



Analysis for Tuesday 13th November 07

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A; Up bar on very high volume at the open means there is supply in the market, and as it is on an up bar, it must be professional liquidation. Next bar down indicates that there must have been more selling, else this bar would have been up too.

B; Testing the supply on the first bar A, this is what to look for after high volume on an up bar, the market is suddenly bullish.

C; As prices rally from the test at point B, there must be locked in traders looking to exit at break even, hence the increased volume and closing off the high, with the next bar down.

D; No Demand confirming that the supply on A and C is still there and a factor, as we have now an old top to the left, we will need to see effort to break through this old top.

E; this bar is a bit strange, it is an up bar but closes equal the previous close and the volume is low, looking into the background, there is some buying on the bar following D, so this bar E indicates that prices will probably not decline further.

F; Another test, smart money is testing the water for an up move, and there is an old top in the background, now likely to be broken.

G; Increased volume on this bar and the previous bar, supply from that old top is lingering, supply must be swamping demand for the close of the bar to be near the open with the next bar down.

H; A down bar, the spread between the open and close is very narrow, and the volume has dried up, as you can see reading further into the chart the market now just drifts sideways.

I; A low volume down bar, again the market is just drifting, more likely to until the cycle is broken.

J; Same as point I, but with the next bar up, the effort is beginning.

K; A average spread up bar closing off the high, on an increase in volume. There is supply hitting the market here, the next bar looks weak too.

L; A down bar on a narrow spread closing off the highs is a test, and this is a lovely example of what a test should be, testing the weakness of point K.

M; Another sign of strength, the market will rally as there is no significant weakness to stop the up move.

N; Another 'No Demand' still a bullish trend, the only direction is up.

O; The bar after N is an up bar on an increase in volume, and this bar O is no demand, potential weakness to the uptrend, but the following bar is up, so this 'No Demand' has failed, because the market is still strong, and you have to watch out for this, testing after weakness is a bullish indicator.

P; A narrow spread on this bar as the volume increases, with the close off the high, this indicates that the market is turning bearish, look at how high the volume is? have you ever noticed that a market reversal always takes place after a spike on an up bar, or down bar.

Q; This bar is a spanner in the works, we have supply swamping demand on the previous bar, but it also appears that there is some support in the market on this bar.

Outlook: The market has turned weak at the end of the session, and that would normally make me bearish for a down move for the following open, but I do not like the increase in volume at point Q, so it could be a down or flat open tomorrow.