

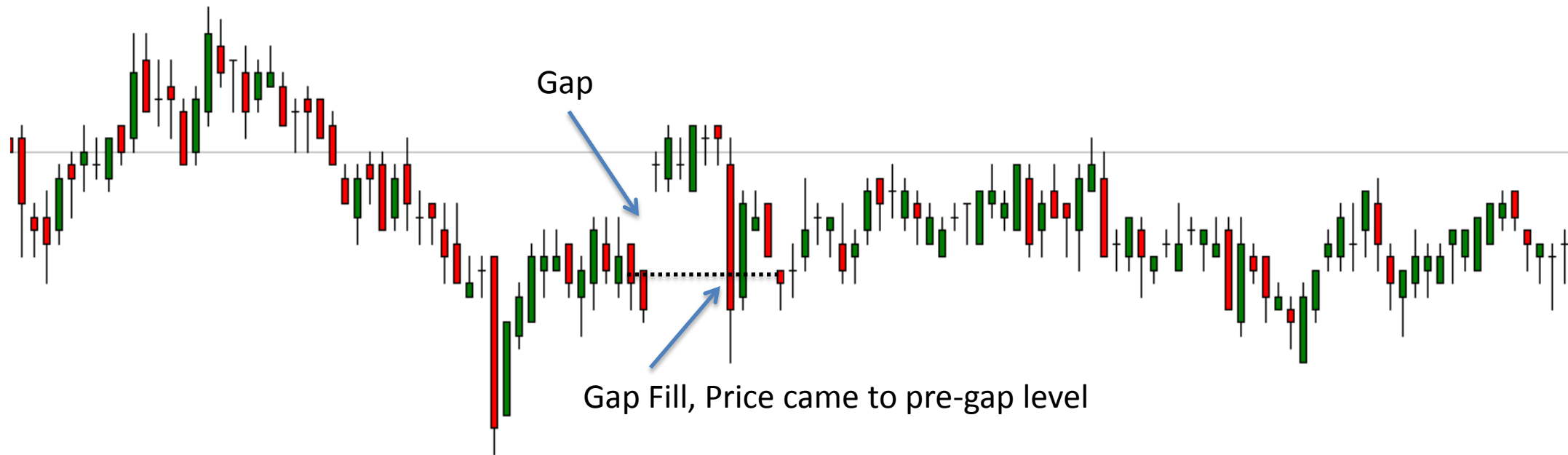
Technical Analysis

Gap Analysis

Common Gap

- Often occur when a security is trading in a range
- These are normal, can occur due to low volume or any announcement.
- These gaps are quickly filled also, price move back to previous level

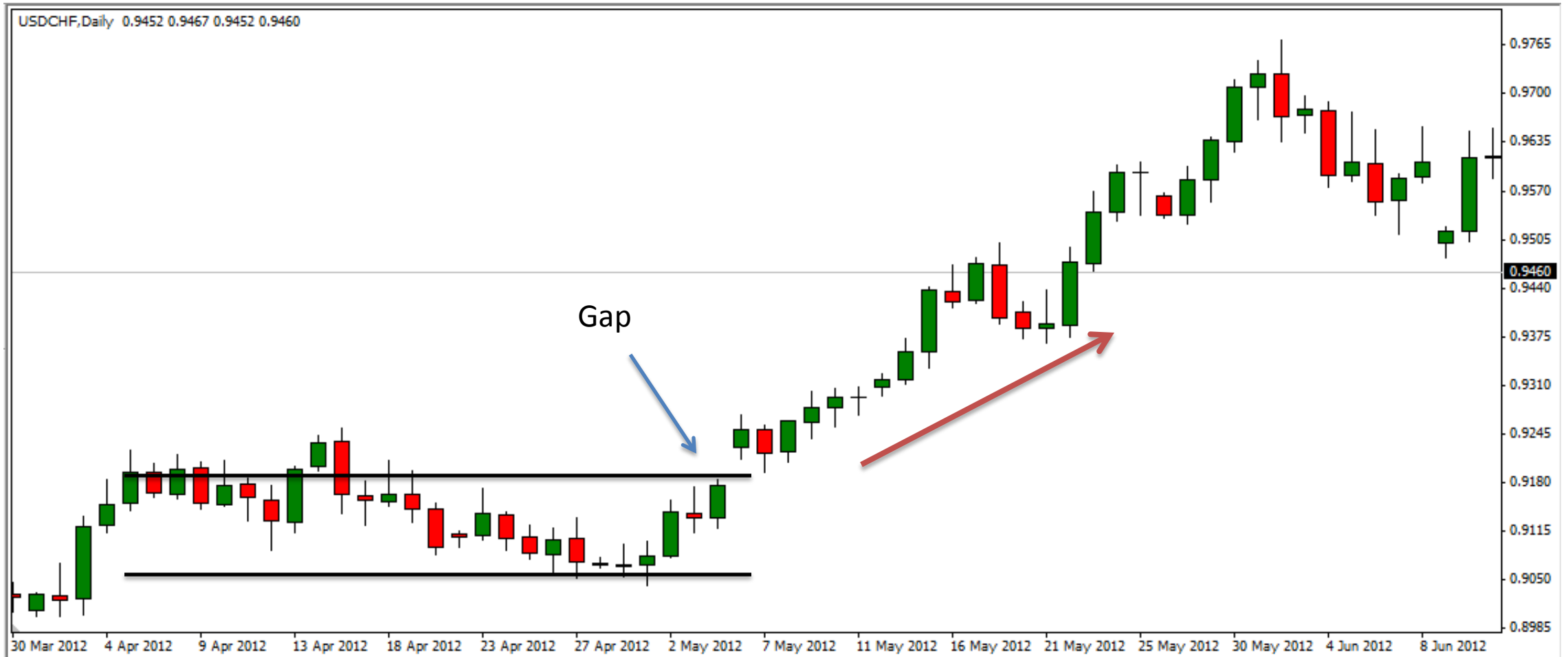
Common Gap



Breakaway Gap

- Normally appears after the security has traded in a **consolidation** (sideways trend, range bound) pattern.
- The gap gives an indication of a large increase in sentiment in the direction of the gap.
- The strength of this gap (and the accuracy of its signal) can be confirmed by looking at that **high volume** during the gap.
- Price don't fill the gap in near term.

Breakaway Gap:



Runaway [Measuring] Gap

- A runaway gap is found around the middle of a trend, usually after the price has already made a strong move.
- Volume in a runaway gap should be average.
- However, if volume is too extreme. The runaway gap could turn into exhaustion gap. **Attention is needed here.**
- The measuring gap does not often fill.

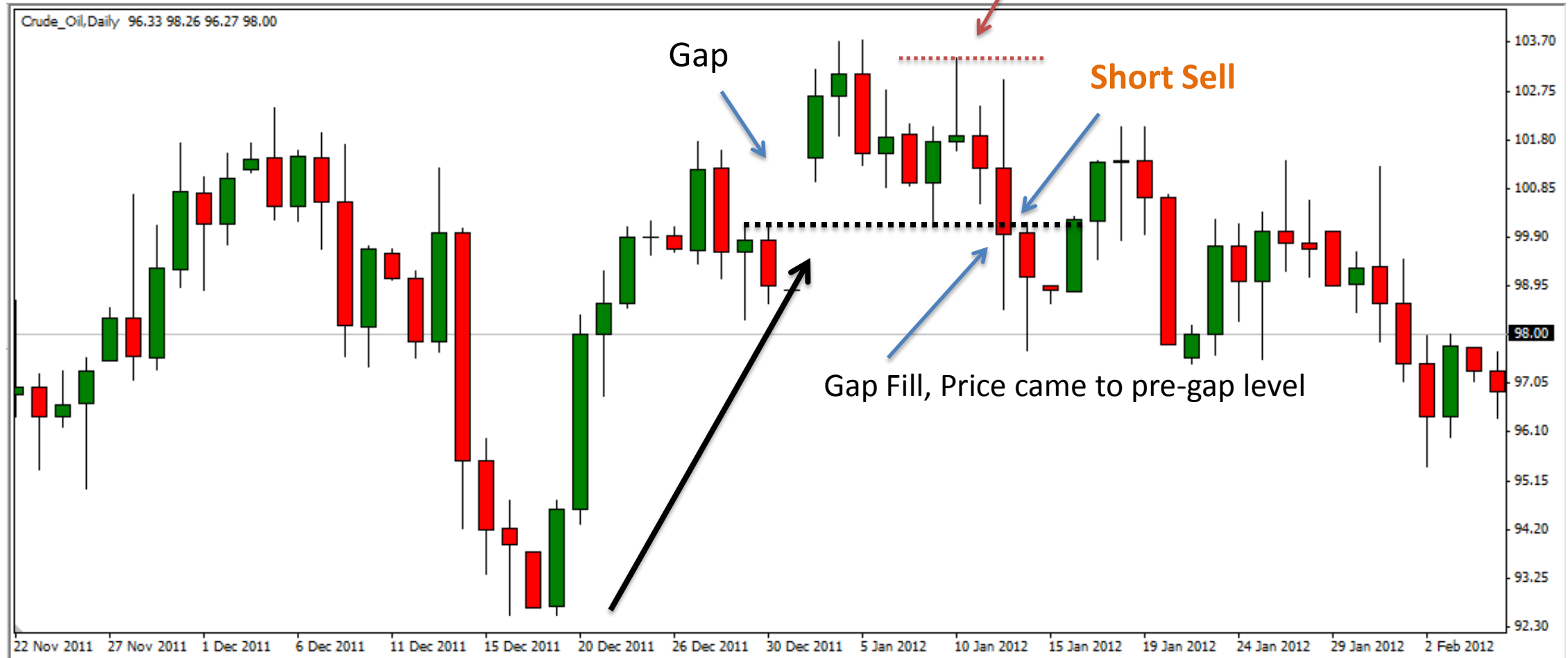
Runaway Gap



Exhaustion Gap I

- A Exhaustion gap is found near the end of trend.
- Normally due to panic or hype.
- It is negative sign that trend may reverse.
- Exhaustion gap has too extreme volume.
- Pay attention to sharper slop and high price move in lesser time.
- Exhaustion Gap signals a reversal sign so the gap is expected to fill after price reverse. The confirms pattern is complete.

Exhaustion Gap I



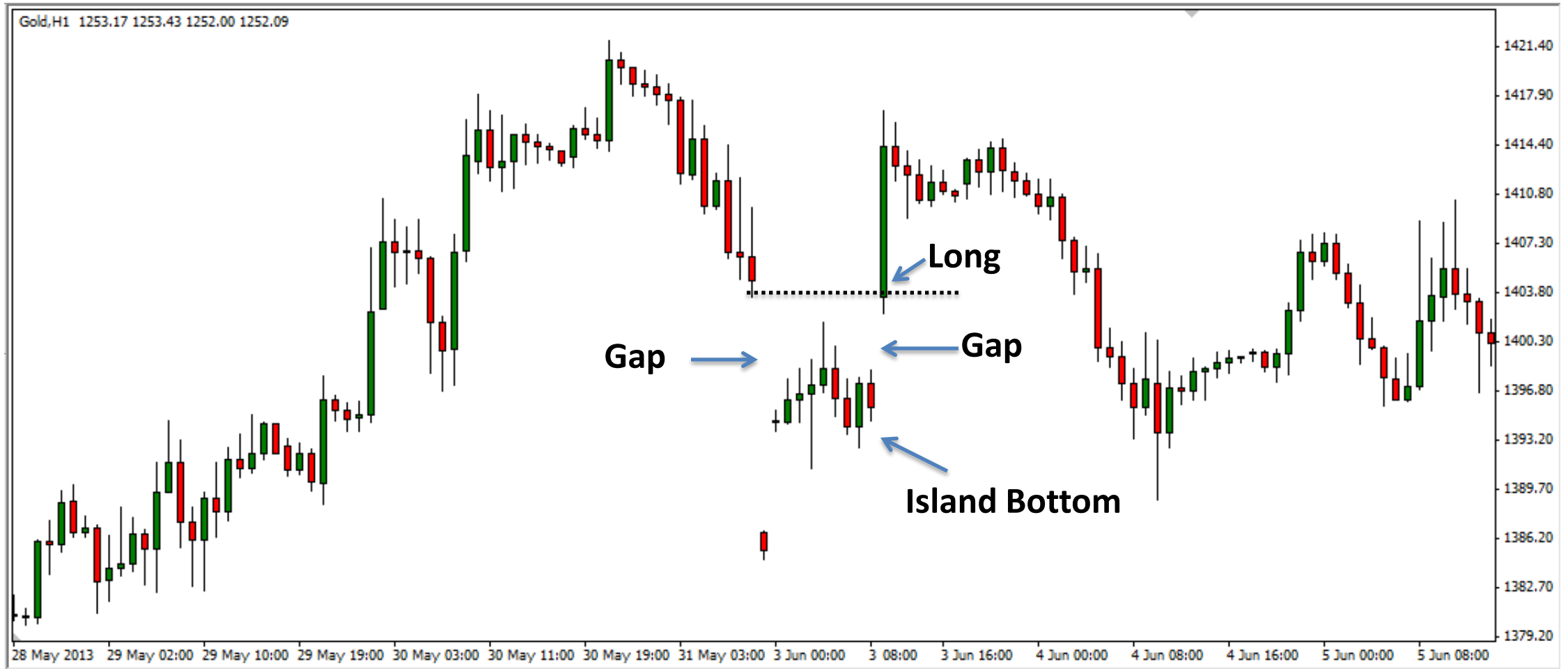
Exhaustion Gap II



Island Gap

- It is formed by a gap followed by flat prices and then confirmed by another gap in the opposite direction.
- It may form at the peak or bottom of a trend.
- However, If it happens near the beginning of a trend, then the size of the reversal will likely be less significant.

Island Gap



To study more on various Gaps
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