

KOSPI, KOREA

By Daryl Guppy

The KOSPI has reacted away from the resistance level near 2040. The rebound moved above support near 1900 in a strong rally rebound. Upside target was near 2040 and this was not reached. Achieving this required the short term GMMA to move above the long term GMMA and this did not happen. This retreat is a continuation of the sideways trading band that has prevailed for nearly three years. There is limited evidence that the strong underlying down trend is weakening. However this remains a rally and retreat market. This rally and retreat takes place within the context of a weakening downtrend. The situation is slightly more bullish because the index is moving towards the upper section of the trading band between lines C and A.

Traders watch for a retest of support near 1900.

