

Can we see any trends?

Introduction to Investments
Prof S G Badrinath
Price Patterns



Some Questions to Ponder

- **Q: Why not plot price changes instead of prices?** Arithmetic (y-axis divides equally on price change or log (y-axis divides equally on percentage change). One may signal a trend break and the other may not !!!
- **Q: Why stop at prices? Why not volume charts?** (signal of commitment) and money-flow charts that track volume of trades at the ask (bullish) or bid (bearish).
- **Q: Can we see a trend in prices?** Trends in this world are widely interpreted as reflecting investor expectations. **Can we see a change in trend?**

© All Rights Reserved.

This document has been authored by Prof S G Badrinath and is permitted for use only within the course “Introduction to Investments” delivered in the online course format by IIM Bangalore. No part of this document, including any logo, data, illustrations, pictures, scripts, may be reproduced, or stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior permission of the author.