ChartNexus®
Chart Your Success

In this issue
- Chart Analysis
- XPertTrader Corner
- TA Bites
- ChartNexus Events
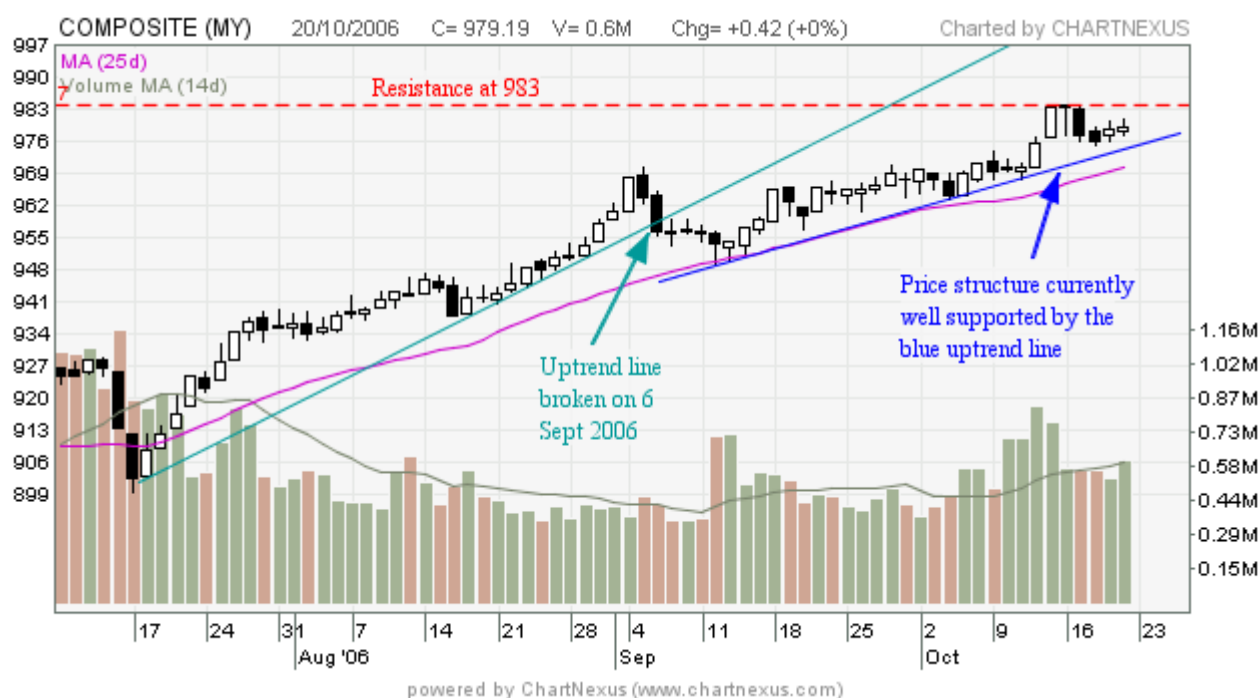
Newsletter Issue #M4 - 23 Oct 2006

Chart Analysis

After breaking the uptrend line on 6 Sept 2006, the price structure of the Composite Index has formed a second more gradually sloping uptrend line (blue line). However the index has reached a key resistance zone of 980-990 formed by peaks in year 2000. Caution is advised at this juncture though the blue uptrend line should provide strong support.

XPertTrader™ Corner

With the market trading at all time highs, stocks are either consolidating or making new highs. How do we capture a stock that is consolidating after a run up and has the possibility of making another run?

This week's XpertTrader Corner discussed a rule which will screen the market for stocks whose volume of last trading day retraced more than 50% as compared to the last 10 days.

Subscribers can configure this rule by going to "General" tab and select "Volume Decrease". Change the parameters to t1 = 10, t2 = 1& v >= 50.0 .

After screening, a list of stocks that meet the condition will be generated. We may then analyse the stocks for a possible buy opportunity or put them on the watchlist to anticipate a breakout after consolidation.

In each newsletter, we will showcase how you can set up rules in XPertTrader to screen the stock market for opportunities. XPertTrader's rules composer allows a trader to set up stock screening rules using more than 20 indicators and candlesticks formations. Visit our XPertTrader information page at http://www.chartnexus.com/products/xpert trader.php for more details.

TA Bites

Trends

Trend analysis is the essence of technical analysis (TA), however it is one of the most commonly misused concept.

Questions commonly asked:
(a) How to draw a proper trendline?
(b) How to choose among the many trendlines drawn?
(c) Should trendlines connect extreme points (high, low of the day) or the close points?

Answers:
(a) To draw a trendline on an upward price structure (bullish), connect the lows of the price structure. For a downward price structure (bearish), connect the highs of the price structure.
(b) The more points that the trendline connects, the stronger, hence more important is the trendline
(c) If the extreme points are connected, this will result in the most extreme (furthest) trendline. Hence trading signals (for e.g. trendline breaks) will be generated later in this case.

Events

November Hightlights

We are planning workshops on XPertTrader strategies to be held in November. Keep a look-out on our announcements.

http://www.chartnexus.com/events