



### Daily & Weekly Charts

JBH Close @ 48.41 on Jun 4<sup>th</sup>, 2021.

The Daily and Weekly Charts show a volatile period of consolidation for JBH that began in August last year. Support and Resistance trading techniques have provided the best opportunities over this recent period.

### Toolbox

Support and Resistance / Trendlines

MACD – Moving Average Convergence Divergence





## 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

JBH has provided a number of trading opportunities between levels of inner band Support at around 46.00 and Resistance at around 53.00.

The lower outer band level of Support sits at 44.00 and upper Resistance at 54.00. Traders have been taking positions within these bands depending on their risk profile.

Strong momentum has been a feature at times of both up and down moves within the range.

The most recent price action sees a short term build of pressure though under 49.00. Traders will be looking for a strong move above this level if the pattern of upwards bias is to continue and price is to once again test Resistance at 53.00.



## MACD – Moving Average Convergence Divergence

The Moving Average Convergence Divergence (MACD) indicator builds on from the concepts developed in Moving Average Crossover analysis.

The MACD is typically built with a 12-day EMA and 26-day EMA to form the Moving Average Crossover data points.

The MACD then plots the relationship between the two moving averages (or distance between them) as a solid blue line on the indicator in a separate window below. We have chosen to use a histogram for easier graphical representation.

When the histogram moves from negative to positive this coincides with a bullish crossover of the two moving averages on the price chart above. When the histogram moves from positive to negative this coincides with a bearish crossover of the two moving averages.

A 9-day EMA is then plotted in the MACD indicator window as a red Signal line. This is an average of the MACD value itself over that period. The Signal line gives an early indication of the change in movement of the MACD, and the crossover points may be used as signals by some Traders.

The MACD acts to negate the typical lagging response of Moving Average Crossover analysis. The MACD clearly illustrates the widening or narrowing gap between the averages in advance of a crossover occurring. The relationship of the MACD with the red Signal line then provides an early warning system that this movement is speeding up when compared to the recent time period.

## Probability Framework

The MACD indicator has acted as a good leading indicator of the bottoms and tops JBH has displayed as it has consolidated within the Support and Resistance range discussed.

If the current short term pause is to break above 49.00, we can expect the MACD to continue to move back into positive territory.

Traders will then turn to the indicator for signs of slowing momentum as price reaches the upper targets set by the Resistance levels.



### Combined Probability Framework

The JBH Chart shows a volatile period of consolidation that began in August last year and ended the strong uptrend that was in place following the rebound from the pandemic sell off. Support and Resistance trading techniques have provided the best opportunities over this recent period with a lack of anything other than very short term trending activity present.

JBH has provided a number of trading opportunities between the levels of inner band Support at around 46.00 and Resistance at around 53.00. The lower outer band level of Support sits at 44.00 and upper Resistance at 54.00. Traders have been taking positions within these bands depending on their risk profile and with good percentage returns on offer. The most recent price action sees a short term build of pressure under 49.00. Traders will be looking for a strong move above this level if the pattern of upwards bias is to continue and price is to once again test Resistance at 53.00.

The MACD indicator has acted as a good leading indicator of the bottoms and tops JBH has displayed as it has consolidated within the Support and Resistance range discussed. If the current short term pause is to break above 49.00, we can expect the MACD to continue to move back into positive territory.

Traders will then turn to the indicator for signs of slowing momentum as price reaches the upper targets set by the Resistance levels.

