

The Secret to Using Percent Change on Telechart Price Scales

by Jim Cooper w2jc

Have you ever wondered what the T M L below the price scale at the right side of Telecharts are used for? It seems like very few people know, and I was using Telechart for years before I figured it out!

But these settings are some of the most versatile and extensive configurations in Telechart – why they were made so complex I have no idea, but someone must have thought it was a good idea...

After I noticed Rick Sadler (RickyWayne) describing his use of “percent gain” to determine his trading technique, but using whatever % showed below the price scale on the normal A (Arithmetic) or L (Logarithmic) charts it seemed like using these “hidden” setups would be so much easier and consistent.

It turns out that T M L stand for “Tight,” “Medium,” and “Loose” – which describe the appearance of the chart when these options are used. The setup for all three of these options is the same; they just allow you to use three different configurations.

The ultimate purpose of using the T M L options is to display the price with fixed percentage changes for each box on the vertical (price) scale. For example, if you set “L” up to show 25% change per vertical box and the bottom scale mark was \$10.00 then the next scale mark above that would be \$12.50. So, you might be asking about now, “why would I want to use a chart like that?”

Using this setup scheme, you can immediately see on your chart the PERCENTAGE change between any two price points; for example, if you are using a 1% setting then each higher grid line on the vertical (price) scale will be one percent larger than the grid line below it. (See example at right).

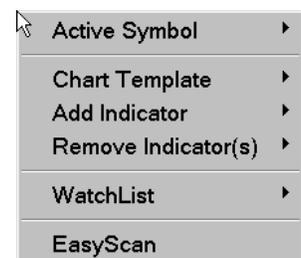
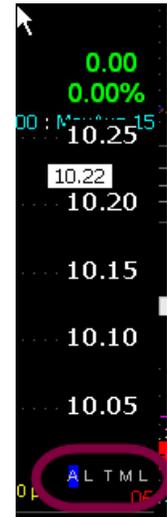
Notice that when using the T M L options, the vertical scale “expansion” and “contraction” with the + and – keys is not functional.

How do we set up the T M L configurations? It’s fairly easy once you click the right access “code” to get to the secret compartment! If you right-click in an open area of the chart you should get the

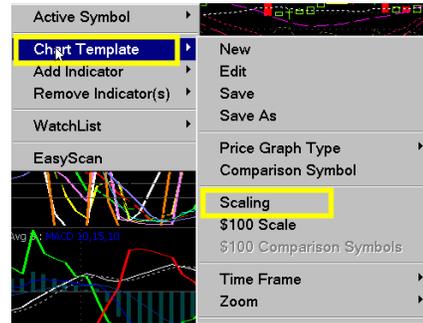


menu shown at the right margin →

if you get the menu that looks like this,
← close it and try again in a different open area of the chart!

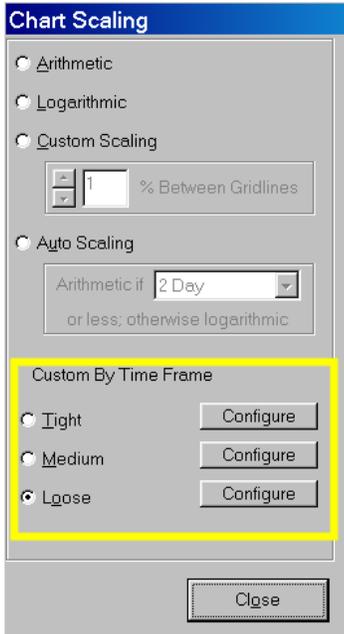


Once you have the correct menu window, place the cursor over the “Chart Template” option and a second, larger menu should appear.



When it does, move the cursor over the “Scaling” selection and left-click.

← The “Chart Scaling” menu should now appear, and it will show settings for whichever of the **A L T M L** options is currently selected.



If the “Chart Scaling” menu does not appear with the “Loose” option selected (bottom of window), then click on the button to select the “Loose” option [which we will use here for the example setup].

Next, click on the [**Configure**] button to the right of the Loose.

This should cause a large, complex configuration menu window to appear. (I said earlier that this provides one of the most complex configurations in Telechart!)

The “Scale Table” menu window allows you to set a different “Gridline %” for each of the 19 time frames shown in the menu window. (Which, in my opinion, is far more complex than I want to use it, but the versatility is there if you decide to use it.)

Time Frame	Scale Method	Gridline %
Yearly	Custom	5
Quarterly	Custom	5
Monthly	Custom	5
9-Day	Custom	5
8-Day	Custom	5
7-Day	Custom	5
6-Day	Custom	5
Weekly	Custom	5
4-Day	Custom	5
3-Day	Custom	5
2-Day	Custom	5
Daily	Custom	5
60 Minute	Custom	1
30 Minute	Custom	1
15 Minute	Custom	1
10 Minute	Custom	1
5 Minute	Custom	0.5
Minute	Custom	0.25
Tick	Arithmetic	

For simplicity, I suggest setting all of the non-intraday settings to the same percent value; for the “Loose” configuration I have chosen to use 5%.

Because it is unlikely to have really big percentage moves intra-day, I have chosen to set those to 1% or less (as you can see in the screen shot at the right margin).

Be sure to leave all the “Scale Method” settings at “Custom” or you will not be able to set the “Gridline %” value. (Tick is probably best left as “Arithmetic”).

When you have finished setting the configurations on the “Scale Table” menu, click [**OK**] to save the settings.

Time Frame	Scale Method	Gridline %
Yearly	Custom	10
Quarterly	Custom	10
Monthly	Custom	10
9-Day	Custom	10
8-Day	Custom	10
7-Day	Custom	10
6-Day	Custom	10
Weekly	Custom	10
4-Day	Custom	10
3-Day	Custom	10
2-Day	Custom	10
Daily	Custom	10
60 Minute	Custom	1
30 Minute	Custom	1
15 Minute	Custom	1
10 Minute	Custom	1
5 Minute	Custom	1
Minute	Custom	1
Tick	Arithmetic	

OK Cancel

Time Frame	Scale Method	Gridline %
Yearly	Custom	25
Quarterly	Custom	25
Monthly	Custom	25
9-Day	Custom	25
8-Day	Custom	25
7-Day	Custom	25
6-Day	Custom	25
Weekly	Custom	25
4-Day	Custom	25
3-Day	Custom	25
2-Day	Custom	25
Daily	Custom	25
60 Minute	Custom	5
30 Minute	Custom	5
15 Minute	Custom	5
10 Minute	Custom	5
5 Minute	Custom	5
Minute	Custom	5
Tick	Arithmetic	

OK Cancel

The “Chart Scaling” menu window should still be open. Repeat the [Configure] process for “Medium” and for “Tight” if you wish to use those options. My choice of settings for these options is shown with the two screen captures on the following page.

When you have finished configuring all three Time Frame options, click on the [**Close**] button to close the “Chart Scaling” menu window.

Which of the T M L options you use for your chart reading will now probably depend on how much price change the stock you are viewing has made.

- For those having only fairly small changes use the “L” Loose option.
- For charts that are showing huge gains, you can use the “T” Tight option to compress the price move onto the chart space.

Now that your charts are configured with these three extra options, there are some unique ways you can use them while ‘reading’ the charts. One way that I developed some time ago (but have not really implemented in my “plan” as yet) is described on the next page.

Using the “fixed percentage scale” to forecast profits.

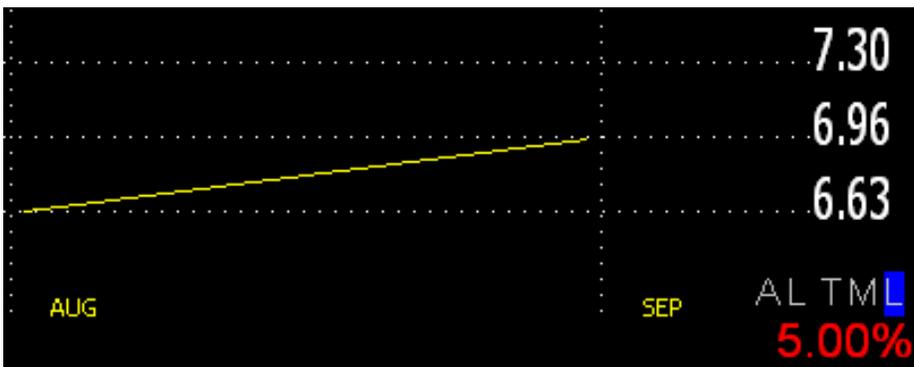
Suppose when you enter a long stock position, you determine that you want this position to return a certain “percent per month” of increased value.

And for purposes of example, let’s say you were able to enter your long position at the last major low! Below is a daily chart of ACAT which will demonstrate this concept well.



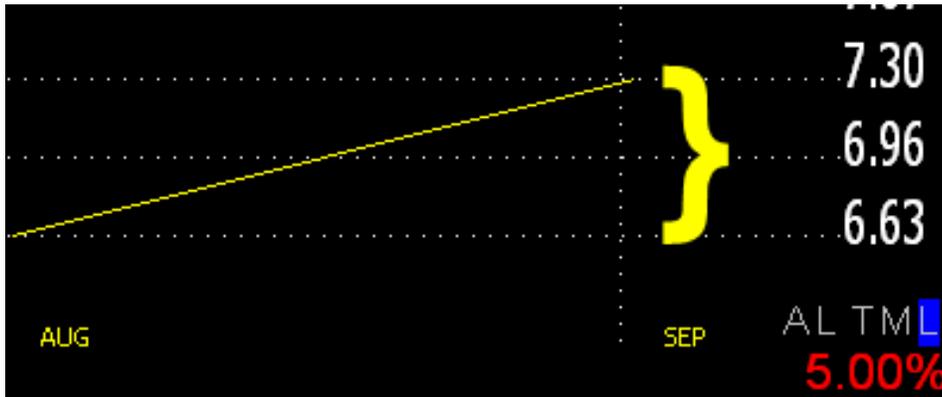
Note that we are using the L = Loose scaling option, and that is displaying increments of 5% for each vertical grid block.

If we now use an open area of the chart, and with our Trendline tool draw a line from the bottom left corner of a grid block ... up and to the right corner of the same grid block... we will have a line whose “slope” represents a rise of 5% PER MONTH. (see below).

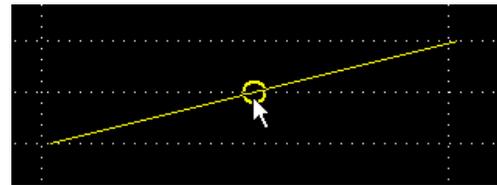


Using Percent Change on Telechart Price Scales

Or, if I were a bit more greedy, I could create a line for TEN percent per month by using two vertical grid blocks for one month of horizontal time:

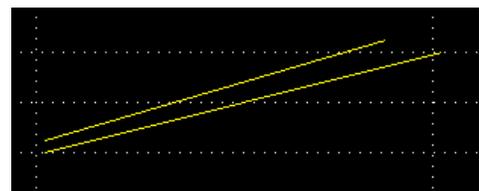


Now that we have the “slope” of the line set on our chart, we can MOVE the line to any position we want; for our example, let’s start the “10% per month” line at the low point of the price chart at July 15th – we move the slope line by hovering the cursor around the CENTER of the line until the small circle appears... then “grab” the circle with the cursor and drag the sloping line to where ever you want it.



CAUTION: There is a serious ‘caveat’ about moving trendlines in Telechart... you must be very careful not to allow the right-hand end of the trendline to go off the right side of the chart – otherwise the slope of the line will change. ☹

(Try this with two parallel lines you have drawn on the chart – then move one off the right side of the chart a bit, release the mouse and then drag it back next to the unchanged line...)



Back to the chart and our “rate of return” project.

When we have dragged our sloping line over to our long position entry point at July 15th and turned on the “extensions” for the trend line (use Control T several times), we now have a “rate of return trendline” on the chart showing a rate of TEN PERCENT PER MONTH.



As long as the price stays above that sloping line, we are earning a rate of return in excess of 120% per year!! How's that compared to 4% for certificates of deposit?

You can see that ACAT is returning far more than 10% per month; which leads us to another use for the “fixed percentage” scaling of our chart – which will be described on the next page.

Using the “fixed percentage scale” to estimate “rate of return.”

If we sort of reverse the previous procedure, and draw a trendline on a segment of the existing price chart, we can use the fixed percentage scale to get a fast estimate of the percent change of the stock.

Draw a trend line from the point of entry for our long position (in this case, we are using the low of July) to whatever target date we are interested in. Use the trendline without extensions (again, use Control T several times).



Next, find the little circle at the center of the trendline and use the cursor to drag the trendline so that the lower left end of the line is at the lower left corner of a grid box. Try to find an area on the chart where the candles do not interfere with seeing the grid boxes clearly. Also, remember the earlier “caveat” about not moving the line past the right edge of the chart.

Looking at the vertical grid line for the next month, we can count the vertical grid boxes up to where the trendline crosses.

Knowing that each vertical grid box is a 5% increase in price, you can see that during the month of July ACAT gained 50% PER MONTH !!

(You could do this percentage calculation using the Logarithmic scale also, but while the vertical blocks there are all equal they are not a fixed or “round” value – like 5% or 10%).

