

# **JAKARTA POISED TO RESUME UPTREND**

*Daryl Guppy*

The Jakarta Composite Index chart is defined by three levels of historical support and resistance. These levels help to set the boundaries for any moves following the Indonesian election. As the election has become more closely contested there has been a reduction in trend strength.

The key resistance level is near 5150. The most recent uptrend failed to reach this level. Any rebound following the election results will find resistance between 5100 and 5150.

The key historical support level is near 4800 and the index has tested this several times in 2013. There is a low probability of a fall to this level.



The most significant short term support level is near 4800. This is not well defined in charting terms, but it provides an important reference point. A fall below this level has weak support near 4550 and strong support near 4200. This suggests that a fall below 4800 could be substantially bearish for the market.

The higher probability outcome is a test of support near 4800 followed by a rebound and test of resistance near 5150. A successful breakout above 5150 has an upside target near 5500. This is calculated by projecting the width of the trading band upwards above resistance near 5150. A rebound from 4800 sets a new uptrend and the trend potentially uses the previous uptrend line as a resistance feature.

The consolidation behavior has a bullish bias in relation to the election results.

*Daryl Guppy is a trader and author of [Trend Trading, The 36 Strategies of the Chinese for Financial Traders](http://www.guppytraders.com) -[www.guppytraders.com](http://www.guppytraders.com).. He is a regular guest on CNBCAsia Squawk Box. He is a speaker at trading conferences in China, Asia, Australia and Europe*