

## Chart Analysis



STI has been on a bullish run since early 2003, this uptrend represented by the blue line which originates in 2003. After trading below this line for the past 6 months, the index is now attempting to move above this extended trendline. Failure to do so will see the index test the support of 2670, a level supported both by the previous top and by the short-term uptrend line.

### XPertTrader<sup>™</sup> Corner

This issue, we will be looking at configuring XPertTrader to screen for stocks which are trading near the moving averages. In theory we learnt that moving average can serve as resistance or support to price movement.

The rule can be created by choosing Moving Average under the indicators tab and then selecting "MA as Support/Resistance". If we want to see how price movement is resisted or supported by the MA, select MA1 period to be 1 (with a period of 1, MA1 becomes the price).

2 more useful parameters are x and t2. As we might want to confirm that no crossover takes place and that the price starts to rebound from the MA line, we can set x=2 and t2 =2, meaning that the price is higher than the MA by at least 2 bid size and this rebound from the MA line occurs in less than 2 trading days.

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

#### Support & Resistance

In the previous edition of this newsletter, we wrote on the common issues pertaining to trend analysis. In this edition, we will follow on to the analysis of support and resistance, another simple, important but yet misunderstood topic.

Support and resistance levels are price levels that are the results of the following:

- trendlines
- previous tops/bottoms
- chart formations
- price gaps
- candlestick patterns
- moving averages

Similar to trend analysis, if 2 or more levels arising from the above meet around the same price, this price level will become an even stronger support/resistance level. With the identification of the strong support and resistance levels of utmost importance in setting price targets and cut loss levels, make sure you understand this simple but yet very important concept.

### Events

#### "Cracking the Stock Market Code"

This one full day course will arm you with sound technical analysis achieved through lots of chart practices and with a 4-step trading strategy checklist.

Learn Vol Analysis, Trends, Candlesticks, RSI and MacD in this course conducted by a qualified Research Analyst from OCBC Investment Research. Lunch will be provided.

<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.