

# **SHANGHAI INDEX BUILD SUSTAINABLE UPTREND**

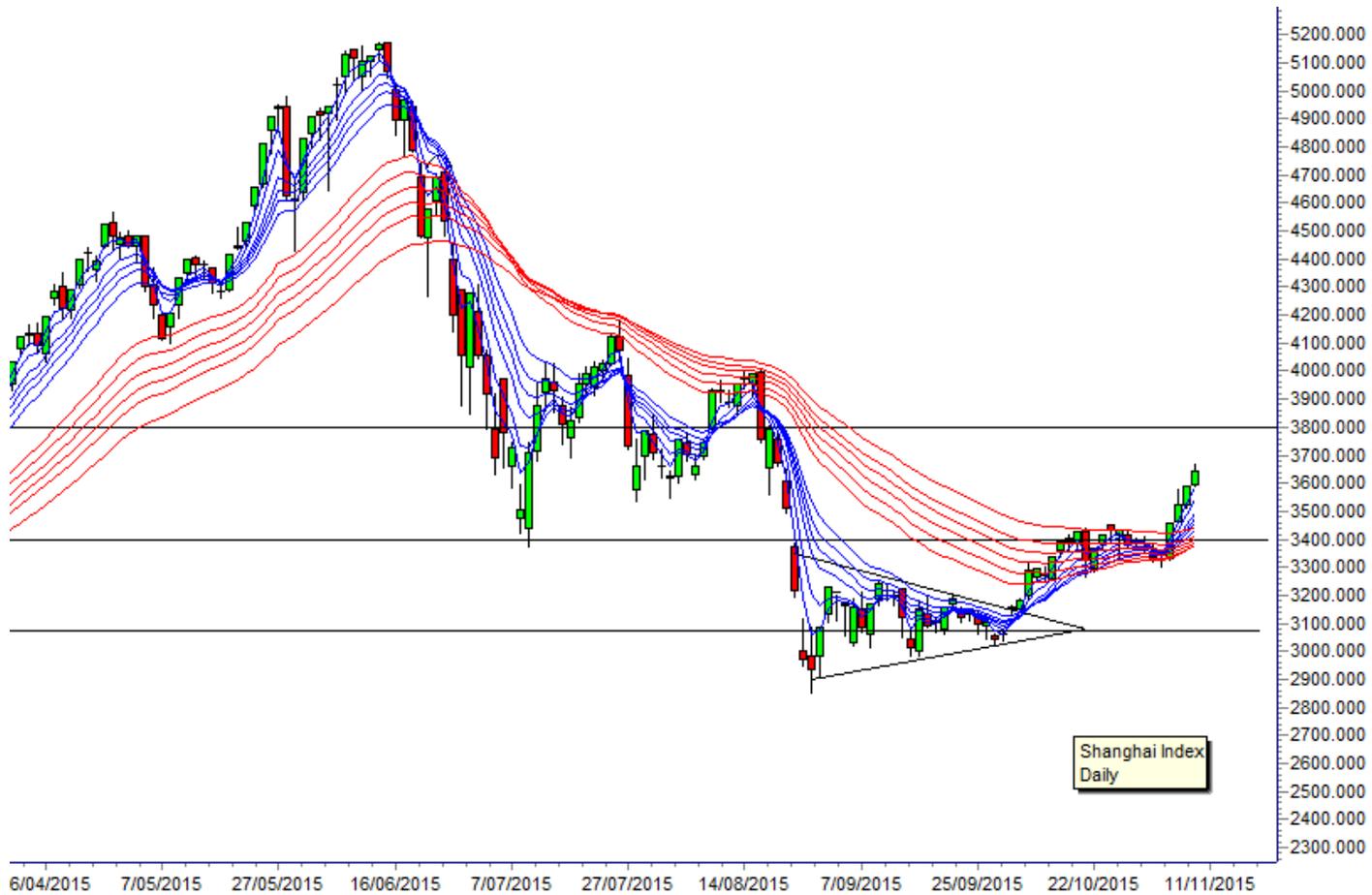
*By Daryl Guppy*

The Shanghai index breakout move above long term resistance near 3400 signalled a bullish uptrend. This is part of a longer term up trend breakout with a target of 3800. The longer term upside target is 4200 but expect consolidation behaviour near 3800.

The breakout is not a surprise. It is a logical development of the chart pattern and the structure of the Shanghai Index. The Shanghai index breakout from the equilateral triangle pattern is bullish and has a long term upside target near 3600. This target has been achieved. The market now moves towards the longer term historical resistance level.

This 3400 area has two resistance features and overcoming these confirms the bullish nature of the breakout.. The first feature is the historical resistance level near 3400. This is a long term support and resistance level and the upper edge of the long term trading band area. . The second resistance feature is the upper edge of the long term Guppy Multiple Moving Average indicator. The current value is near 3440.

The GMMA relationships suggests there is a strong probability that the market will continue to move upwards with a new rally and new uptrend behaviour towards 3800. This is shown by the developing compression in the long term GMMA and the way the long term GMMA is turning upwards. This continues the development of the bullish condition.



The short term GMMA group of averages are developing crossover behaviour so there is a strong probability they will move above the long term group of averages and further confirm a bullish breakout.

The breakout development from 3100 to 3800 will not be smooth. The breakout will include rally and retreat behaviour. Investors watch for the further development of compression in the long term GMMA group of averages. Compression shows selling pressure is weakening and that investors are becoming buyers.