

Interpreting Bar Charts

By Philip Birchley

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The opening price of a daily or a weekly bar usually illustrates the amateurs' view of value. Research has shown that opening prices very often occur near the highs or lows of daily bars. Prices tend to recoil later in the day from the extremes set early on by the buying or selling of amateurs.

The actions of professional traders are often reflected in the closing prices of daily and weekly bars. They become especially active near the close, taking profits to avoid holding positions overnight.

In bull markets prices often hit lows on Monday and Tuesday due to profit taking by amateurs and then rally to new highs on Thursday and Friday. In bear markets prices often make new highs for the week on Monday and Tuesday and new lows then occur on Thursday or Friday.

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