



Daily & Weekly Charts

BSL Close @ 20.02 on Apr 1st, 2021.

The BSL Daily and Weekly Charts show a healthy uptrend over the last 12 months with the most recent price action pushing above the Resistance formed in the middle of 2018.

Toolbox

Trendlines / Support and Resistance

ADX – Average Directional Movement





Trendlines / Support and Resistance

Trendlines, like 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. An uptrend can be considered an inclining support line where buyers are finding themselves having to bid increasingly higher to have their orders filled each day. An uptrend line is represented on the chart connecting the lows of multiple price bars.

Resistance develops in areas where sellers step into the market and outnumber buyers thus providing a ceiling level in price. A downtrend can be considered a declining resistance line where sellers are finding themselves having to offer increasingly lower prices to have their orders filled each day. A downtrend line is represented on the chart connecting the highs of multiple price bars.

It is important to understand that a trendline is not controlling the price in any way but rather is a graphical illustration of what the price has already done. A change in the nature of the price action and a subsequent break of a trendline can be the indication traders and investors need to register this change in real time.

Trendlines may be well defined and give a good indication of the balance of probability, or sometimes better represented as ranges and channels. Support from an uptrend line may become resistance following a break and vice versa for downtrend lines.

Probability Framework

The BSL Chart allows a well-defined uptrend line to be plotted following the market collapse in March last year.

Stronger periods of trending prices, followed by consolidation ranges, reflect a trend channel that prices are now beginning to test the upside on once more.

Price has been oscillating in a fairly wide consolidating range from December 2020, with most activity defined between Support around 16.50 and Resistance around 18.50. This level can be seen to correspond with Resistance on the Weekly Chart back in the middle of 2018.

Price has recently moved above this Resistance as bullish pressure built under the 19.00 level.

Traders and Investors will be monitoring this new move for continued signs of strength to determine whether a new period of trending price is underway.

Short term Resistance is represented by the upper range of the trend channel, and following that, the Monthly Chart needs to be referenced back to 2008 when BSL suffered from significant price falls.



ADX – Average Directional Movement

The ADX indicator in consideration here, consists of three indicators for which the mathematical calculations are quite complex. The ADX (histogram), the DI+ (green) and DI- (red) indicators as displayed on our chart above.

In short, the ADX allows the strength of price movement in a given direction to be observed by using the concept of Directional Movement and the smoothing of the calculated data over time with moving averages.

The DI+ indicator (green), rises over time when prices are closing higher, and the difference between the current higher close and previous close, when calculated as an average, is widening. Think of this as + Directional Movement. A rising DI+ line is bullish.

The DI- indicator (red), rises over time when prices are closing lower, and the difference between the current lower close and previous close, when calculated as an average, is widening. Think of this as – Directional Movement. A rising DI- line is bearish.

The ADX indicator (histogram), shows the average of the difference between the DI+ and DI- line over time. A rising ADX shows that the strength of the trend, be it bullish or bearish is increasing. The DI+ and DI- indicate the direction of the trend.

A rising ADX (histogram) observed with a rising DI+ indicate a bullish trend getting stronger. A rising ADX (histogram) observed with a rising DI- indicate a bearish trend getting stronger.

Probability Framework

The ADX indicator can be a useful tool in trending markets.

The period represented by the pink trendline was a stronger trend pulse for BSL and this was also reflected in a rising ADX histogram / green DI+ line combination in the circled range.

The DI+ line began to fall and the ADX histogram topped as price began to lose momentum and before any signal was given by a break in prices below the trendline in January.

BSL is showing new signs of positive price movement with the break above Resistance. The DI+ line has again risen (pink arrow) and the ADX histogram is gradually beginning to rise in tandem with it.

Traders and Investors will be watching the ADX indicator to again replicate the activity that occurred within the circled range if the new price activity is to develop into a trend over the coming weeks.



Combined Probability Framework

As noted in our Trendlines analysis, the BSL Chart allows a well-defined uptrend line to be plotted following the market collapse in March last year. Stronger periods of trending prices, followed by consolidation ranges, reflect a trend channel that prices are now beginning to test the upside on once more.

Price had been oscillating in a fairly wide consolidating range from December 2020, with most activity defined between Support around 16.50 and Resistance around 18.50. This level can be seen to correspond with Resistance on the Weekly Chart back in the middle of 2018. Price has recently moved above this Resistance as bullish pressure built under the 19.00 level and then pushed above.

The short term group of Guppy MMA averages reflected the consolidation period with uncertainty as traders participated in the volatility. They have recently re-spread and price has moved quickly to the upper bands as it moved above 19.00. The long term MMA group did begin to compress through February but did not cross over and are also beginning to re-spread as Investors find new bullish support for the recent price movement.

Traders and Investors will be monitoring this new move for continued signs of strength to determine whether a new period of trending price can develop. The ADX indicator as discussed may also be watched closely to give confirmation of this.

