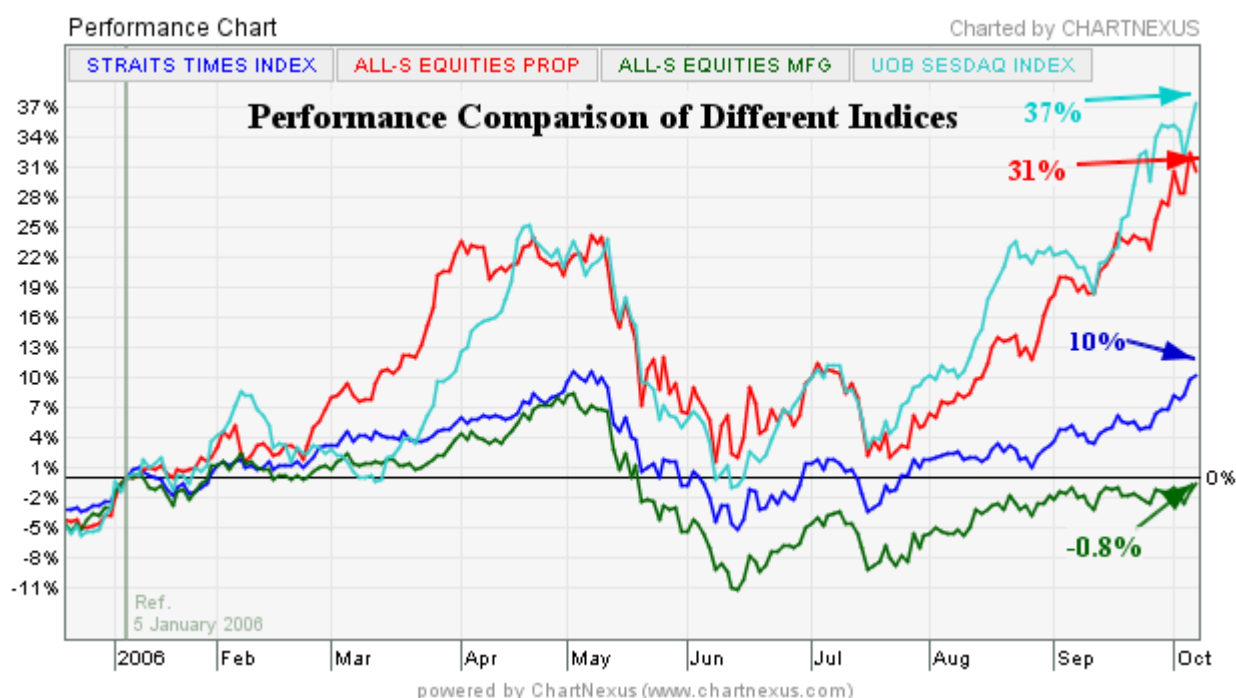


## Chart Analysis



The chart above shows the performances of the different indices from the beginning of this year. It can be seen that the UOB Sesdaq index and the Property Index have performed very well. The worst performer is the manufacturing index. Will it play catch-up?

## XPertTrader™ Corner

This week's XPertTrader Corner introduces a rule "high.ruz" (which is downloadable from the XPertTrader Library) that screens the market for stocks that are trading at their old highs. The old highs can be adjusted in the rule, but in this current market, we will be interested in the old highs made in May'06 before the big correction came.

In the rule, we can set 3 parameters namely:

- t
- x
- Intraday(1)/Close(o).

XPertTrader Subscribers can use

- t=180
- x=5.0
- Intraday(1)/Close(o) = 1.

With Intraday(1)/Close(o) = 1, the intraday highs are used instead of the close prices. By saving this configuration, we are interested to screen the market for a list of stocks who are within 5% off the last high in the period of 180 trading sessions. These stocks are near their old highs and breaking the old highs means triggering a breakout and this is where you can apply the breakout strategy. As this strategy can result in a few false breakouts, a tight cut-loss is recommended.

In each newsletter, we will showcase how you can set up rules in XPertTrader to screen the stock market for opportunities. XPertTrader's rules composer allows a trader to set up stock screening rules using more than 20 indicators and candlesticks formations. Visit our XPertTrader information page at

<http://www.chartnexus.com/products/xperttrader.php> for more details.

## TA Bites

### Volume Analysis

How important is volume in Technical Analysis?

The answer is VERY IMPORTANT in that volume confirms the price movement. Technical analysis is the analysis of how the aggregate behavior of all the market participants affects the direction of the stock market. Hence for the technical analysis of a particular stock to be accurate, we want to have significant amount of market players in so that their collective action can be analyzed. This is reflected in charts as "Volume"

Take for example a breakout of a resistance level. For such a breakout, we would like to have it occurred with high volumes. This implies that a lot of investors are willing to buy above this resistance level hence giving us a breakout with volume confirmation. Some chartists have even placed the importance of volume higher than that of price with the saying "Volume precedes price movement"

## Events

### October Highlights

Catch our Technical Analysis course for October titled "*Cracking the Stock Market Code*", a one full day course that will arm you with a 4-step trading strategy checklist. This course is conducted by a qualified Research Analyst from OCBC Investment Research.

<http://www.chartnexus.com/events>

#### Disclaimer

All information provided in this newsletter is for educational purposes only and shall not be construed as an advisory service or market prediction. Please check with your authorised financial advisor for any financial advice.