

# **STRAITS TIMES INDEX, SINGAPORE**

*By Daryl Guppy*

This is a rally in the context of a well-established downtrend and has the characteristics of a trend breakout. The key features on this chart are:

- The GMMA relationships. The long term GMMA is well separated but is beginning to flatten out. This shows investors have stopped selling, but they have not yet started buying.
- The short term GMMA is developing the pattern of rally, retreat and retest rally typical of a trend change.
- The key resistance level is near 3400. This is above the upper edge of the long term GMMA so reaching this level is a formidable task.

The conclusion is that this rally and may be the start of a trend change. Traders are ready to go long on any rebound or breakout. Traders watch for breakout patterns to develop after this prolonged fall.

