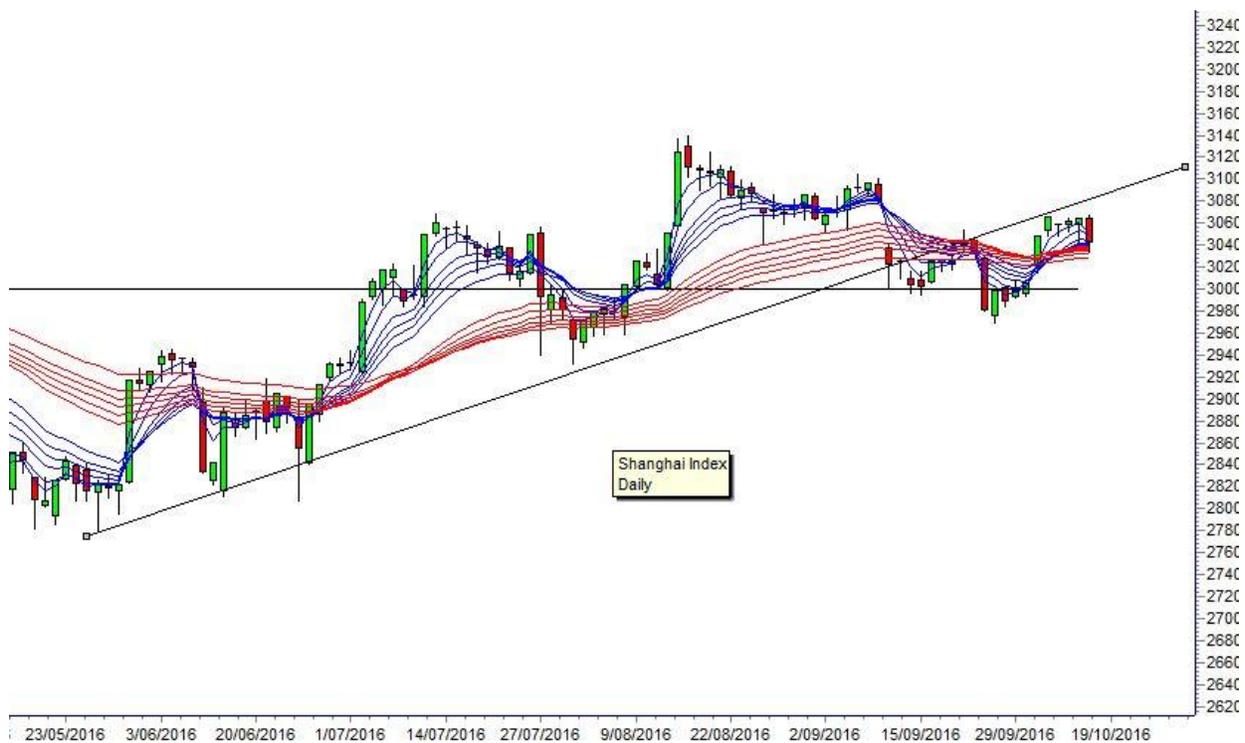


# **SHANGHAI INDEX, CHINA**

*By Daryl Guppy*

The Shanghai Index has developed a strong and rapid rebound rally from the 3000 support level. The rapid fall below the trend line and the crossover in the Guppy Multipole Moving Average indicator prior to the Golden Week holiday created the potential for a trend change.

There are three key relationships for the index. The first relationship is the index activity in relation to the uptrend line. The uptrend line that started in 2016 May acted as a support level until September 14. Now the uptrend line will act as a resistance level in the future. The rally following Golden Week holiday consolidated near the value of the uptrend line.



Investors watch to see if the Index can move above the uptrend line. If this develops then this is very bullish for a continuation of the long term uptrend. It's very bullish because it means the long term trend line will again act as a support level.

The second relationship is the relationship between the short term and long term Guppy Multiple Moving Averages. The short term GMMA has quickly compressed and turned upwards. The lower edge of the short term GMMA is near the upper edge of the long term GMMA. This is a bullish development and suggests the rally rebound can move above the long term uptrend line.

The third relationship is the influence of the 3000 level. This is the most important support feature on the Shanghai index and the index briefly closed below this level. For many months the index has oscillated around the 3000 level,

sometimes dipping below the level and sometimes moving above the level. The very strong rally rebound from the 3000 level is bullish.

The rally rebound from support near 3000 and the rapid change in the GMMA relationships show that investors have confidence in the uptrend continuation for the Shanghai Index