

## **RALLY REBOUND IS SHORT TERM**

The Straits Times Index did not quite reach the 2700 support level. It plunged as low as 2740 before developing a strong rebound rally. This is an exceptionally strong rally and this raises doubts about its sustainability. The 3050 resistance level is historically a very strong resistance level. As the index approaches this level traders will prepare to go short. We expect a period of high volatility as a consolidation develops prior to the development of a new uptrend.

