

Analysis for Friday 30th November 07

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A; Top reversal, a strong clue that the market is weak, look for no demand.

B; It appears on this bar that the market is supported, it takes a lot of effort to bring the close back up to the open on a down bar.

C; This bar is up and into the top reversal at point A, and has not been able to break through the top, and the volume is very high, and note that the close is off the high, this is weakness, a subtle, but important clue, look for no demand.

D; The previous bar is a wide spread down, close off the low, and this bar appears to be a test on low volume, you would be forgiven for closing out a short if you had one here, up to now the market has

displayed signs of strength and weakness both at the same time, this is quite difficult to read, and can be frustrating to a trader.

E; Previous bar is a test, and you may well have gone long on this bar, but at the close of this bar, it becomes clear that the market is not strong enough to sustain higher prices, and as we can see, the close is way off the high, the bears have control for now.

F; The market is now confirmed as weak, this tug of war has resulted in the bears gaining control, and like E, the close is way off the high, but with a slight increase in volume. The bar following this bar is quite clearly stops being caught, as the volume is very high, but note how the close is near the low.

G; A test of the effort by the bulls to take control of this market, a good sign of strength after an effort to stop the decline.

H; A no demand indicator after strength has come into the market, this countermanding indicator tells us that although there is strength in the background, the market is still weak at this point. You have to be careful of these subtle changes in the market.

I; As we retest the lows at G, the volume is low, indicating that the selling has dried up. Look at the low volume with this narrow spread.

J; Another low volume down bar, showing no supply, or no selling pressure here, with the next bar a hidden test.

K; A test after some weakness, I would have thought that the new trend line high would be breached after this test, and was surprised when prices declined, this has now become a failed test, and a sign of weakness.

L, This is a weak bar, because the range is narrow, and the high is considerably lower than the high of the previous bar, the volume is quite low also. Then we have a decline to point M.

M; prices have fallen to this point and the volume has increased, the market has made a new low catching a lot of stops in the meantime, but M is an upbar and is a hidden test, as it is not obvious to those who cannot see it.

N; We have another low volume down bar and the close is close to the open, volume is very low, this indicates that higher prices are a probability.

Outlook;

The market on the daily chart is looking bullish, but as the market rallied from the low at M, we see a wide spread up to the top of the trend channel, now look at the volume on this bar and the following bar, the 2 before the green bar, they have very high volume, and this tells me that the market on Monday is likely to be negative before the opening bell, this is what the chart is telling me, but I would

not be surprised to see a rally next week looking at the daily chart, but yesterdays chart has no demand, not a test, and like the failed test we have seen today, we can also see failed no demand if the market is strong enough. Daily Chart

