STI price movement is currently dictated by the green uptrend line. Closing with a long black candle on last Friday 22 Sept, the index has a first support level at 2513 (made up of previous highs and the uptrend line) followed by a second support level at 2485. MACD is also showing a bearish divergence with a higher high in price failing to make a higher high in MACD.

**Oscillators in Trending Markets**

Technical indicators such as RSI, MFI and Stochastic are oscillators, meaning that they oscillate between a maximum and minimum value. Generally when the stock is bullish, the oscillator moves up and when the stock is bearish, the oscillator moves down. Oversold and overbought conditions are defined when the oscillator moves below and upper a certain level respectively. For e.g., common levels for RSI are 30 and 70. If a stock moves below RSI level of 30, the stock is described in oversold condition and above RSI level of 70, the stock is described in overbought condition.

However in a trending market, say a bullish market, the oscillator is expected to move and stay in the overbought region. Should you sell the stock as it is in the overbought region?

The answer is a definite NO as doing so will prevent you from riding the trend. Hence, identify the trend before making use of an oscillator.

**Events**

**September Highlights**

Catch our last course for September titled “Technical Analysis: Get the Basics Right”, a course designed specifically for users who want to get the right foundations in charting.

Lots of chart practices will be provided by the trainer, encouraging learning through practice!!

http://www.chartnexus.com/events

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**Disclaimer**

All information provided in this newsletter is for educational purposes only and shall not be construed as an advisory service or market prediction. Please check with your authorised financial advisor for any financial advice.

**For any suggestions or feedback, please contact us:**

Email: support@chartnexus.com  Tel: (65) 6491 1700  Website: http://www.chartnexus.com