

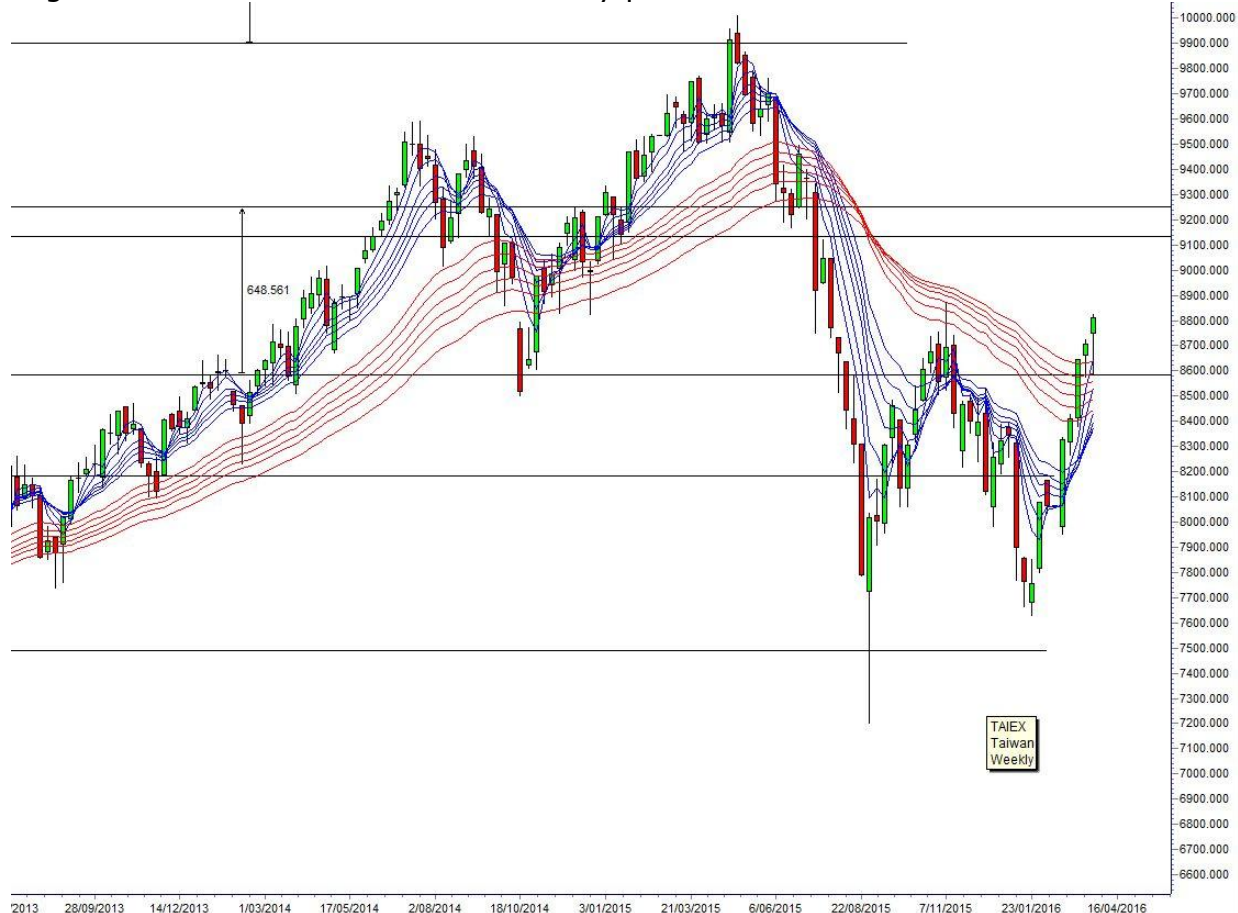
TAIEX, TAIWAN

By Daryl Guppy

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

- The GMMA relationships. The long term GMMA is showing some indication of beginning compression and this is a narrowing of the long term GMMA, is a trend change..
- The short term GMMA has developed the pattern of rally, retreat and retest rally typical of a trend change.
- The key resistance level is near 8600. This is a near the upper edge of the long term GMMA so the breakout above this level is significant
- Support near 7500 has been tested and provides the basis for a double bottom or W pattern breakout. . This shows breakout strength
- The upside breakout target is 9100.

The conclusion is that this is a trend change. Traders are ready to stay long. Traders watch for rebound and rally patterns as the breakout continues.



SUBJECT SUMMARY

INDEX NOTES

Each week we carry index analysis notes for regional markets. These are the markets in Singapore, Malaysia, Hong Kong, Shanghai, Thailand, Taiwan and Korea.

Each market is covered once every six weeks or more often if there are significant market developments. The objective of the notes is to provide an analytical, technical background to assist readers in making better trading and investment decisions.