/sell/hold recommendations;
- The recommendations from one or more brokers can influence a large cohort of traders/investors, and thereby influence the share price;
- "Broker consensus" information is available, and is the average recommendation of a number of brokers.

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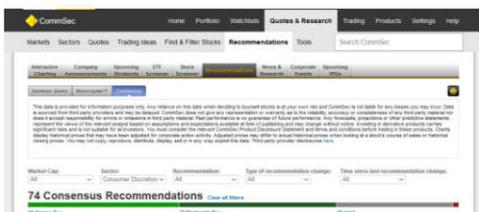
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**How to find the "news"?**

## Broker consensus

- Market Index:  
<https://www.marketindex.com.au/broker-consensus>
- Online broker websites.  
eg. CommSec...




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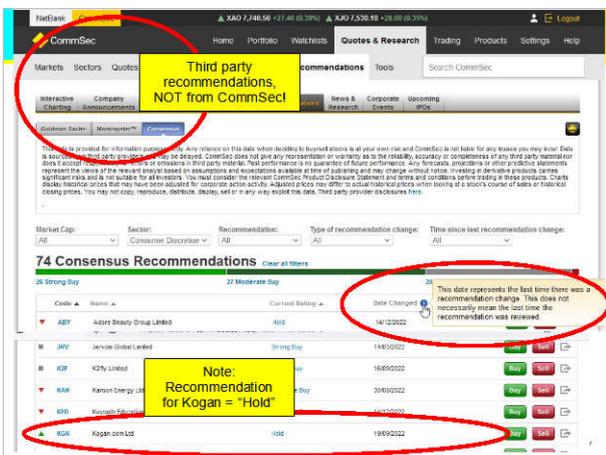
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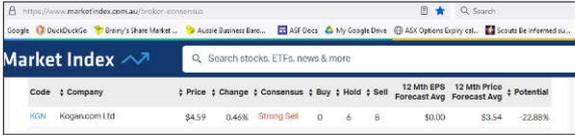
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# Price Action Context - explaining odd price movements

**How to find the "news"?**

**Broker consensus (at 8 Feb 2023)**

**From Market Index:**



Code	Company	Price	Change	Consensus	Buy	Hold	Sell	12 Mth EPS Forecast Avg	12 Mth Price Forecast Avg	Potential
KGN	Kogan.com Ltd	\$4.59	0.46%	Strong Sell	0	6	8	\$0.00	\$3.54	-22.88%

**Compare to CommSec's:**



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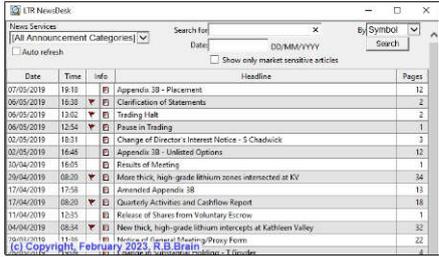
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**How to find the "news"?**

**Your charting platform**

In my case, the BullCharts software gives me all the company announcements that I need.



Date	Time	Info	Headline	Pages
07/05/2019	16:30	[E]	Appendix 38 - Placement	12
06/05/2019	15:30	[E]	Clarification of Statements	2
06/05/2019	13:02	[E]	Trading Halt	2
06/05/2019	12:54	[E]	Pause in Trading	1
02/05/2019	18:31	[E]	Change of Director's Interest Notice - S Chadwick	3
02/05/2019	16:48	[E]	Appendix 38 - Unlisted Options	12
30/04/2019	16:05	[E]	Results of Meeting	1
29/04/2019	08:20	[E]	More thick, high-grade lithium zones intersected at KV	34
17/04/2019	17:58	[E]	Amended Appendix 38	13
17/04/2019	08:20	[E]	Quarterly Activities and Cashflow Report	18
11/04/2019	12:25	[E]	Release of Shares from Voluntary Secured	1
04/04/2019	09:34	[E]	New thick, high-grade lithium intercepts at Kathleen Valley	32
24/01/2019	11:20	[E]	Notice of General Meeting/Proxy Form	22
16/01/2019	10:00	[E]	February 2023 R 2023	4

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**Summary & Wrap up**

**Explanations... odd price moves**

We've looked at:

- *Price Action Context*;
- Explained why it's useful to study company news and announcements;
- Broker consensus;
- Touched on some technical analysis basics.

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# Price Action Context - explaining odd price movements

 **Summary & Wrap up**

THE END — Thank you



This presentation prepared by: Robert Brain  
**Brainy's Share Market Toolbox**  
[www.robertbrain.com](http://www.robertbrain.com)

 BullCharts

All of Robert's charts prepared with:  
BullCharts software [www.bullcharts.com.au](http://www.bullcharts.com.au)

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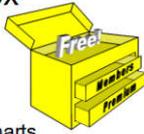
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 **Summary & Wrap up**

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-Newsletter topics
  - See free stuff here: [www.robertbrain.com/free](http://www.robertbrain.com/free)
- Good charting 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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