

HANG SENG, HONG KONG

By Daryl Guppy

The Hang Seng failed to break above 25300. The Hang Seng is locked the market into a sideways trading pattern. Support is near 22600 and resistance near 24400 and then 25300. This offers rally and retreat opportunities within the trading band. There is no strong trending behavior on the Hang Seng. Instead there is rally and retreat behavior. The fall below the trend line and support near 24500 signals a new test of support near 22500.

The Hong Kong market was sustained by its status as the only entry point into China. The market was buoyed by the co-listing or dual listing of Shanghai shares. Now there is no need to use Hong Kong because traders can go direct to Shanghai.



Our analysis is reflected in the Hang Seng which has not behaved in the same way as the Shanghai Index. The Hang Seng remains trapped in a sideways trading band whilst the Shanghai index has added more than 30%. This situation will not change. The link between Hong Kong and Shanghai market performance has disappeared.