Candles, bars and lines

CHART TYPES

Candles, bars and lines are three drawings of the same four numbers per period: the open, high, low and close. A line joins closes and discards the rest; bars and candles draw all four, with a candle filling the open-to-close range as a body and leaving the extremes as wicks. Switching chart type changes what is emphasised, never what happened.

Every charting platform offers a dozen ways to draw a price, and the choice feels more important than it is. Underneath the candles, the bars and the line sits the same record from the last lesson - one broker's quotes - summarised into four numbers per period. Learn the four numbers and every chart type becomes legible at once.

What are the four numbers?

For each period - an hour, a day, whatever the timeframe sets - the platform keeps the first quote (open), the highest (high), the lowest (low) and the last (close). OHLC. A line chart joins the closes and throws the other three away, which is why it looks calm: it deletes every extreme. A bar draws all four as ticks on a vertical range. A candle draws the same four with the open-to-close span filled in as a body - coloured by whether the close sat above or below the open - and the stretches beyond it left as thin wicks.

Candles dominate because the body-and-wick drawing makes the four numbers readable at a glance, and this platform's diagrams use them throughout. But dominance is convention, not information: nothing a candle shows is absent from a bar, and nothing either shows changes the prices behind them. The worked example makes the point with money.

Diagram: The same five periods, three drawings. Every mark comes from the same four numbers per period.

View it in the web lesson: https://ticksprout.com/learn/fx/reading-the-market/candles-bars-and-lines

Worked example - figures in USD

You hold 0.2 lots of EUR/USD through an hour with a 42-pip range. A pip on a full lot is worth $10.

1. An hour of EUR/USD prints an open of note, a high, a low and a close - a 42-pip range from low to high. Draw it as a candle, a bar or a line: the range is the same 42 pips.
2. Price it at your size: with $10 per pip on a full lot, your 0.2 lots position is worth $2 a pip - so that hour spanned $84 of movement for you, whichever drawing you looked at.
3. Only the line chart hides part of it: joining closes, it shows none of the intra-period travel. The money moved anyway - a rendering can only choose what to leave out of the picture, never out of your account.

What this means for you

Pick candles and stop thinking about it - they carry all four numbers and the whole platform speaks them. Use a line chart for what deletion is good at: seeing the broad path without the noise of extremes, knowing that is a choice to look away from the wicks, not evidence they were quiet. And keep the hierarchy straight: the data is the record, OHLC is the summary, the chart type is the typeface. The next lesson turns to the other axis of the same summary - how much time each candle swallows.

Try it yourself with the pip-value calculator: https://ticksprout.com/tools/pip-value

Check your understanding

1. What information does a candle contain that a bar does not?

a. None - both draw the same open, high, low and close
b. The volume traded in the period
c. The direction the next candle will take
d. The average price of the period

Answer: a. Candles and bars are two drawings of the same four numbers; the candle just fills the open-close span for readability. Neither carries volume - that is a separate plot - neither says anything about the next period, and no OHLC summary contains an average.

2. Why does a line chart look so much calmer than a candle chart of the same prices?

a. It joins only the closes, deleting every high and low
b. It smooths the prices with an average
c. It uses calmer data from a different feed
d. It compresses time more

Answer: a. A line keeps one of the four numbers per period, so all the movement between closes vanishes from the picture. Nothing is averaged and no different feed is involved - and compression of time is the timeframe's job, not the chart type's.

3. A candle's body is coloured with the platform's down colour. What does that record?

a. The close sat below the open for that period
b. The pair fell over the whole day
c. More sellers than buyers participated
d. The next period is likely to fall

Answer: a. Body colour encodes one comparison: close against open, inside the period. It says nothing about the day unless the candle is a daily, nothing about participant counts - every trade has both a buyer and a seller - and nothing about what follows.

4. Your position rode through an hour whose candle shows a 42-pip range. You had a line chart open at the time. How much movement did your account experience?

a. The full 42 pips' worth - the rendering changes the picture, not the prices
b. Only the close-to-close distance the line showed
c. None, if the line looked flat
d. It depends which chart type the broker uses internally

Answer: a. The market moved 42 pips whether or not your chart drew them; a line only chose not to show the extremes. Accounts settle on prices, not on drawings, and brokers do not price positions off a chart type - charts are for reading, quotes are for settling.