

STRAITS TIMES INDEX, SINGAPORE

By Daryl Guppy

The Straits Times Index breakout above the value of strong historical resistance near 3300 has failed. The index has retreated and is consolidating near this level. This behaviour was seen in February to April 2013 when the index consolidated between 3250 and 3300.

The GMMA shows a developing strong trend with good separation in the short term GMMA. The long term GMMA is also beginning to separate. This is similar to the development of December 2012.

A breakout above 3300 can move rapidly to 3450 or a little higher. This target is based on the 2013 breakout above 3300. This is a single point and it has no historical resistance validity. Also this target is not calculated using a chart pattern projection method. This sets the round target for a rally from support near 3300.



As noted several weeks ago, this had the characteristics of a strong rally breakout rather than a change in the direction of the trend. However the consistency of the rally suggests this may develop into a trend change. The nature of consolidation near 3300 will provide more evidence to determine the trend direction.