

What You're Looking At on a Chart

BEFORE YOU BEGIN

This lesson assumes you can read a currency quote and know what a pip is. If either of those is shaky, Lesson 2 covers both.

Nothing here is about predicting prices or spotting patterns. This lesson is about seeing what is actually on the screen in front of you. A glossary and a knowledge check with a full answer key are at the back.

WHAT YOU'LL LEARN

- What each axis of a price chart represents
- What a timeframe is, and what changes when you switch it
- The difference between a line chart and a candlestick chart
- What the body, the color, and the wicks of a candle each tell you
- How to pull four separate prices out of one small shape
- What a chart genuinely shows you, and what it does not

1. A Quote Is a Moment, a Chart Is the Story

You can now look at EUR/USD at 1.0850 and know exactly what it means. One euro costs a dollar and about eight and a half cents.

But that number is a snapshot. It tells you where the price is standing right now and nothing else. It cannot tell you whether the euro has been climbing all week or falling off a cliff since breakfast. Two traders looking at the identical number can be watching two completely different situations.

A chart fixes that. A chart is every one of those quotes, lined up in order, so you can see where the price came from on its way to where it is now.

Charts look intimidating from a distance. Colored bars, jagged lines, numbers running down the side. But the structure underneath is simple, and once you can name the parts, the intimidation goes away and does not come back.

2. The Two Axes

Every price chart ever made is built on two axes, and they always mean the same thing.

The vertical axis is price. It runs up the right side of the screen on most platforms, and it shows the exchange rate you already know how to read. Higher on the screen means a higher price. Lower means a lower price.

The horizontal axis is time. It runs left to right, oldest on the left, newest on the right. The far right edge is right now.

That is the entire framework. A chart that slopes upward from left to right shows a price that has been rising over time. A chart that slopes down shows the opposite. Up is up, down is down, and the picture means what it looks like it means.

The vertical axis is where your knowledge of pips starts to pay off. Because a pip is a tiny number, a move of thirty or forty pips can look like a substantial climb on the screen, since the chart only shows the narrow band of prices where the action is happening.

WORTH KNOWING

Charts almost never start their price axis at zero, and the scale adjusts automatically to fit whatever is on screen. This means a chart can look dramatic when very little has actually happened, or look calm during a genuinely large move.

Always read the numbers on the price axis rather than trusting the shape of the picture. The steepness of a line tells you nothing on its own.

3. Timeframes: The Same Pair, Different Zoom

Somewhere on every charting screen is a row of buttons with labels like 1M, 5M, 1H, 4H, D. Those are timeframes, and they are the single most misunderstood control on the screen.

Changing the timeframe does not change the price. It does not switch you to different data or a different market. It changes how much history fits on your screen at once, exactly like zooming a map in and out. The territory is identical. Your view of it is not.

Timeframe	Each Bar Covers	Roughly What Fits on One Screen
1 minute	One minute	The last couple of hours
5 minutes	Five minutes	Most of a trading day
1 hour	One hour	About a week

Timeframe	Each Bar Covers	Roughly What Fits on One Screen
4 hours	Four hours	About a month
Daily	One full day	Several months to a year

Pay close attention to the middle column, because it is the idea most beginners miss entirely. On a one-hour chart, each individual bar or candle represents one hour of price movement, compressed into a single shape. On a daily chart, that same single shape holds an entire day.

This has a consequence worth sitting with. The same pair can look like it is rising on a daily chart and falling on a five-minute chart, at the same moment, and both charts are correct. A price can drift down for an hour in the middle of a week-long climb. Neither view is lying. They are answering different questions.

4. Line Charts and Candlestick Charts

There is more than one way to draw the same price history, and you will mostly encounter two.

A **line chart** connects one price per period with a single continuous line. Usually that price is the closing price, the level where the price stood when the period ended. Line charts are clean and easy to read at a glance, which is why news sites use them.

A **candlestick chart** draws a small shape for each period instead of a single point. It looks cluttered at first, and that clutter is the point: each shape carries four prices instead of one.

Almost every trader uses candlesticks, and the reason is straightforward. A line chart tells you where the price ended up. A candlestick chart also tells you where it started and how far it traveled in both directions before it got there. That is four times the information in the same space.

The shapes have a name, and it is a literal one. They look like candles, with a wax body in the middle and a thin wick sticking out of either end.

5. The Body: Where Price Opened and Closed

The thick rectangle in the middle of the candle is the body, and it is bounded by two prices.

The **open** is where the price stood at the very start of the period. The **close** is where it stood at the very end.

Everything the price did in between those two moments is hidden inside that rectangle. The body does not show the journey, only the two endpoints.

So the height of the body tells you something immediately useful. A tall body means the price finished the period a long way from where it started. A short body means it ended up close to where it began, regardless of how much it thrashed around in the meantime.

6. The Color: Direction at a Glance

The color of the body answers one question: did the price finish higher or lower than it started?

A **green** candle closed higher than it opened. The open is at the bottom of the body, the close is at the top.

A **red** candle closed lower than it opened. The open is at the top of the body, the close is at the bottom.

That reversal is worth reading twice, because it is where beginners get tangled. The top of the body is not always the close. Which end holds which price depends entirely on the color. Green means the price climbed, so it finished at the top. Red means it fell, so it finished at the bottom.

WORTH KNOWING

Green and red are a convention, not a law. Nearly every platform lets you change the colors, and some traders use black and white, or blue and orange, often for reasons of color blindness or personal preference. Older printed charts used hollow shapes for up and filled shapes for down.

The logic never changes, only the paint. This series uses green for up and red for down throughout.

7. The Wick: How Far It Actually Got

The thin lines poking out of the top and bottom of the body are wicks, sometimes called shadows or tails. They record the extremes.

The top of the upper wick is the **high**, the highest price reached at any point during the period. The bottom of the lower wick is the **low**, the lowest price reached.

Wicks are where the story lives. A candle with a small body and a long upper wick tells you the price pushed up hard during the period and then gave almost all of it back before the period ended. Somebody tried and did not succeed. A candle with no wick at all means the price never traded beyond its opening and closing levels.

You are not reading these as signals yet. But knowing that a long wick means a rejected move is enough to make a chart feel like it is describing events rather than just displaying numbers.

8. Four Numbers, One Shape

Put the three parts together and every candle on every chart resolves into exactly four prices.

Part of the Candle	On a Green Candle	On a Red Candle
Top of the upper wick	High	High
Top of the body	Close	Open
Bottom of the body	Open	Close
Bottom of the lower wick	Low	Low

Here is a worked example. A one-hour green candle on EUR/USD opens at 1.0820 and closes at 1.0850. During that hour the price got as high as 1.0865 and dipped as low as 1.0810.

The body runs from 1.0820 at the bottom to 1.0850 at the top, a thirty pip rise, and it is green because the close sits above the open. A short upper wick reaches to 1.0865, so the price briefly traded fifteen pips higher than where it finished. A short lower wick drops to 1.0810. One shape, one hour, four numbers, all of it readable at a glance once you know the anatomy.

STRAIGHT TALK

A chart is a record of what already happened. That is all it is. It shows the past with total accuracy and says nothing whatsoever about the next candle.

This matters because charts are persuasive. A clean rising line creates a powerful feeling that the rise will continue, and that feeling is not evidence. Traders spend years learning to work with that gap between what a chart shows and what it seems to promise. Being aware of it on day one puts you ahead.

9. Reading a Live Chart

Open any charting page and you can now name everything on it.

The numbers running down the side are prices. The dates or times along the bottom are time. The row of buttons at the top sets how much time each shape covers. Each shape is one period, colored by whether the price rose or fell, with a body marking the open and close and wicks marking the extremes.

One detail that surprises people the first time they notice it: the candle at the far right edge is not finished. It is still forming. Its close is wherever the price happens to be at this second, and it will keep changing shape, sometimes flipping from green to red and back, until its period ends. Only then does it lock into its final form and a new candle begins.

That is the whole vocabulary. Axes, timeframe, body, color, wicks. Everything else built on a chart, every indicator and pattern and strategy you will ever encounter, sits on top of these five things.

Three Things to Remember

LOCK THESE IN

- 1. A chart is price on the vertical axis and time on the horizontal.** Changing the timeframe changes only how much history fits on the screen, never the underlying prices.
- 2. Every candle holds four prices.** The body marks the open and the close, the color tells you which end is which, and the wicks mark the high and the low.
- 3. A chart records the past and predicts nothing.** It shows you what happened with perfect accuracy, and it owes you no information at all about what comes next.

Try This

Ten minutes with a live chart. Naming the parts out loud is what makes them stick.

DO THIS

Step 1. Open the live charts on Currency News Source and pick any pair. Note which timeframe the chart is currently set to.

Step 2. Work out how much time a single candle covers on that setting, then check how far back the whole screen reaches.

Step 3. Find one green candle and one red candle. For each, point to where the price opened and where it closed. Remember that the answer flips with the color.

Step 4. Pick one candle and record all four of its prices however you like: a screenshot with notes, a document, a page in a notebook. Open, close, high, low.

Step 5. Switch the timeframe to something much longer, then something much shorter. Watch the same price history redraw itself. Nothing about the market changed. Only your zoom did.

If you can do step three without hesitating, you can read a candlestick chart. Everything after this is built on that.

Words From This Lesson

Term	What It Means
Price axis	The vertical axis of a chart, showing the exchange rate. It rarely starts at zero and rescales automatically.
Time axis	The horizontal axis of a chart. Oldest on the left, most recent on the right.
Timeframe	How much time each bar or candle represents. Changing it changes your zoom, not the prices.
Line chart	A chart connecting one price per period, usually the close, with a single continuous line.
Candlestick chart	A chart drawing one shape per period, each carrying four prices.
Body	The thick part of a candle, bounded by the open and the close.
Open	The price at the start of the period. Bottom of a green body, top of a red one.
Close	The price at the end of the period. Top of a green body, bottom of a red one.
Wick	The thin line above or below the body, marking the high and the low. Also called a shadow or tail.

Term	What It Means
High and low	The most extreme prices reached during the period, at the tips of the wicks.

Test Your Knowledge

Eight questions. Answer them all before checking the key on the following pages. If a question gives you trouble, the answer key tells you exactly which section to revisit.

1. On a price chart, what does the horizontal axis show?

- A. The exchange rate
- B. Time, running oldest to newest
- C. The number of pips moved
- D. Trading volume

2. You are looking at a one-hour chart. What does one candle represent?

- A. One hour of price movement
- B. One hour of your viewing time
- C. One trade lasting an hour
- D. One hundred pips of movement

3. What do the top and bottom of a candle's body mark?

- A. The highest and lowest prices of the period
- B. The open and the close of the period
- C. The bid and the ask
- D. The spread at the start and end of the period

4. A candle is red. What does that tell you?

- A. The price closed lower than it opened
- B. The price fell below zero
- C. The trade lost money
- D. The spread widened during the period

5. On a green candle, where is the opening price?

- A. At the top of the body
- B. At the bottom of the body
- C. At the tip of the upper wick
- D. At the tip of the lower wick

6. What do the wicks on a candle show?

- A. The spread between bid and ask
- B. The highest and lowest prices reached during the period
- C. How long the period lasted

D. The average price across the period

7. You switch a chart from the daily timeframe to the five-minute timeframe. What changes?

- A. The prices themselves are recalculated
- B. Only how much history fits on the screen
- C. The pair you are looking at
- D. The direction the price has been moving

8. How many separate prices does a single candlestick contain?

- A. One
- B. Two
- C. Four
- D. It depends on the timeframe

Answer Key

Each answer explains why the correct choice is correct, why the others are not, and where to reread if you want the fuller picture.

Question 1 **Correct answer: B**

Time always runs along the horizontal axis, with the oldest data on the left and the present moment at the right edge.

A describes the vertical axis, which is the other half of the framework. C is wrong because pips are a unit of price movement and would therefore belong to the vertical axis if they appeared at all. D describes a separate measure that some charts display underneath the price, not the horizontal axis itself.

Review: *Section 2, The Two Axes*

Question 2 **Correct answer: A**

The timeframe setting determines how much time each shape compresses. On a one-hour chart, every candle holds one hour of price movement.

B confuses the chart's timeframe with how long you happen to be watching, which has no effect on the chart. C is wrong because candles have nothing to do with individual trades and are drawn whether or not you are trading. D confuses time with distance: a one-hour candle might move two pips or two hundred.

Review: *Section 3, Timeframes*

Question 3 **Correct answer: B**

The body is bounded by the open and the close. Everything the price did between those two moments is hidden inside it.

A describes the wicks, which extend beyond the body to mark the extremes. C is wrong because bid and ask are two live prices at a single instant, whereas a candle summarizes a whole period. D confuses the spread, which is a gap between two simultaneous prices, with the body, which spans a period of time.

Review: *Section 5, The Body*

Question 4 **Correct answer: A**

Color answers exactly one question: whether the close finished above or below the open. Red means below.

B is impossible, since exchange rates cannot go negative. C is wrong because a candle describes the market, not your position, and a falling price is profitable for anyone who sold. D describes spread behavior, which candle color does not report.

Review: *Section 6, The Color*

Question 5 **Correct answer: B**

A green candle rose, so it started low and finished high. The open sits at the bottom of the body and the close at the top.

A is correct for a red candle, which is exactly the reversal that catches people out. C and D describe the wick tips, which mark the high and the low rather than the open and the close.

Review: *Section 6, The Color*

Question 6 **Correct answer: B**

Wicks record the extremes. The tip of the upper wick is the highest price reached during the period, and the tip of the lower wick is the lowest.

A confuses wicks with the bid-ask spread, which is not shown on a standard candle at all. C is wrong because the period length is set by the timeframe and is identical for every candle on the chart. D is wrong because no part of a standard candle reports an average.

Review: *Section 7, The Wick*

Question 7 **Correct answer: B**

The timeframe is a zoom control. The same price history is redrawn at a different level of detail, and nothing about the underlying data changes.

A is wrong because prices are recorded facts and are not recalculated by a view setting. C is wrong because the pair is a separate control entirely. D is the subtle one: the trend can genuinely look different at different zooms, but the price history producing both views is the same, so nothing changed except what you can see.

Review: *Section 3, Timeframes*

Question 8 **Correct answer: C**

Four: the open, the close, the high, and the low. That density is the entire reason traders prefer candlesticks to line charts.

A describes a line chart, which plots a single price per period. B accounts for the body alone and forgets the two wick tips. D is wrong because the timeframe changes how much time a candle covers, never how many prices it reports.

Review: *Section 8, Four Numbers, One Shape*

This lesson is education, not financial advice. Nothing in it is a recommendation to buy or sell anything, and the examples use illustrative numbers, not live prices. Trading currencies and crypto carries a high risk of loss.

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