

Glossary - C [ChartSchool]



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Table of Contents

- Glossary - C
 - - Call Option
 - Candlestick Chart
 - Capital Gain
 - CBOE
 - CBOE Nasdaq 100 Volatility Index (\$VXN)
 - Chaikin Money Flow (CMF)
 - Chaikin Oscillator
 - Chande Trend Meter (CTM)
 - Channel
 - Channel Line
 - Commodities
 - Commodity Channel Index (CCI)
 - Confirmation
 - Contingent Deferred Sales Charge (CDSC)
 - Continuation Pattern
 - Contrarian
 - Correction
 - CRB Index
 - Crossover
 - Cumulative
 - Cup with Handle
 - Cycles
 - Cyclical Stocks

Glossary - C

Call Option

The right to buy a stock or commodity future at a given price before a given date. The owner of the call option is speculating that the price of the stock will go up and is therefore bullish.

Candlestick Chart

A form of Japanese charting that has become popular in the West. A narrow line (shadow) shows the day's price range. A wider body marks the area between the open and the close. If the close is above the open, the body is white (not filled); if the close is below the open,

the body is black (filled). See ChartSchool article on [Introduction to Candlesticks](#).


Capital Gain

The profit derived from the selling price exceeding its initial purchase price. A realized capital gain is an investment that has been sold at a profit. An unrealized capital gain is an investment that hasn't been sold yet but would result in a profit if sold. Capital gain is often used to mean realized capital gain.

CBOE

The Chicago Board Options Exchange (CBOE). The largest options exchange in the US. The CBOE trades options for over 2000 equities, over 20 stock indices and over 100 ETFs.

CBOE Nasdaq 100 Volatility Index (\$VXN)

The [CBOE Nasdaq 100 Volatility Index \(\\$VXN\)](#)  represents the implied volatility of a hypothetical 30-day option that is at the money, derived from a basket of put and call options.

Chaikin Money Flow (CMF)

An oscillator that helps signal if a stock is undergoing accumulation or distribution. It is calculated from the daily readings of the [Accumulation Distribution Line](#). The CMF is unlike a momentum oscillator in that it is not influenced by the daily price change. Instead, the indicator focuses on the location of the close relative to the range for the period (daily or weekly). See ChartSchool article on [Chaikin Money Flow](#).

Chaikin Oscillator

This is a moving average of the [Accumulation Distribution Line](#). It was developed by Marc Chaikin. It is created by subtracting a 10-period exponential moving average of the accumulation/distribution line from a 3 period exponential average of it.

Chande Trend Meter (CTM)

An indicator developed by Tushar Chande, which assigns a numerical score measuring a stock's trend strength. The scoring calculations are based on several technical indicators covering six different timeframes. CTM is plotted on a vertical scale from 0 to 100. Values above 80 are considered to be in a strong uptrend. See ChartSchool article on [Chande Trend Meter](#).

Channel

When prices trend between two parallel trendlines, this is referred to as a channel. See ChartSchool article on [Price Channel \(Continuation\)](#).

Channel Line

A straight line drawn parallel to the basic trendline. In an uptrend, the channel line slants up to the right and is drawn above rally peaks; in a downtrend, the channel line is drawn below

price troughs and slants down to the right. Prices often meet resistance at rising channel lines and support at falling channel lines. See ChartSchool article on [Price Channel \(Continuation\)](#).

Commodities

Raw materials such as gold, pork bellies, or orange juice. Traders in commodities buy and sell contracts (also called futures) for such materials.

Commodity Channel Index (CCI)

Developed by Donald Lambert, the CCI is an indicator designed to identify cyclical turns in commodities. It may also be applied to stocks or bonds. See ChartSchool article on [Commodity Channel Index](#).

Confirmation

A subsequent signal that validates a position stance. Traders and investors sometimes look for more than one signal or require validation before acting. For example, confirmation of a trend change may entail an advance past the previous reaction high. For an indicator such as MACD, confirmation of a divergence may be a subsequent moving average crossover.

Contingent Deferred Sales Charge (CDSC)

A form of commission that is a back-end load on mutual funds that decline over time. For instance, if you sell mutual fund shares that have a CDSC after one year, you may owe a 4% charge, but if you hold for three years, the charge may decline to 2%.

Continuation Pattern

A type of chart pattern that occurs in the middle of an existing trend. The previous trend resumes when the pattern is complete. Examples include the [Rectangle](#) and [Pennant](#) continuation patterns. For more continuation patterns, see our ChartSchool article on [Chart Analysis](#).

Contrarian

A trading or investing style based on sentiment. Contrarians are typically bullish when sentiment is excessively bearish. Contrarians are typically bearish when sentiment is excessively bullish. The [Put/Call Ratio](#) is sentiment indicator used by contrarians.

Correction

After an advance, a decline that does not penetrate the low from which the advance began is known as a correction. Also referred to as a retracement, a correction usually retraces 1/3 to 2/3 of the previous advance.

CRB Index

An unweighted geometric average of some important commodities. It averages prices across 17 commodities and across time. The index tracks energy, grains, industrials, livestock, precious metals, and agriculturals.

Crossover

A point on a graph where two lines intersect. Depending on which lines they are, a crossover may indicate a buy or sell signal. For example, the price line crossing above a moving average line may generate a buy signal. Oscillators such as MACD and Chaikin Money Flow experience centerline crossovers. See our ChartSchool article on [Centerline Crossovers](#).

Cumulative

A running total of values used to form an indicator. On Balance Volume is a running total of volume. Volume is added on up days and subtracted on down days. See our ChartSchool article on the [AD Line](#) for an example.

Cup with Handle

A bullish chart pattern that marks a consolidation period followed by a breakout. The “cup” part of the pattern resembles a rounding bottom, and is followed by a “handle” that acts as a final consolidation before a breakout. See our ChartSchool article on [Cup With Handle \(Continuation\)](#).

Cycles

A price high or low that repeats itself at the same interval over time. Cycle theory asserts that cyclical forces, both long and short, drive price movement in the financial markets. See our ChartSchool article on [Cycle Lines](#).

Cyclical Stocks

Shares of companies that are highly sensitive to economic performance. Cyclical stocks tend to perform well when the economy is growing and suffer when the economy contracts. Chemical (DuPont), transportation (FDX Corp), auto (General Motors), paper (International Paper) and steel (Nucor) represent a few cyclical industries.