

BREADTH INDICATORS

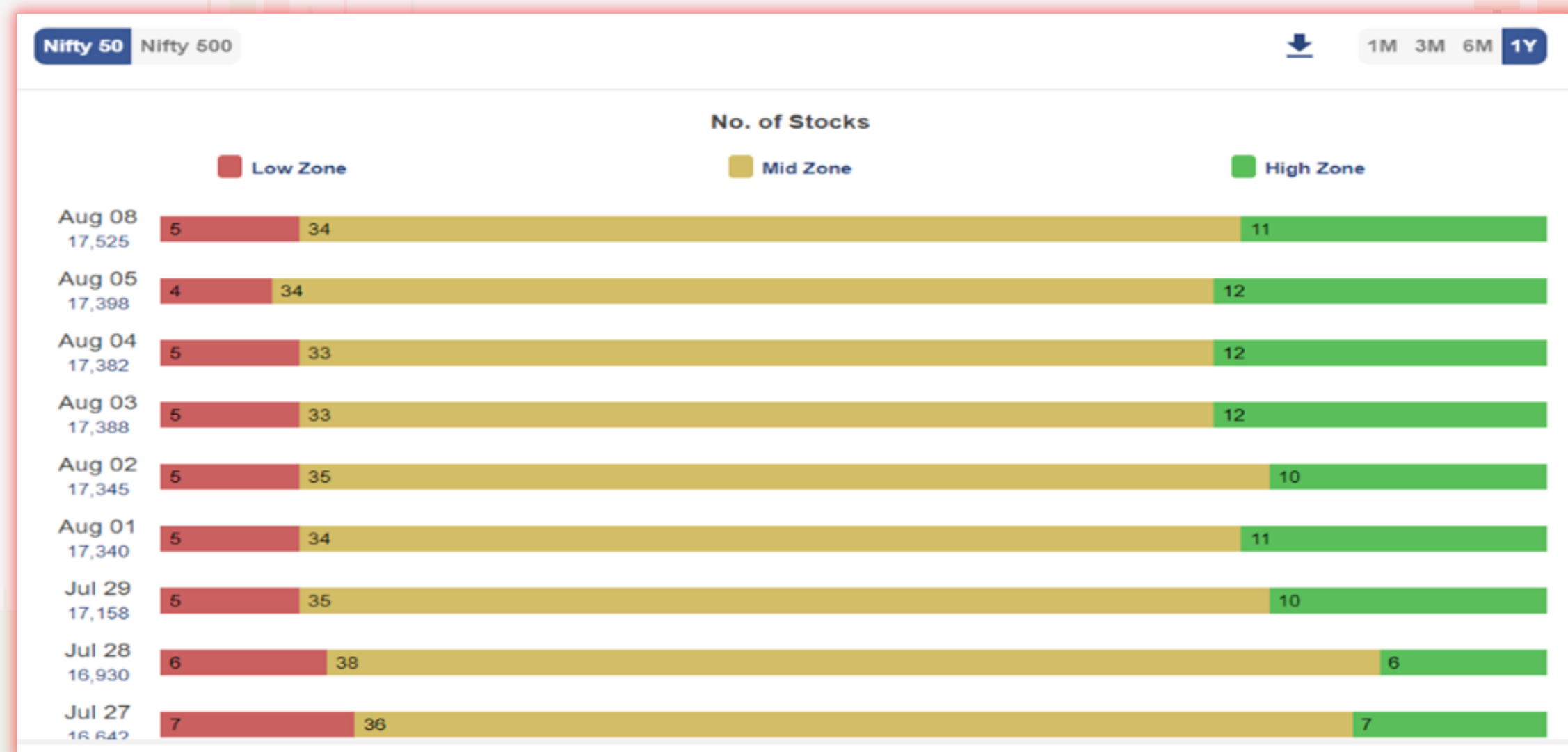
What do we precisely mean when we refer to market breadth? The players in the market are reflected in the market breadth. Many other interpretations are possible. Breadth can be used to determine the number of stocks taking part in a rally. From width, one can also infer the number of market participants. When the markets rise, the central query is always "is the rise sustainable?" This depends on how big the markets are. Market breadth typically precedes a market rally, which is regarded as being more durable. On the other hand, if the market has been rallying while its width has been narrowing, this is seen as an indication of declining market confidence.



The breadth indicators are listed below:

1. Periodic High and Lows -

Periodic highs and lows are the extreme values within a given time frame. Users can view the volume of equities trading around their cyclical high or low for different time frames. Securities can be included in the Period High/Low Analysis if their price is 20% or less from their High-Low range.



The breadth indicators are listed below:

2. Number of Stocks above Moving Average -

1. A breadth indicator uses the proportion of stocks trading above a given moving average to assess internal strength or weakness in the underlying index. The 50-day moving average covers short- to medium-term timelines, while the 150-day and 200-day moving averages cover medium- to long-term timeframes. Signals can be produced using overbought/oversold levels, crosses above/below 50%, and bullish/bearish divergences. When the indicator is more than 50%, there is a bullish bias. This indicates that a certain moving average is exceeded by more than half of the stocks in the index. In contrast, when it falls below 50%, a bearish bias is observed.

Nifty 50 Nifty 500		Stocks Above				
Date Close	RS 55	SMA 20	SMA 50	SMA 100	SMA 200	
Aug 08 17,525	50%	92%	92%	74%	66%	
Aug 05 17,398	44%	92%	90%	72%	60%	
Aug 04 17,382	52%	90%	92%	70%	56%	
Aug 03 17,388	48%	92%	92%	70%	58%	
Aug 02 17,345	54%	92%	88%	70%	58%	
Aug 01 17,340	50%	98%	90%	70%	58%	
Jul 29 17,158	46%	96%	86%	66%	50%	

KEY TAKEAWAY

Traders commonly use a wide range of technical indicators while analysing securities. Trading requires choosing the best indicators and becoming familiar with how they work out of thousands of alternatives. Traders may combine technical indicators with less objective types of technical analysis, such as chart patterns, to come up with trade suggestions. Technical indicators can be used in automated trading systems because of their quantitative nature.

We sincerely hope that you learned something from this and that you put it to the best possible use in your daily life. Share this with your family and friends to further our goal of promoting financial literacy.



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