

HANG SENG, HONG KONG

By Daryl Guppy

The Hang Seng has moved above 24500 for the first time since November 2010. This is a major break above the long term resistance level and the upper edge of the trading band. The technical upside target is calculated by projecting the width of the trading band. Target level is 26300.

The key question is whether the index can stay above 24500 and use 24500 as a support level in any retreat. The index is moving to test the 24500 level. A rebound from 24500 is an entry signal for a resumption of the uptrend. The breakout above 24500 in 2010 was temporary and the subsequent retreat quickly moved below 24500 and tested support near 22500. Traders will tighten stops to protect profits.

