

Analysis for Tuesday 27th November 07

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A; Wide spread up to catch stops, and distribute including short selling. First red arrow shows weakness, this looks like a test , but is not as the volume is too high, and the range is too wide.

B; Hidden upthrust, this is a weak bar as the high is greater than the high of the previous bar, and the close is near the low with the volume quite high. Market declines to point C.

C; A wide range down, close on the low with high volume, with the next bar up, clearly on this bar the market is oversold, catching more stop losses, encouraging more of the herd to go short, followed by a green arrow indicating strength.

D; An up bar with quite high volume, closing off the high, with a red arrow on the next bar, if this was not weakness, then the following bar would be wide and up on average volume. But as prices fall, we

have a green arrow indicating that the market is not that weak and can go higher, probably to make a second top, and to suck in more of the herd.

E; More distribution between 1427 and 1432, the smart money know the market is weak and short sell into the rally, we know this as the next bar is down, giving us a top reversal, with a red arrow to follow.

F; Market tries to rally to point E, but the smart money are not supporting the move, many traders locked in at the old top are probably trying to get out at break even, which adds to the selling.

G; market falls to an old low at the 1421 level, where some support and resistance traders manage to reverse the decline temporarily, but the market is not supported as shown by the red arrow, and prices decline to H.

H; The market is re accumulated between 1418 and 1412, this is the smart money actively buying, we know this because of the volume is very high, and three bars later we have a green arrow which is a test of supply at point H.

I; The market is starting to struggle as the volume comes back in, the previous bar has a red arrow because the market is swamped by supply. This bar has a top reversal.

Outlook; The market was able to rally today, but that weakness has not gone away, I expect the market to decline in the overnight trade, and tomorrow could be a down day as the volume was higher today, and the range was average, the close of today should have been higher than the high of yesterday to be strong on the daily chart.

Daily chart



As you can see on this daily chart, the range was not that high today, but the volume was quite high, this indicates weakness, the close should have closed above the high of yesterday to be strong.

Good trading