

RALLY REBOUND STRUGGLES WITH RESISTANCE

The Straits Times Index above resistance near 3040 is bullish but the long term GMMA is well separated. This suggests the rally will lose momentum near 3160 so traders will be ready to protect profits. In fact the rally lost momentum more quickly and traders had to move quickly to protect profits.

The dip that often occurs in October did not really develop so the strategy of waiting for a doji day reversal failed. Traders must trade what they see on the chart, not what they believe, or hope, will happen. Many traders do not develop this mental agility.

Traders need to keep some of their powder dry for a bear attack which may take the form of a sudden and rapid drop followed by a rapid rebound.

