

Telemet Orion v5.0x New Features

What are: Trendlines
 Point and Figure Charts
 Candlesticks

Trendlines

Eight new trendline studies are offered in Telemet Orion v5.0x. Access these with the pull down menu item Options, then Trendlines from any chart page. After you pull down Options, then Trendlines you see a listbox with eight items:

1. Price to Price
2. Linear Regression
3. Fibonacci Arcs
4. Fibonacci Fans
5. Gann Angles
6. Gann Retracement
7. Quadrant Lines
8. Speed Resistance

Price to Price Trendline

This trendline connects two closing prices with a straight line. It is drawn from the closing price on one day to the closing price on any other day.

Select "Price to Price" from the trendline list box. See an arrow on the chart. Use the mouse pointer to put the arrow on the price to price line, begin point. This anchors the line on the close price for the day selected. Hold down the mouse button, and drag the arrow to the ending day. As the mouse pointer is dragged see the price to price trend line. Change the line's start or end point by holding down the mouse button, and dragging the line to a different position. Move the whole line by pointing to the line's center, and holding down the mouse button and "dragging" the pointer.

Analysts suggest that the more horizontal the trendline, the more significant is any breakout from it. Further a change in direction of a trend is signaled by prices breaking through an established trend.

Regression Trendline

This linear regression trendline draws a straight line which is the result of a "least squares fit of the price data". It is, the "best fit" of the prices to a straight line.

Select "Regression" from the trendline list box. See an arrow on the chart. Use the mouse pointer to put the arrow on a beginning period for the regression line. Hold down the mouse button, and drag the arrow to end period point. As the mouse pointer is dragged, see the regression trendline. Change the line's start or end point by holding down the mouse button, and dragging the line to a different position. Also drag the whole line by pointing at the line center, holding down the mouse button, and dragging the whole line.

Just as with the price to price trendline, analysts suggest that the more horizontal the trendline, the more significant is any breakout from it. Further a change in direction of a trend is signaled by prices breaking through an established trend.

Fibonacci Arcs

The Fibonacci Arcs display three arcs (actually half circles) at “Fibonacci Intervals”. These intervals are defined as 38.2%, 50% and 61.8% of the distance between a price maximum and minimum. The numbers are based upon the observation by an Italian mathematician Leonardo Fibonacci born around 1170 AD. Some believe that he discovered the numerical relationships of Egyptian pyramid architecture. There are some interesting relationships among numbers that are formed as the sum of the previous two numbers in a series (e.g. 1,1,2,3,5,8,13,21,34,55,89...). Further it is noted that these numerical patterns repeat themselves throughout nature.

The Fibonacci Arcs are drawn from typical tops or bottoms.

The Fibonacci Arcs project into the future, and as the daily prices pass these three arcs, analysts make predictions about future price movements based upon whether there appears to be price resistance or support at these points. If on a downtrend, there appears to be support where the arcs cross the daily prices, this is bullish.

To see Fibonacci Arcs, select this trendline from the Trendline list box. Then using the mouse pointer, and the mouse button select the beginning point (usually a support or resistance point) where Arcs are to start, and drag the mouse pointer (while holding down the mouse button) to the end point (the significant other extreme, such as a top).

Fibonacci Fans

Fibonacci Fans name derives from the fanlike appearance of the three trendlines shown. The Fibonacci Fans are drawn using typical tops or bottoms. The three Fibonacci Fans project into the future with slopes at 38.2, 50 and 61.8%.

As the daily prices pass these three fans, analysts make predictions about future price movements based upon whether there appears to be price resistance or support at these intersection points. If the prices hold at the fan line, there is support there, if they quickly move through the fan line, then you will not see support until the next fan line is met.

Further if the fan lines intersect with Fibonacci Arcs, then the intersections are even more significant.

To see Fibonacci Fans, select this trendline from the Trendline list box. Then using the mouse pointer, and the mouse button select the beginning point (usually a support or resistance point) where Fans are to start, and drag the mouse pointer (while holding down the mouse button) to the end point (the significant other extreme, such as a top).

Gann Angles

Gann Angles display three trendlines based upon a selected beginning price point. The angles are drawn exclusively based upon the beginning price point (as contrasted to Fibonacci Fans which depend upon both the begin and end price points selected). The angles or slopes of the Gann lines are computed based upon the time and price units with a 45 degree Gann Angle

trendline with one price unit and one time unit. The 26 degree angle basically has two price units for every one time unit, and the 64 degree angle has one half a price unit for every time unit.

To use the Gann Angles, select this trendline from the list box. Then using the mouse pointer, and the mouse button select the beginning point (usually a support or resistance point) where Gann Angles are to start.

Gann Angles were developed by William D. Gann, a well-known stock and commodity trader, and are basically used to discipline oneself to trade more mechanically based upon price trends and not emotions. Prices moving above Gann Angle trendlines indicate upside breakouts, while those moving quickly down through Gann Angles indicate trend breakdowns.

Gann Retracement

Gann Retracement combines Gann Angles and three horizontal trendlines that are placed on the chart at 37.5%, 50% and 62.5% of the distance between selected minimum and maximum support points.

If the daily prices move past the horizontal lines (especially the 50% line) without resistance, the trend is to continue. If the daily prices resist moving through the horizontal lines, there is support and perhaps a trend reversal.

Using the Trendline list box, select Gann Retracement to see these trendlines. Use the mouse pointer, point at the beginning point, and hold down the mouse button. Draw a trendline and select a bottom or support point and a top of a chart. See Gann Angles, and three horizontal lines (retracement points) where resistance and support is expected.

Quadrant Lines

Quadrant lines get their name because they divide significant tops and bottoms into four sections (hence quad). Quad lines are three horizontal lines that are placed on a chart at 25%, 50%, and 75% points between selected minimum and maximum support points, thus dividing the chart extremes into 4 parts.

If the daily prices move past the horizontal lines without resistance, the trend is to continue. If the daily prices resist moving through the horizontal lines, there is support and perhaps a trend reversal.

Using the Trendline list box, select Quadrant Lines to see these trendlines. Use the mouse pointer, point at the beginning point, and hold down the mouse button. Draw a trendline and select a bottom or support point and a top of a chart. See the Quadrant lines, the three horizontal lines where resistance and support is expected.

Speed Resistance

Speed Resistance displays two trendlines, one at 33.3% slope and the other at 66.6% slope. Speed lines are similar to Fibonacci Fans, which of course has three lines, their slopes or angles are just different.

Speed Resistance trendlines are drawn using typical tops or bottoms.

As the daily prices pass these two lines, analysts make predictions about future price movements based upon whether there appears to be price resistance or support at these intersection points. If the prices hold at the speed resistance lines, support is indicated there. If they quickly move through the resistance line, then no support is suggested.

To see the Speed Resistance trendlines, select this trendline from the Trendline list box. Then using the mouse pointer, and the mouse button select the beginning point (usually a support or resistance point) where speed resistance lines are to start, and drag the mouse pointer (while holding down the mouse button) to the end point (the significant other extreme, such as a top).

Point and Figure Charts

Both the vertical and horizontal scales are based upon prices and their changes. The Point and Figure Charts thus are different from most Telemet Orion charts, where the horizontal axis is time.

Point and Figure Charts are based only on prices and their movement and nothing more. Time is not explicit.

Point and Figure Charts have two symbols on any chart. They are “X” and “O”. The “X” indicates the upward movement of prices and the “O” indicates a downward movement in prices. Each box, with either an “X” or an “O” represents one unit of price, the unit is picked by the chartist (called the box size).

“X” and “O” never appear in the same columns, only in alternative columns. “X” indicates upward price movement, and “O” downward price movement. A chartist starts a new column (and change from an “X” to an “O” or visa versa) when the price reverses by a specified amount (called the reversal amount). Thus, if the box reversal amount were 3, a new column with “O”s would be started if the price reversed - went down after having been going up - by 3 points. Each column thus indicates either an upward or a downward trend. The reversal points are also determined by the daily high and daily lows, not the closes.

Chartists use Point and Figure Charts to identify “Price Congestion” and predict “price objectives”. A congestion area is just an area with lots of sideways movements. Chartists use the congestion area to help identify the direction in advance of its occurrence. If most of the “X” and “O” are near the top of the trading range, it mostly indicates distribution, and thus selling. Naturally the reverse is so, and if there are a lot of “X” and “O” at the bottom of a trading range, this is probably accumulation, and thus buying.

Another feature of the Point and Figure Charts is the width of the congestion area. If a congestion area has about 10 columns in the bottom area of a trading range, the chartist believes that the “upside” is about 10 “X”s high.

To see Point and Figure Charts, select a chart, then pull down the menu item “Options” then “Point and Figure” then “Display”.

The Point and Figure chart is displayed with 2 point box sizes and three point reversals. Change these by selecting “Options”, then “Point and Figure”, then “Settings”. To see a standard

historical chart, pull down the menu item “Options” then “Point and Figure” then “Display” once again.

Candlesticks

Candlesticks charts are a type of historic chart. They are of Japanese origin, and date back to the 1600s. Rather than show bars with open, high, low, and last prices, candlesticks provide an alternative look at these same data.

Each candlestick figure, has the open, high, low and close price data. The length of the “candle” body is the open and close prices for the day, and the length of the “wick” at the top and bottom of the candle (the vertical line) is simply the high and low for the day. Further the color of the candlestick is determined by whether the close is above or below the open for the day. The color is filled, if the close is lower than the open, and is clear or transparent if the close is higher than the open.

Thus the candlestick has no more or less data than the bar chart, but the mind looks differently at the data, because the emphasis on different parts of these data has changed because the candle emphasizes the open and close and this is different from the bar shape.

A candlestick chartist interprets a long transparent candle, without much of a wick, as a very bullish indicator. If the candle pattern were two small candles - the first transparent and the second dark, both small with a long lower wick, they are bullish also if they occur after a significant downtrend.

Another bullish pattern is a dark candle (bearish) followed by a transparent candle (bullish), when the second line opens lower than the first lines low, but closes more than halfway above the first lines candle body.

Another bullish pattern is a dark (bearish) candle followed by a large transparent candle (bullish), if it occurs after a significant downtrend.

A candlestick chartist interprets a long dark candle as bearish. If the candle pattern were two small candles - the first transparent and the second dark, both small with a long lower wick, they are bearish also if they occur after a significant uptrend.

Another bearish pattern is a transparent (bullish) candle followed by a large dark candle (bearish), if it occurs after a significant uptrend.

To see candlesticks, select the menu item “Options” then ticker, then select Candlestick from the list box.