

High-Low Percent [ChartSchool]

 stockcharts.com/school/doku.php

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High-Low Percent

Introduction

High-Low Percent is a breadth indicator that measures the percentage of Net New Highs. After the market close, StockCharts.com calculates this indicator for the nine sector SPDRs and several indexes. High-Low Percent can be plotted on its own or used to create the High-Low Line. These indicators can then complement the analysis of the underlying security. For example, the High-Low Line based on High-Low Percent for the Technology SPDR (XLK) would complement the analysis of XLK. This article will explain how to use this indicator and show SharpChart examples. A sample list of symbols can be found at the end of this article.

Calculation

StockCharts.com has High-Low Percent data going back at least three years. Note, however, that these calculations are based on the current list of stocks in the underlying index or ETF (i.e. XLK). This means the breadth data two years ago is based on the current holdings, which do change over time. Even though the holdings for the nine sector SPDRs and indices are relatively stable, chartists should keep this in mind when using a long-term chart.

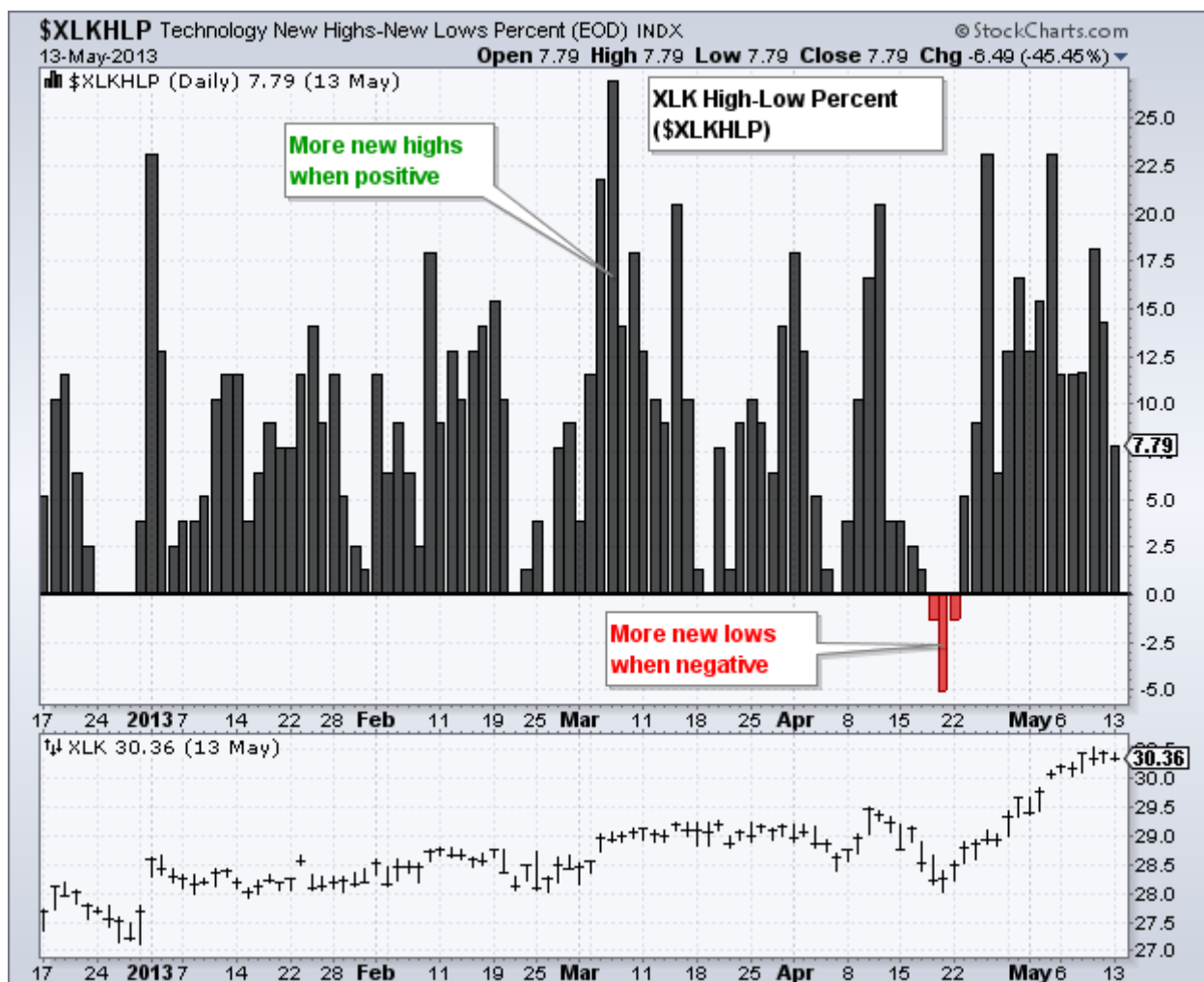
High-Low Percent = (52-week Highs Less 52-week Lows) / Total Issues

High-Low Percent = (15 - 2) / 77 = +13/77 = +16.88%

High-Low Percent = (2 - 6) / 77 = -4/77 = -5.19%

High-Low Percent fluctuates between -100% and +100% with zero as the middle line. In reality, extreme readings, greater than +70% and less than -70%, are very rare and the actual range is much smaller.

In the numerical example above, the Technology SPDR has 77 stocks with 15 new highs and 2 new lows. High-Low Percent is positive (+16.88%) because there are more new highs than new lows. In the second example, there are 2 new highs and 6 new lows. High-Low Percent is negative (-5.19%) because there are more new lows than new highs.



Interpretation

As a breadth indicator, High-Low Percent is a lagging indicator that helps define the medium- to long-term trend. It takes 52 weeks to produce a new high or a new low. New highs expand after an extended move in the broader market (S&P 500) and remain strong as long as the uptrend extends. New highs may dry up with the first decline or sideways consolidation, but a surge in new lows is unlikely after just a few weeks. It takes an extended decline or major support break to trigger an expansion of new lows. Chartists can look at High-Low Percent as a stand-alone indicator or create a High-Low Line to identify turning points.

High-Low Line

The High-Low Line is a cumulative measure of each period's High-Low Percent value. The High-Low Line rises when High-Low Percent is positive and falls when High-Low Percent is negative. The values on the right-hand scale are not important because these values depend on the starting date. Chartists should simply focus on the line's movements and general direction. It is also possible to apply a moving average or other indicators to the High-Low Line.

The chart below shows the XLE High-Low Line with a 20-day EMA in the main window and the Energy SPDR (XLE) in the lower window. As noted above, High-Low Percent is a lagging indicator that usually turns after the trend has turned. Some signals will be timely

and result in good trades, but others will lag and produce whipsaws if a trend quickly reverses.



Let's look at some of the signals. First, notice how the High-Low Line declined from early April to late June and then turned flat. XLE turned up in July, but the High-Low Line did not turn up and break its 20-day EMA until August 1st. Second, XLE then turned down in October and the High-Low Line followed with a downturn in mid-November (lagging). This downturn did not last long as the High-Low Line turned back up in mid-December. Third, notice that the December upturn lasted more than six months as the indicator caught a good trend.

High-Low Percent

Chartists can also plot High-Low Percent as an indicator on its own. The chart below shows High-Low Percent for the Utilities SPDR (XLU) in the main window and XLU in the lower window. Notice how High-Low Percent fluctuates between -15% and +72%. This range is large because utilities are a rather homogeneous group and XLU has less than 40 stocks.



Chartists can look for crosses above/below the zero line to establish their trading bias or use a bullish/bearish threshold. In this example, a move above 5% is deemed bullish, while a move below -5% is deemed bearish. These thresholds reduce the number of signals and whipsaws. Signals look great when a strong trend emerges, but there will also be late signals because of the lag. Keep this in mind when using High-Low Percent.

Conclusions

High-Low Percent is a breadth indicator that chartists can use to define the path of least resistance or identify trend changes. In its simplest form, the path of least resistance is up when there are more new highs than new lows. The path is down when new lows outnumber new highs. Keep in mind that High-Low Percent is a lagging indicator and changes in this indicator usually occur after the trend in the underlying index or ETF has reversed.

SharpCharts

High-Low Percent can be added to any SharpChart using the appropriate symbol (see list below). Chartists can easily create a High-Low Line by using “cumulative” for chart type. A moving average can be added as an “overlay” and the underlying security (XLU) can be shown in a window above or below the main chart window. [Click here](#) for a live example.

Chart Attributes

Periods: Daily Range: Select Start/End Start (YYYY-MM-DD): 2012-03-05 End (YYYY-MM-DD): 2013-05-13

High-Low Line with Moving Average

Type: Cumulative Size: 620 Color Scheme: Murphy Grid: Normal Color: black Opacity: - Auto -

Volume: Off Full Quote Price Labels Log Scale Color Prices Color Volume Show Legends Smo Lines

Update

Overlays

Parameters: Moving Avg (exp) 10 Reorder Style: - Auto - Color: pink Opacity: - Auto -

Update Clear All

Indicators

Parameters: Price XLE Position: Below Reorder Style: Solid Color: - A

Update Clear All

Reset All Heights: - Auto - Set

High-Low Percent can be shown on its own as a “histogram” by selecting this option in the Chart Attributes/Type section. This makes it easy to see the zero line and analyze the fluctuations. Chartists can add horizontal lines using the “overlays” section and show the underlying security in the window above or below the main window. [Click here](#) for a live example.

Chart Attributes

Periods: Daily Range: Select Start/End Start (YYYY-MM-DD): 2012-03-05 End (YYYY-MM-DD): 2013-05-13

Histogram

Type: Histogram Size: 620 Color Scheme: Murphy Grid: Normal Color: black Opacity: - Auto -

Volume: Off Full Quote Price Labels Log Scale Color Prices Color Volume Show Legends Smo Lines

Update

Overlays

Parameters: Horizontal Line 5,0,-5 Reorder Style: - Auto - Color: - Auto - Opacity: - Auto -

Update Clear All

Indicators

Parameters: Price XLU Position: Below Reorder Style: Solid Color: - A

Update Clear All

Reset All Heights: - Auto - Set

Symbol Samples

StockCharts.com users can find a list of symbols for High-Low Percent using the symbol catalog. Simply search for “high and low and percent” (without the quotation marks). The “and” means both terms are required. The image below shows a partial list of symbols. [Click here](#) for an up-to-date list.

Symbol	Name
\$DJTHLP	Dow Transports New Highs-New Lows Percent
\$DJUHLP	Dow Utilities New Highs-New Lows Percent
\$DOWHLP	Dow New Highs-New Lows Percent
\$GDHLP	Gold Miners New Highs-New Lows Percent
\$MIDHLP	S&P 400 New Highs-New Lows Percent
\$NDXHLP	Nasdaq 100 New Highs-New Lows Percent
\$SMLHLP	S&P 600 New Highs-New Lows Percent
\$SPXHLP	S&P 500 New Highs-New Lows Percent
\$SUPHLP	S&P 1500 New Highs-New Lows Percent
\$TSEHLP	S&P/TSX Composite New Highs-New Lows Percent
\$XLBHLP	Materials Select Sector SPDR New Highs-New Lows Percent
\$XLEHLP	Energy Select Sector SPDR New Highs-New Lows Percent
\$XLFHLP	Financial Select Sector SPDR New Highs-New Lows Percent
\$XLIHLP	Industrial Select Sector SPDR New Highs-New Lows Percent
\$XLKHLP	Technology New Highs-New Lows Percent
\$XLPHLP	Consumer Staples Select Sector SPDR New Highs-New Lows Percent
\$XLUHLP	Utilities Select Sector SPDR New Highs-New Lows Percent
\$XLVHLP	Health Care Select Sector SPDR New Highs-New Lows Percent
\$XLYHLP	Consumer Discretionary New Highs-New Lows Percent
\$XTLHLP	SPDR S&P Telecom New Highs-New Lows Percent