

Point and Figure Tutorials (6)

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What forms exist to plot a point and figure chart ?

There are normally three forms to plot point and figure charts. The close price, the high/low price and the typical price. The close price uses the last price of the trading day to plot the point and figure chart. Before 1947 the close price was the only way to plot a daily point and figure chart if we don't count the usage of point and figure charts for daily tick data. A.W. Cohen publicized 1947 in his work "Stock Market Timing" a new way to plot daily point and figure charts. He used the highest and the lowest quotation of the day to plot a daily point and figure chart. In my opinion it's a good way to look at both charts to make a decision. The third form to plot a point and figure chart is the typical price which is not so much in use, but this charting form can give us some additional information about a specific market. The typical price is calculated (highest price + lowest price + close price) / 3 = typical price.

How can we plot a point and figure chart ?

when we see old point and figure charts in antique books before the first and second world war the charts normally have X for the ascendant and descendant columns. Also we can see the 1 box reversal charts they are not much in use nowadays. The standart point and figure chart today is the three box reversal chart. A.W. Cohen in his work "Stock Market Timing" also began to plot the point and figure charts with an X for the ascendant columns and an O for the descendant columns. This manner to plot the chart was very good to read the chart action much clearer as before with only the X in every column. A.W. Cohen invented also the three box reversal chart which is today a standart value and most of the traders who use point and figure in their trading use the three box reversal. If you are a more advanced point and figure analyst you can also familiarize yourself with the one box reversal charts which are quite interesting and can give you a complete new trading approach. Advertising

If you like to participate in my point and figure training courses which gives you an edge as a trader feel free to contact me. After this training you will see the market moves much clearer as before don't trade every pattern you see. Don't make your broker rich because you have to make money.