Reading a chart of something that does not trade

> **CALCULATED SERIES**
>
> A price series produced by a formula rather than by transactions. A cash index chart has no bid, no ask, no order book and no volume, because none of those exist for a number nobody trades. Chart-reading habits built on traded instruments have to be checked one at a time before they transfer.

You already know an index is a calculation. This module is about what that does to the chart in front of you, and the first consequence is the largest: several things you are used to reading are simply absent.

What is missing, and why

No bid or ask. There is no counterparty quoting the index, so it has one value at a time rather than two.No order book. Nothing rests on a calculation.No volume. The index does not transact, so there is nothing to count.No last trade. Each point is computed, not printed by anyone.

None of that is a limitation of your platform. It is what a measurement is.

What is still real

The level, the high, the low and the close are all real in the sense that matters: they are what the formula produced from prices people genuinely paid for the constituents.

So structure on an index chart is not fiction. A level that held twice held because buyers and sellers in a hundred separate shares happened to produce that number twice, which is a stranger fact than it first appears but not a meaningless one.

The habit that does not transfer

Reading intent into the series. On a traded instrument you can reasonably ask who was buying at a level. On a cash index nobody was buying the index at all, and the question has no answer.

What you can ask is what the constituents did, and whether the move was broad or driven by a handful of large ones. That is module 5's territory, and it is a different question from the one chart-readers usually reach for.

Two charts, one name

Your platform almost certainly shows you a tradeable product rather than the published index, as module 1 lesson 5 covered. That series does have a bid, an ask and a spread, because it is a contract.

Which means the answer to "does this chart have volume" depends entirely on which of the two you are looking at, and platforms are not always clear about it. Lesson 6 takes that apart.

Check your understanding

1. Why does a cash index chart have no volume?

a. Providers withhold it for licensing reasons
b. The index does not transact, so there is nothing to count
c. Volume is only published for futures

Answer: b. Volume counts transactions. A calculated number has none - what transacts is the constituents, and separately the contracts that reference the index.

2. Is structure on a cash index chart meaningless because nothing trades there?

a. Yes, the series is synthetic
b. No - the levels are produced from prices people genuinely paid for the constituents
c. Only levels formed during the cash session are meaningful

Answer: b. The calculation is fed by real trades in a hundred separate shares. A level that formed twice is a real fact about those shares, even though nobody was trading the index itself.