



Daily & Weekly Charts

APT Close @ 105.89 on Mar 26th, 2021.

The magnificent uptrend that was APT is now showing signs of continued sell down pressure on the Daily and Weekly Charts. Support levels are watched closely for the first signs of consolidation.

Toolbox

Support and Resistance

Moving Average Crossover





Support and Resistance

Support and Resistance levels are fundamental concepts to be applied in Chart Analysis. A basic approach to understanding them is as follows.

Support develops in areas where buyers step into the market and outnumber sellers thus providing a floor level in price.

Resistance develops in areas where sellers step into the market and outnumber buyers thus providing a ceiling level in price.

Support and Resistance levels typically develop over time and may reflect prices where participants have acted (and have memory of their actions) in the past. Value at these levels could be considered to be approaching 'fair' by the market for a period of time. The balance of probability increases that these levels will continue to act in this way until broken thus allowing buy and sell decisions to be made within this framework.

As price moves above and below such levels, it can often accelerate until it reaches the next respective level. What was Resistance can often then in turn become Support and vice versa when price breaks through these levels.

In fast moving markets it is important to note that these levels can become quite fluid.

Probability Framework

The areas of Support and Resistance that impacted the trend on the way up, now become relevant again that price is under downward pressure.

Support at around the 122.00 range failed quickly.

Price is now testing Support at around the 105.00 level.

From the Chart we can see the next level of Support, should price not hold above, is around the 94.00 range and then following that, closer to 80.00.

These levels provide the best areas for buyers to step into the market and for pressures to more easily balance and periods of consolidation or rebound to take place.

Price activity around these levels is watched closely to determine the next phase for APT.



Moving Average Crossover

The Moving Average Crossover indicator applied here uses a 15 day EMA (Blue) and a 30 day EMA (Red).

A Moving Average smooths price data over the length of the average with an Exponential Moving Average giving greater weight to the most recent (relevant) price action in the calculation. With a smoothed representation, some of the daily fluctuations in price movement can be reduced to give a more filtered view on price movement.

When prices are trending, it is visually apparent by comparing today's price with that of the recent range. The shorter the term of the Moving Average, the more closely it will hug the most recent price. By utilising the two Moving Averages of differing timeframes, the crossover points can be indicators that a trend direction may have changed. We would expect price to remain above both averages in a strong uptrend, with the averages themselves rising but with the longer term average rising more slowly and therefore lagging for example.

A classic BUY signal is given when the short term average crosses above the long term average, and a classic SELL signal is given when the short average crosses below the long term average. This of course applies when trading from the LONG side. A SHORT trade would apply the principles in reverse.

Moving Average Crossover signals work well with trending stocks but often give false signals for stocks in consolidation ranges. It is recognised as a lagging indicator that is best used in combination with other analysis techniques.

Probability Framework

APT is an excellent example of a simple indicator, in this case the Moving Average Crossover, being the gateway to a potentially profitable long term trade.

A BUY signal on the Chart was given by the indicator in April last year at around the 24.00 mark.

A SELL signal was provided as the Moving Averages crossed over in a negative fashion at the beginning of March this year when price was closer to 120.00

These prices are of course quite a bit away from the absolute lows and highs of the trend, but successful traders know that these can never be picked consistently. This also highlights the concept of the Moving Average Crossover being a lagging indicator. The MACD indicator steps in to address this to some extent.

There were two periods on the Chart marked with the pink lines where a SELL signal was almost generated but not quite. At that time, other indicators would also have been closely watched for confirmation signals.



Combined Probability Framework

APT experienced a strong uptrend beginning around April last year that enabled a well defined trend line to be plotted on the Chart. Price has come under strong selling pressure since the highs were achieved in February this year and has moved below the trend line plot.

The short term group of Guppy MMAs have crossed over quickly and traders have been quick to take profits. The long term group of averages have also crossed over and the market will be watching to determine whether Investors are also to abandon, or step in to re-affirm, their support for APT at this level.

Analysis of Support and Resistance can offer some of the best guidance.

As discussed, the areas of Support and Resistance that impacted the trend on the way up, now become relevant again that price is under downward pressure. Support at around the 122.00 range failed quickly. Price is now testing Support at around the 105.00 level. From the Chart we can see the next level of Support, should price not hold above, is around the 94.00 range and then following that, closer to 80.00. These levels provide the best areas for buyers to step into the market and for pressures to more easily balance and periods of consolidation or rebound to take place.

APT was well supported by the market over the last year and there may be both traders and investors on the sidelines looking to participate eagerly in any signs of a rebound in price from the long side.

