How to read a Stock chart

UD Osher – OLLI

Fall 2026

- Rajeev A. Vaidya
- Rachel Mroz

Class Description

This is a course on the basics of reading stock charts.
We will focus on how charting of stocks works and how this can be used in investing decisions. We will discuss simple chart concepts, patterns, indicators, and oscillators. We will use Stockcharts® on the web. Basic familiarity and comfort in using computers will be a useful skill for participants in this class.
In this course, you can expect to learn to understand stock charts and basic technical analysis and how this helps with investment decisions.
Prerequisite: We will use the late John J. Murphy's book 'Charting Made Easy' (ISBN 1-883272-59-9) as textbook for this class. This is available in retail from vendors like Amazon and is also published as a free e-book in the "Chartschool" section in the free version of Stockcharts.com.

Goals for this class:

In this course, you can expect to learn

1. How stock charts and basic technical analysis work
2. How this helps with investment decisions

Your instructors

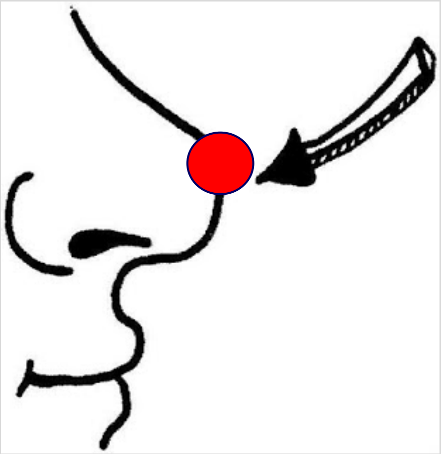
- Rachel Mroz (rs@udel.edu)
- Rajeev Vaidya (diyinvst@udel.edu)

We are all learning

- You are learning the course content.
- Rachel Mroz has stepped forward to work as co-instructor
- We are learning how to teach this in 5 classes !!
  - Fall 2023 was the last time I tried to do this with Guy Werner.

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see Guy's and mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Rachel and I are not a financial advisors.

This course is for educational purposes only.

Form your own opinion, make your own investment decisions.

Class Composition

- 64 people registered
  - 67% are in the Wed. morning class this semester
  - 5% are not in the morning class this semester but have attended other prior classes
  - 28% potentially new to the course

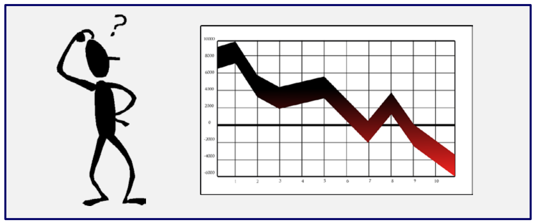
Class processes / plans

- 5 week semester
  - First class on Sept 9th ... Last class October 7th
- Draft Schedule & content outline is posted on the class website.
- **Class website**
  - https://udel.edu/~diyinvst
  - Class documents posted each week before class. Stay on the website till the end of the semester. No printed handouts in class
- Class roster
  - verify your Email address
  - Opt out if you do not want to receive Emails re: the class.

Class processes / plans

- UD OLLI mailed link to all class participants
- Link is for a repeating meeting
  - Same link works for 13 weeks
- Password mailed to you in the welcome note from UD OLLI
  - Password does not change .. Same for the whole semester
- UD has a restricted policy on recording and sharing
  - Only if all participants agree
  - Only to be shared on an exception basis as needed.

Class processes / plans



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- Class structure
  - Minimum essential Powerpoint presentation
  - More looking at charts together to understand concepts
  - More discussion

Less charts & lecture – more live action & discussion

Web tool to look at charts

- There are many web tools + your brokers website.
- We will use StockCharts
  - www.stockcharts.com
- We have permission from Stockcharts to use their website content.
- We do not have special discounts for students to join.
  - Stockcharts offers one free month for trial
  - Some common features available on the free site.
    - https://stockcharts.com/pricing/index.html

Reference Material

- Stockcharts.com – Chart School
- Investopedia - https://www.investopedia.com/ask/answers/05/logvslinear.asp
- Books
  - Technical Analysis of the Financial Markets – John J Murphy
  - Introduction to Technical Analysis – Martin Pring
  - Technical Analysis from A to Z – Steven Achelis

  - Technical Analysis Demystified – Constance Brown
  - Stock charts for Dummies – Greg Schnell – Lita Epstein
  - Technical Analysis for Dummies – Barbara Rockefeller

- You do not need to buy these books for this class. They will be great additions if you want to learn more afterwards.

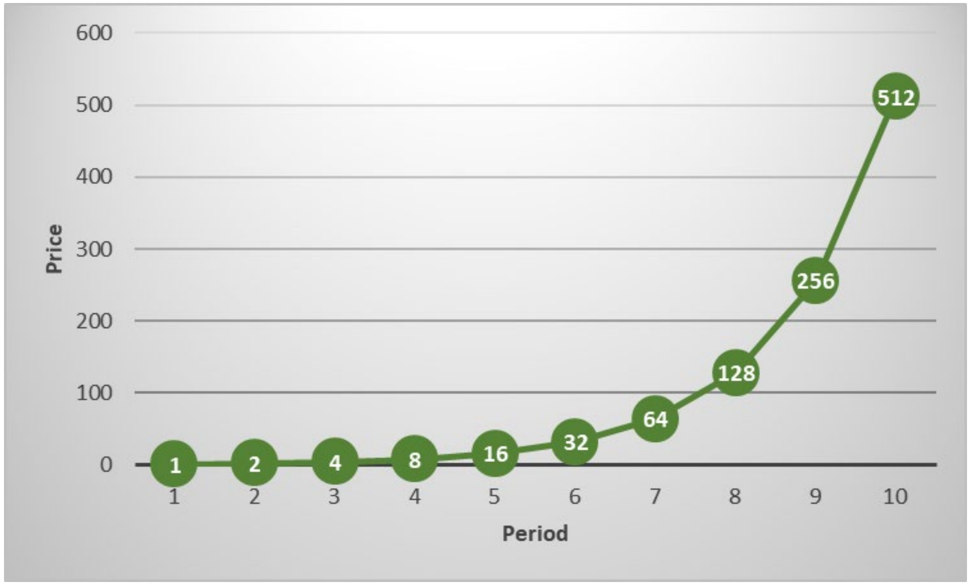
Today's Class

- ☑ Class Introduction & Schedule
- What is a StockChart?
  - Price and Volume along the Y (Vertical Axis)
  - Time along the X (Horizontal Axis)

Scales … I don’t mean musical

Period	Price
1	1
2	2
3	4
4	8
5	16
6	32
7	64
8	128
9	256
10	512

Linear scale for Price



Logarithmic Scale

Period	Price
1	1
2	2
3	4
4	8
5	16
6	32
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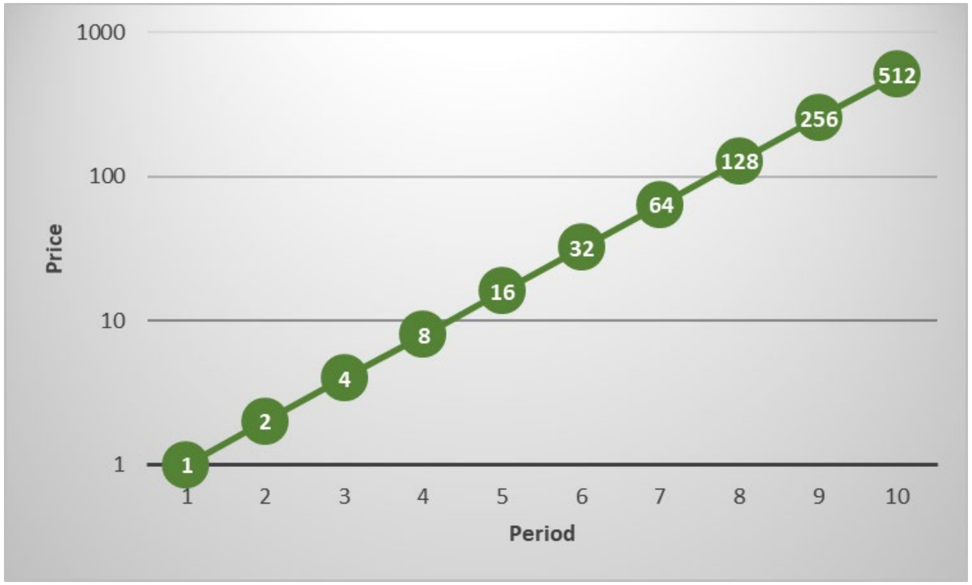
Logarithmic scale for Price



Most analysts use a log. scale

Market Action

- Volume – quantifies the amount of trading in that stock in a given period.

  Advanced concepts:

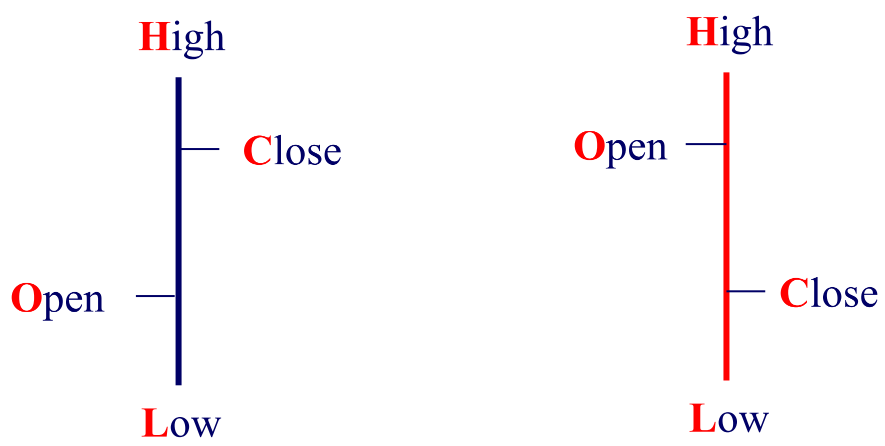
  Volume associated with price going up

  Volume associated with price going down

- Price – price of a stock on a given period.
  - Is this one number??
  - Four key numbers
    - Price at the beginning of that period - **O**
    - The high price during that period - **H**
    - The low price during that period - **L**
    - Price at the closing of that period - **C**

Bar charts

- Represent all four key prices

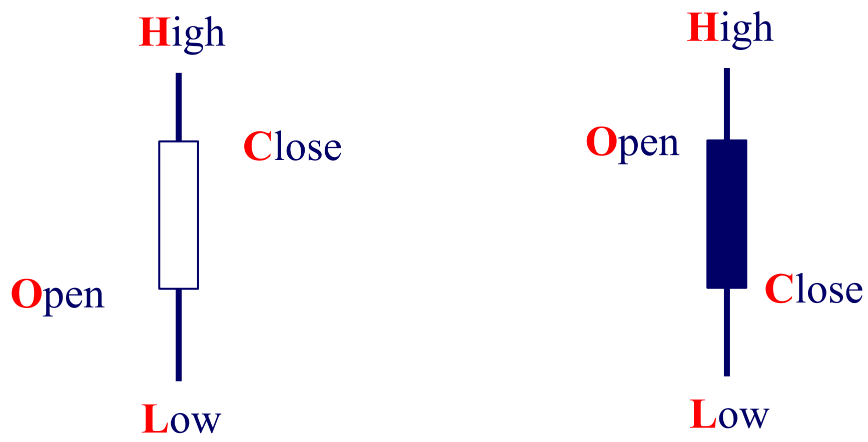


Black Bar
Up day
Close Higher than Open

Red Bar
Down day
Close Lower than Open

Candlestick Charts

- Represent all four key prices



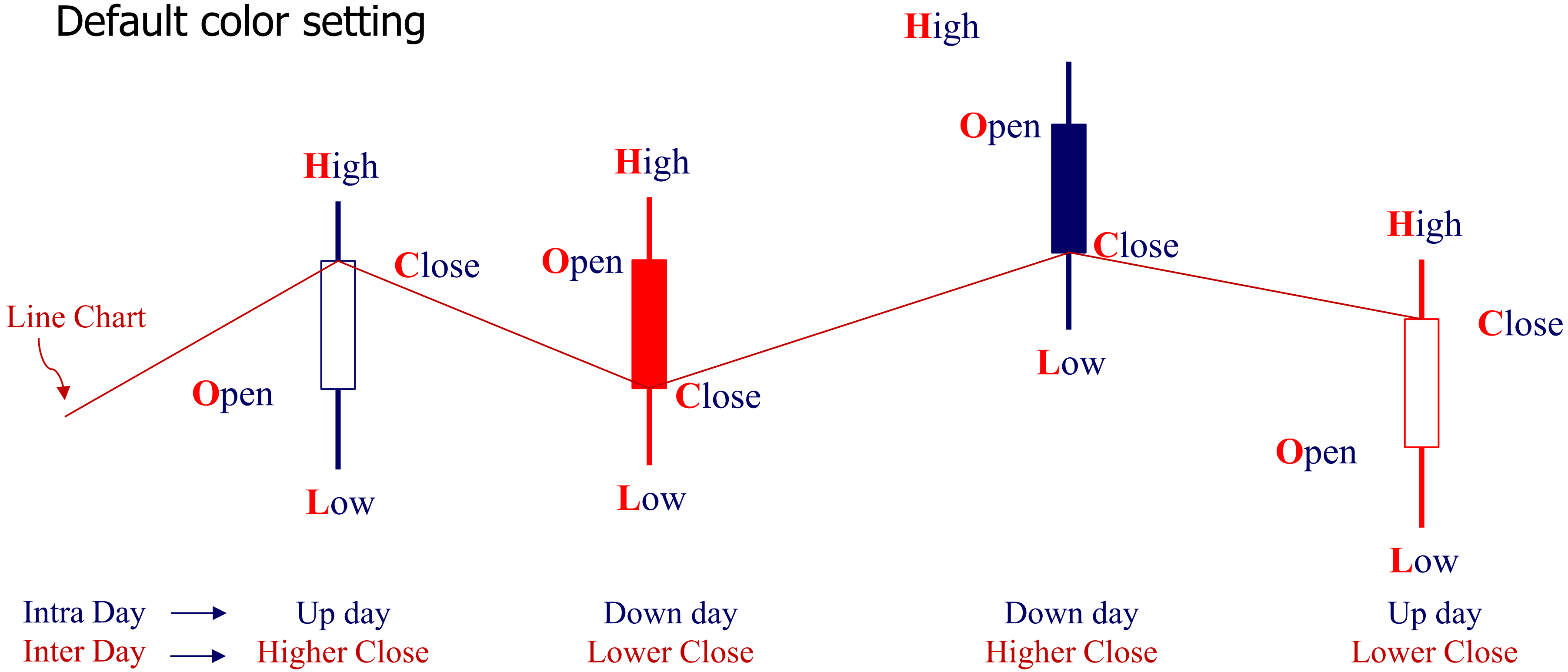
White Candle
Up day
Close Higher than Open

Filled Candle
Down day
Close Lower than Open

Started in Japan in the Rice market

Candlesticks in StockCharts

Default color setting



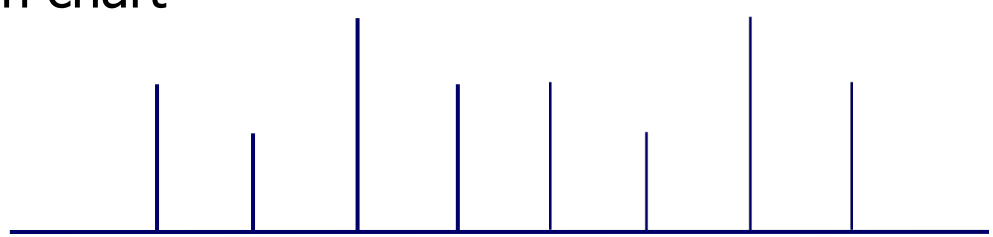
We will use these in class most of the time.

Construction of a basic chart

- Bar and Candlestick charts represent all four key prices for each period.
- The charts are constructed are the same way for all time periods
  - Minute
  - Hour
  - Day
  - Week
  - Month

Price at the beginning of that period - **O**
The high price during that period - **H**
The low price during that period - **L**
Price at the closing of that period - **C**

- Volume for the period is shown as a vertical line at the bottom of each chart



Technical Analysis

- What is it?

> *Technical analysis is the study of market action primarily through the use of charts for the purpose of forecasting future price trends.*
>
> *John J Murphy*

- Fundamental Analysis? – Macroeconomic, Market, Industry and Enterprise information that drives demand and supply
- Market action?
  - Price
  - Volume
  - Open Interest – Only in Options and Futures

Common misconceptions

- Technical analysis predicts the future
  - It uses past data and history to inductively reason probable future action over a defined but approximate time period.
  - It is not always right.
  - If the forecast calls for rain, you plan your day for it, even though the forecast is not always right.
  - The goal is to improve the odds of making a profitable trade.

- Technical analysis is an objective science
  - Technical analysis of data is a science and can be automated.
  - Inductive logic based on the analysis is not fully objective.
  - It is a science and an art.

Next week's Class

- Trends support and resistance

Thanks !!

- Happy Investing !!

- **My EMail**
  - diyinvst@udel.edu
- **Class website**
  - http://udel.edu/~diyinvst