

STRAITS TIMES INDEX, SINGAPORE

By Daryl Guppy

Finally the Straits Times Index breakout above the strong resistance near 3460 has failed. The index reached the projected target of 3550 but then rapidly retreated. Support near 3460 was not particularly strong and this revealed a weakness in the trend momentum. The rapid fall below 3460 has support near 3350. This support level also matches the current level of the lower edge of the long term GMMA. Traders will watch for a market rebound from this level.

However the trend is also defined by the uptrend line. The value of the uptrend line is near 3330. This suggests the market could spike down to these levels before rebounding and continuing with the broader uptrend. This has developed, using the trend line as the support level. Traders will use caution until the rebound rally is confirmed.



The strength of the slow moving uptrend is shown by the wide separation in the long term GMMA. This shows good investors support although there remains some high volatility in the market.

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.