

# **STRAITS TIMES INDEX, SINGAPORE**

*By Daryl Guppy*

The STI trend is strong with no nearby resistance levels. The target is 3260. The index is clustering near the upper edge of the short term GMMA and this is very bullish. In this bull market the retreats are a buying opportunity. The trend has confirmed its strength when the long term GMMA begins to separate as this indicates strong support for the trend.

The STI has completed a classic three steps GMMA breakout and trend reversal. This is a test and retreat of the GMMA resistance at area A. The rally does not move above the upper edge of the GMMA. This is followed by another test and retreat at area B, but this time the breakout moves above the upper edge of the GMMA.

The third rest and retreat is area C. Here the breakout moves above the upper edge of the GMMA but the retreat used the upper edge as a rebound support point.

This pattern is usually associated with sustainable long term trend breakouts.



The long term GMMA has compressed and turned upwards. The character and shape of the new uptrend is defined by strong GMMA behavior.

We apply trading band analysis, we set a longer term upside target near 3260.

