

Introduction to Market Indicators

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Market Indicators measure the health of a group of related stocks, usually by measuring group participation in a trend. The group can be the members of a broad index, a specific sector, or even an entire market.

Market Indicators vs. Technical Indicators

Like a technical indicator, a market indicator is a series of data points derived from a formula. In this case, however, the formula for market indicators is applied to the price data for multiple securities within the market, instead of just one security. Price data can come from open, high, low or close points for the securities, their volume, or both. This data is entered into the indicator formula and the data point is produced.

Unlike technical indicators, market indicators are not charted above or below the chart. Market indicators are what is being charted, and as such have their own ticker symbols. There are often many symbols that apply the same market indicator formula to different markets. For example, the \$BPSPX and \$BPNDX track the Bullish Percent Index for the S&P 500 and the NASDAQ 100 respectively.

Market Breadth indicators

Breadth indicators measure the number or percentage of stocks in the group that are participating in a trend. Market breadth indicators are typically based on the price data of the stocks in the group. For example, the Advance-Dcline Line is calculated using the number of stocks in the group that increased in price ("advancers") vs. the number that decreased in price ("decliners"). The Net New 52-Week Highs indicator measures the difference between the percentage of stocks making new 52-week highs and those making new 52-week lows.

Popular market breadth indicators include the [Advance-Dcline Line](#), [McClellan Oscillator](#), and [Net New 52-Week Highs](#). See our [Market Indicators](#) page in ChartSchool for a more complete list of market breadth indicators we offer.

Sentiment indicators

Not all market indicators measure market participation using price and volume. Sentiment Indicators measure investor sentiment: whether investors feel bullish or bearish about the market. The data used to calculate these indicators vary more widely than the traditional market breadth indicators: it is often a count of the investors themselves, or the volume of money they are investing, rather than price and volume. For example, the DecisionPoint

Rydex Ratio is calculated using the amount of money invested in bullish and bearish mutual funds. The AAll sentiment indicators are based on poll results of investors.

Popular sentiment indicators include the [Put Call Ratio](#), [Volatility Indices](#), and the [DecisionPoint Rydex Ratio](#). See our [Market Indicators](#) page in ChartSchool for a more complete list of sentiment indicators we offer.