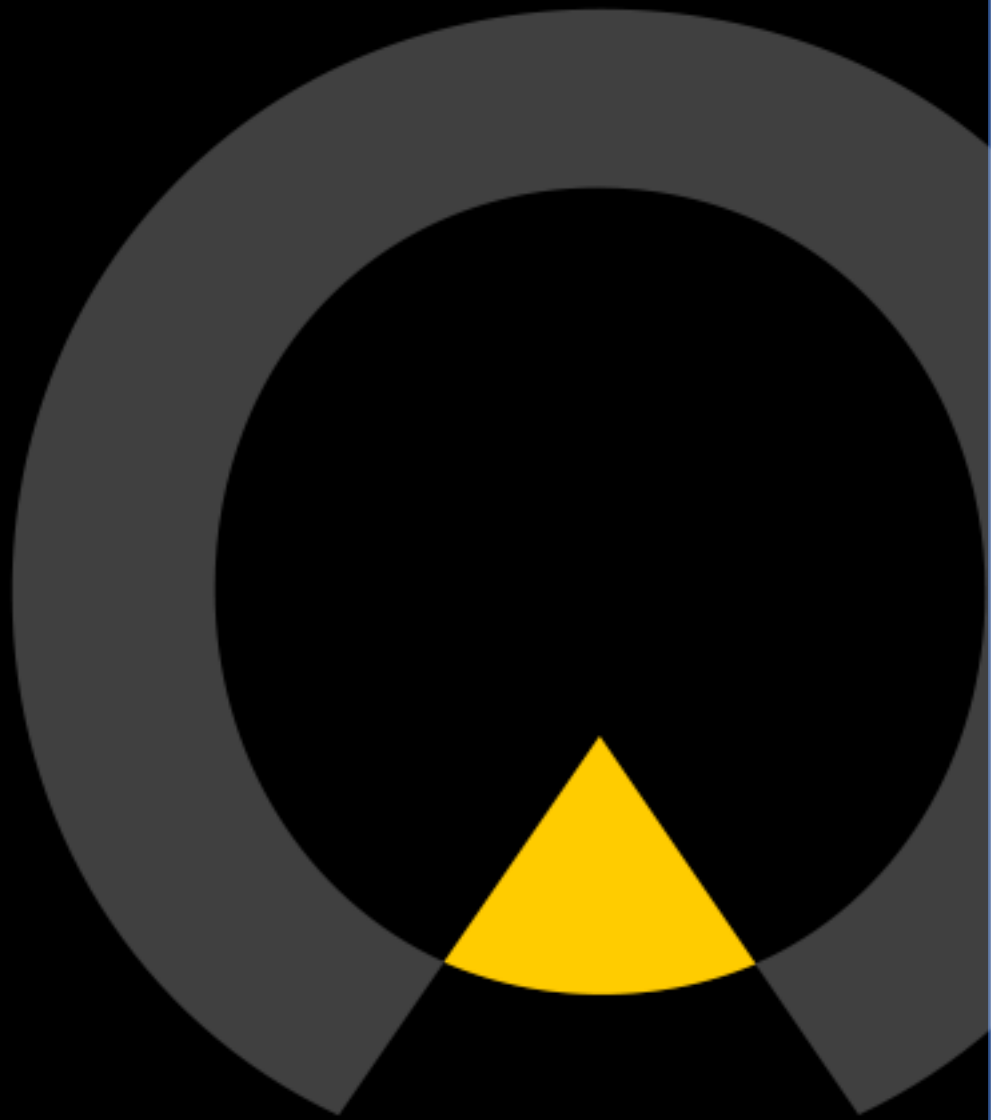


# INFINOX INTERPRET CHARTS

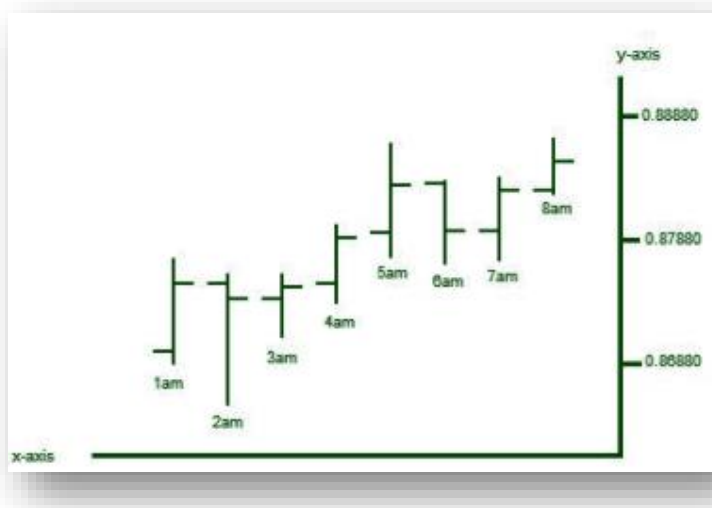


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## INTERPRET CHARTS

### How To Interpret Charts?

Now you know what line charts, bar charts and candlestick charts look like, how do you interpret them? Firstly, you have to understand that these individual bars or candlesticks only represent one time frame. Have a look at the following image to see that each bar represents one hour.

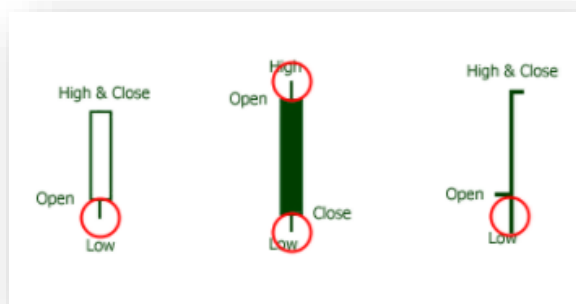


The x-axis represents a time interval and the y-axis represents the currency pair price. Each single bar represents the high and low of that one-hour period, the entry price and the exit price (B) at the end of the hour. Each bar can be represented in all sizes and lengths.

**Longer bars indicate there were big differences between the high and low**  
**Short bars indicate not much movement in the market**

### What Are Shadows?

When accessing the types of bars or candlesticks, “shadows” is the term given for the portion of the bar or candlesticks where they have reached a high or low, but have not ended the period at the high or low. You will be able to see the shadows of each bar or candlestick where there were highs or lows for that period. In the image below, the tails of these shadows are circled in red.

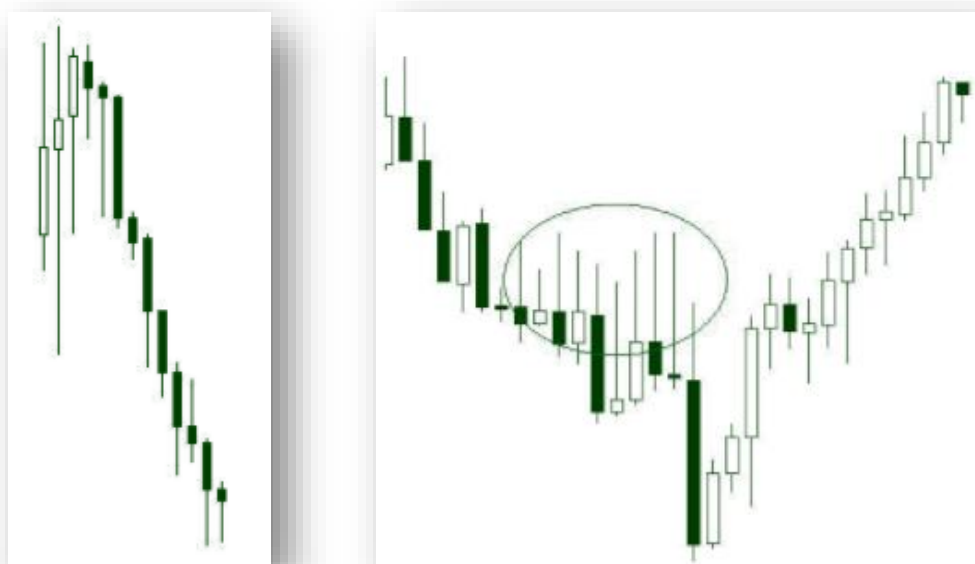


## What Is Support?

By being able to see the shadows, it gives an indication that the market at that time period may have reached a high, but the market retracted and closed at a lower point. This may show that when the underlying asset (the currency pair) reached a certain point where there was resistance by other market participants in offering a higher price than the high shown. On the other side, it can be said that there was support in pushing the price in the other direction if you see several shadows in one direction, ie. several consecutive bars or candlesticks with shadows in one direction.

As you can see in the image below (left), in the filled candlesticks, there are a lot of consecutive shadows going downward. This shows that there are many market participants seeking a lower price.

It shows support for a downward trend for this particular case, however many counter tails in the opposite direction can set up a reversal so care is needed in thinking whether lower tails always equal lower prices.



## What Is Resistance?

In the following image, you will see that the bars reach a certain high, but seem to struggle to beat a price mark. The green line indicates that there is an imaginary level where market participants feel that they should not push the currency past. This is known as resistance.



## What Are Trend Lines?

Trend lines are lines that are usually drawn on charts to determine a direction the market is moving. A person sitting in front of a chart will physically draw a line from one point to another point to determine the general direction the market is moving.

The two “x” points, which the line is following, are the low point of two time periods over a distinct time span. The two points are 36 periods apart (the gap between periods can be any number and not necessarily 36 periods), the trend line was drawn from the two low points at the “x”. The line is a very clear up-ward trend. Trend lines are useful with trending strategies. Trend lines are useful to help determine current market direction. (To have a confirmed trend support or resistance you need two points to make it a line.)



## What Are Channel Lines?

Channel lines are drawn to show the general direction taking in to consideration also any bar “shadows” containing support and resistance.

Drawing channels clearly show the channels that trading generally trades between. This is particularly useful when using the “ranging strategy” and also for assessing opportunities for “break out strategies”.

