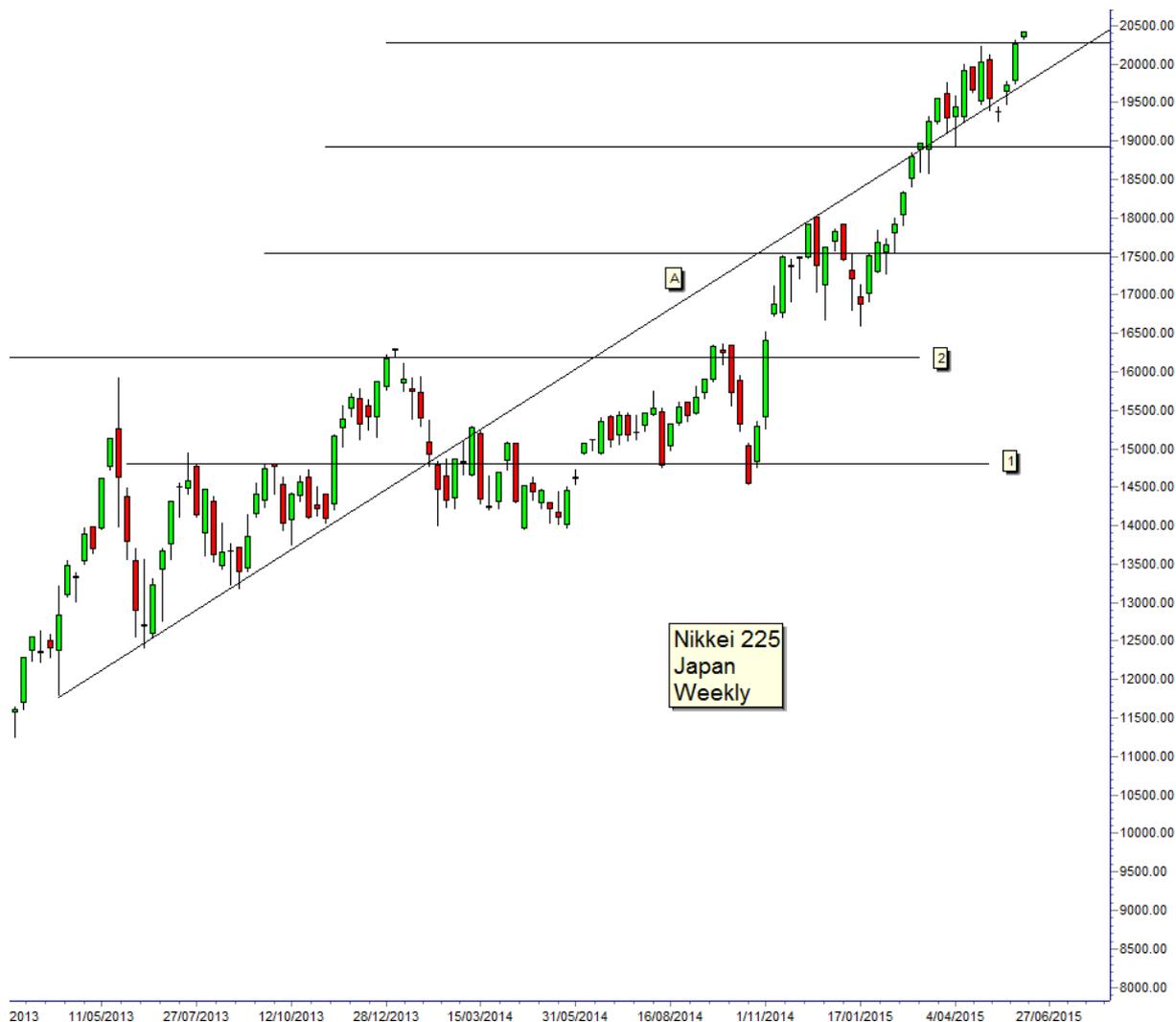


NIKKEI STRONG UPTREND

By Daryl Guppy

There are two significant features on the Nikkei weekly chart. The first feature is the long term up trend line. The second feature is the application of trading band analysis.

The long term up trend line on the Nikkei chart starts from the low of 11,805 in 2013 April. This line acts as a support line from 2013 April until 2014 February. The fall below the uptrend line in 2014 April changes the nature of the trend line from support to a resistance feature. From 2014 April until 2015 March the uptrend line acts as a resistance level. The Nikkei continue to move up but the line provides resistance to the up move.



The move above the trend line in 2015 March means the trend line again acts as a support level. This is an additional bullish feature of the uptrend. When the Nikkei retreats there is a high probability it will test the trend line as a support level and then develop a rebound rally and a continuation of the uptrend.

The second feature of the chart is the development of trading bands. Each band is around 1377 index points wide.

It is difficult to set the correct place for the trading band lines. We set the first level near 14797 because this captures the majority of support and resistance behaviour between 2013 July and 2014 October. The position of Line 1 is a matter of judgement.

The position of the upper line 2 in the trading band is near 16174. The line location is a matter of judgement. The line near 16174 captures the majority of the resistance behaviour between 2013 December and 2014 November.

The width of the trading band is projected upwards to give the first breakout target near 17551. The index develops consolidation around this area so this confirms the original trading band calculations are correct.

The next trade band projection level is near 18,928. This acts as a support and resistance level. Using the same method the next target is near 20,305. This level is also a long term historical resistance level on the Nikkei.

The target for the breakout above 20,305 is near 21,682.

The combination of the long term trend line which acts as a support level, and the pattern of trading bands confirm the continuation of the uptrend in the Nikkei and help to set potential upside targets. The projected target levels are not exact. A weekly chart is used as a guide in setting these targets. The targets are confirmed using a daily chart of the Nikkei.