momentum
securities

Understanding chart types

Line, Bar and Candlestick charts

GUIDE 4
Choosing the right chart for the right analysis

Charts transform market data into a visual format. Each chart type presents price information differently, so understanding what is included, and what is left out, is an important first step in technical analysis.

Three chart types at a glance

1 Line chart
Connects closing prices to provide a simple view of market direction.

2 Daily bar chart
Displays the open, high, low and close for each trading period.

3 Candlestick chart
Displays the same four price points as a bar chart in a more visual format.

Start with purpose:

There is no single best chart. Select the format that presents the level of detail you need.

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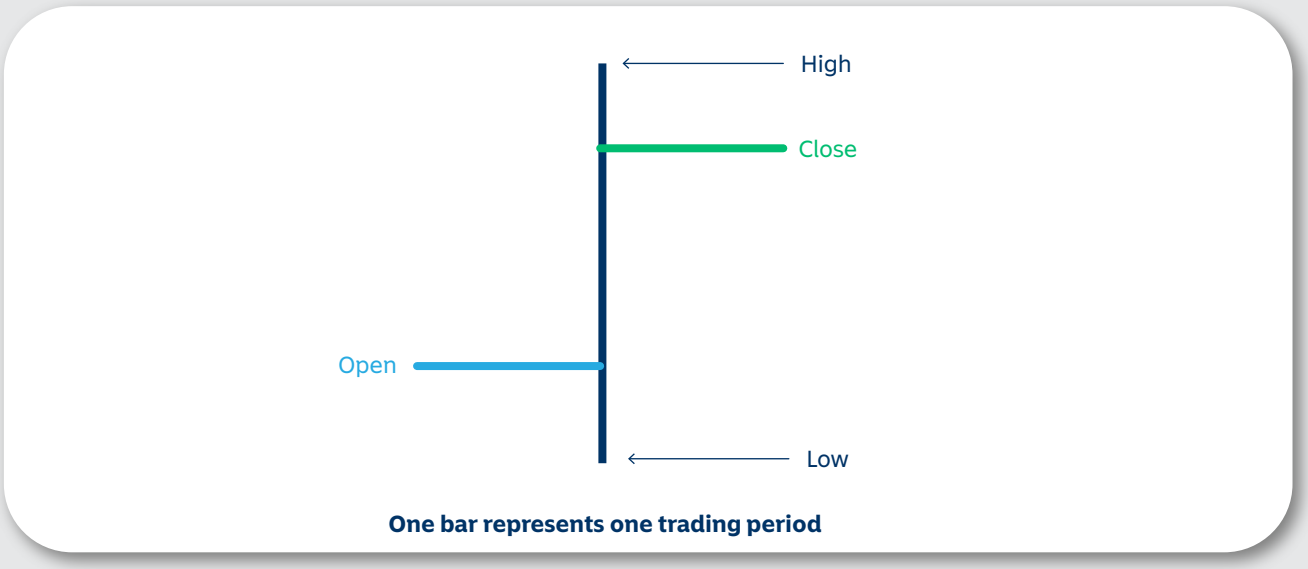
1. The daily bar chart

A daily bar chart shows the full trading range for one day. The vertical bar runs from the day's low to its high. A tick on the left marks the opening price, while a tick on the right marks the closing price.



One bar represents one trading period

1 Find the high and low

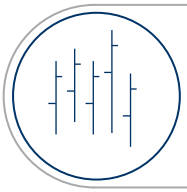
The top and bottom of the vertical bar show the full price range.

2 Locate the open

The short tick on the left shows where the period began.

3 Locate the close

The short tick on the right shows where the period ended.

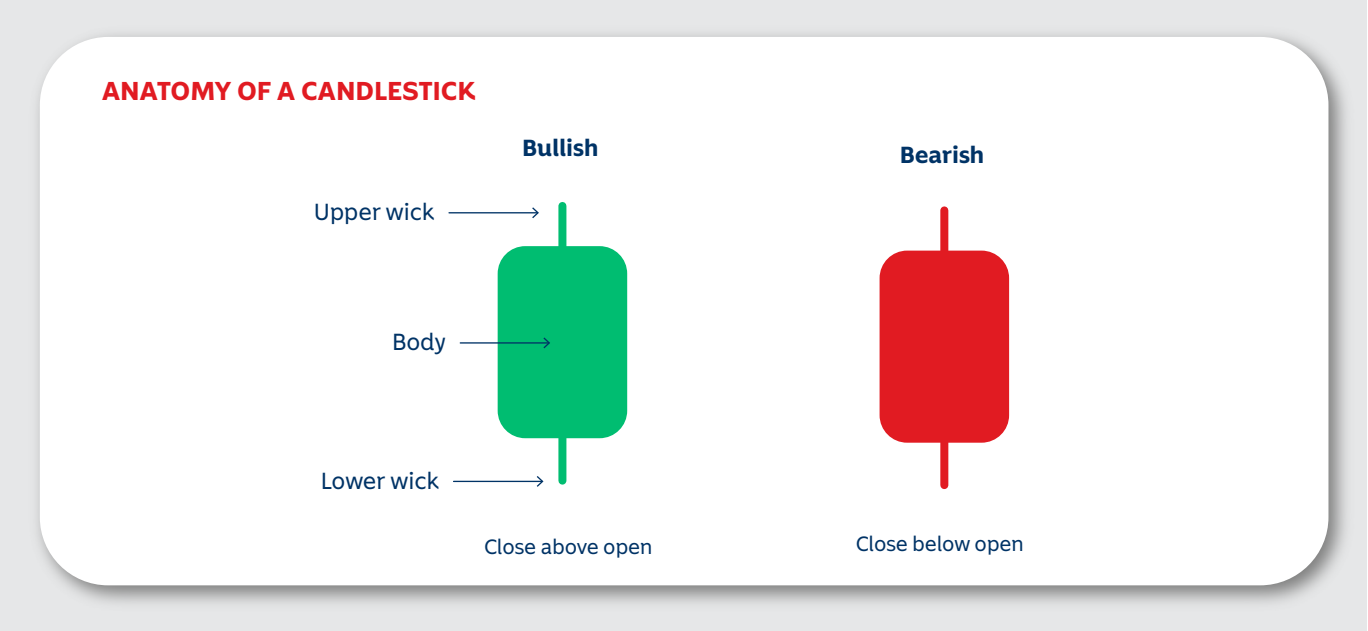


Why use it?

A bar chart provides detailed price information in a compact format and makes the extent of the period's movement visible.

2. The candlestick chart

A candlestick chart records the same open, high, low and close information as a bar chart. The difference is the visual treatment: the body shows the relationship between the open and close, while the wicks show the high and low.



1 Read the body

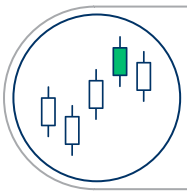
The body shows the distance between the opening and closing prices.

2 Check the direction

A bullish candle closes above its open; a bearish candle closes below its open.

3 Read the wicks

The upper and lower wicks show the highest and lowest prices reached.



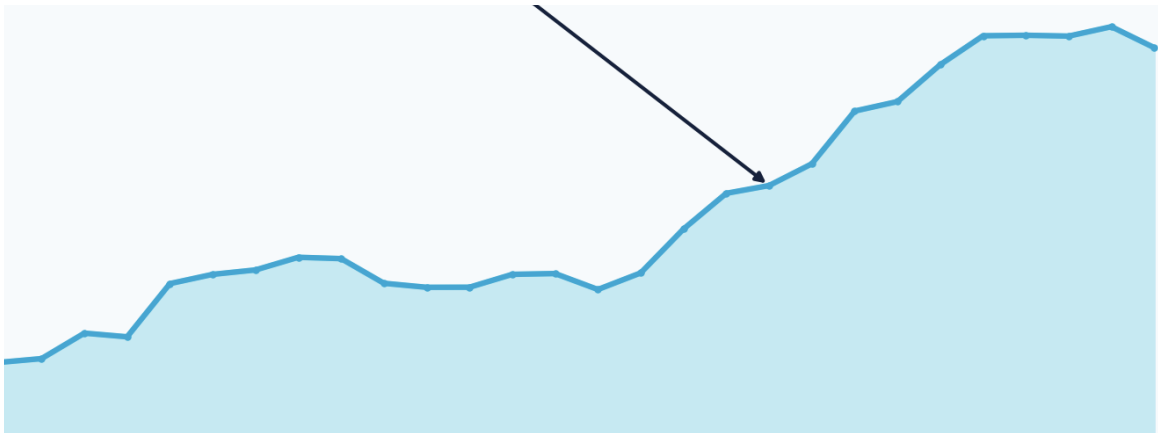
Why use it?
The visual body makes the relationship between the open and close easy to distinguish and supports pattern recognition.

3. The line chart

A line chart is the simplest of the three chart types. Each point represents a closing price, and the points are connected to show how the price has moved over time.

A LINE CHART CONNECTS CLOSING PRICES

Each point represents a closing price



1 Focus on the close

The line records the closing price for each period.

2 Follow the direction

The connected points provide a clean view of the broader path.

3 Recognise the trade-off

The simplified view excludes the open, high and low.

Why use it?

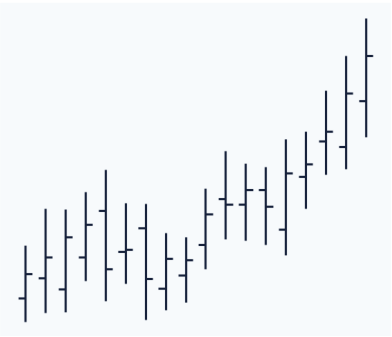
A line chart reduces visual detail and can make the broader trend easier to see.

Comparing the three chart types

THE SAME MARKET DATA, PRESENTED DIFFERENTLY

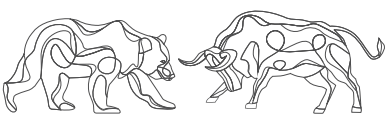
Line

Bar



Candlestick

Quick reference

Chart type	Open	High	Low	Close	Useful when
Line	No	No	No	Yes	A simplified trend view is required.
Bar	Yes	Yes	Yes	Yes	Detailed price data is required.
Candlestick	Yes	Yes	Yes	Yes	Visual comparison and pattern recognition are required.

Choose for the task:
Use a line chart for simplicity, a bar chart for compact detail, or a candlestick chart for a more visual representation of the same open-high-low-close data.