



Daily & Weekly Charts

LYC Close @ 6.26 on Mar 19th, 2021.

The Daily and Weekly Charts show an accelerated uptrend for LYC over the last 12 months to prices not seen for a significant length of time. The Monthly Chart needs to be referenced for the next relevant levels of Resistance.

Toolbox

Trendlines / Support and Resistance

Guppy MMA – Multiple Moving Average





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.

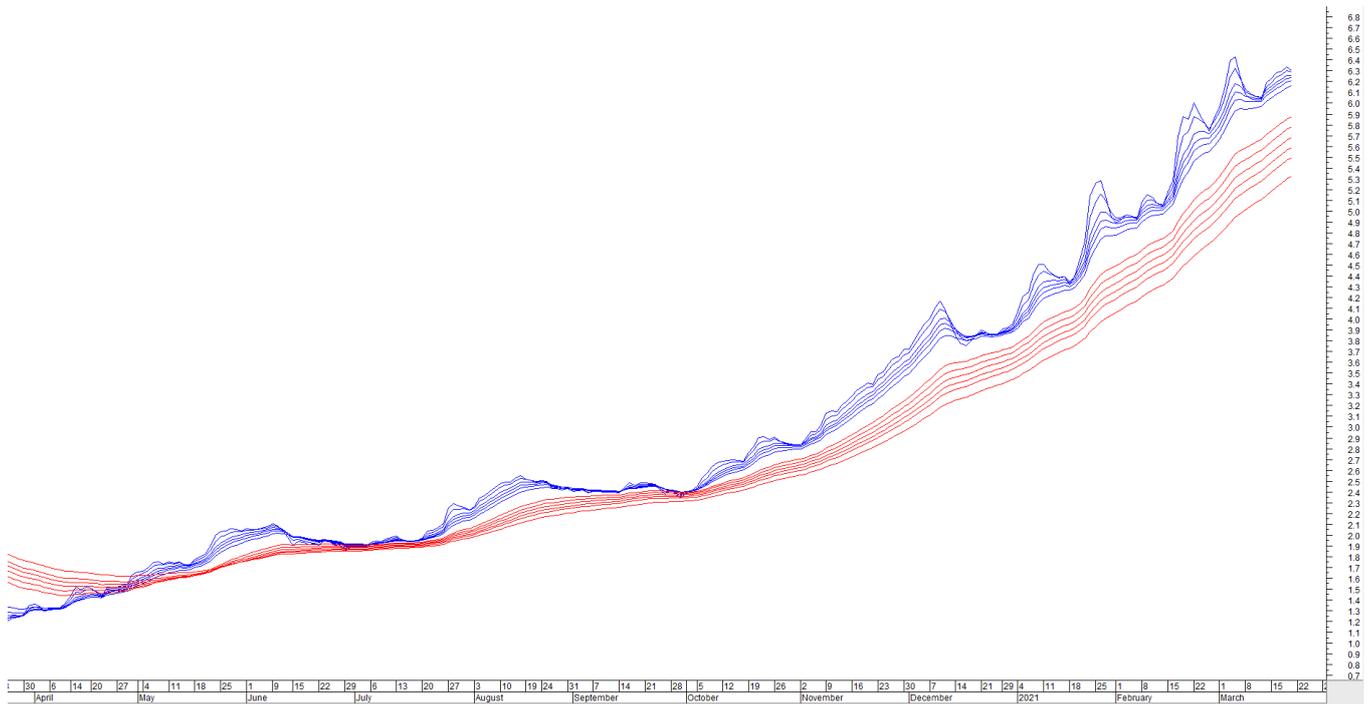
Probability Framework

LYC is a good example of the changing nature of a trend over time as more market participants come to bullish agreement (in this case) and add strength to a move.

An initial uptrend / recovery began towards the end of April 2020, with a slow advance as it moved through pockets of Support and Resistance set by the general market sell-off preceding.

As price moved above 3.00, a stronger uptrend developed around the end of October 2020, plotted by our middle green trendline in the chart.

Days of higher volatility marked the trend's move into its third phase which can be defined by the latest trendline on the Chart. In recent days, price has been testing the support of the trend and behaviour around this level needs to be closely monitored. Some Traders and Investors who entered the trend early may be holding significant paper profits at this point.



Guppy MMA

The Daryl Guppy MMA indicator consists of 2 pairs of 6 Exponential Moving Averages across different timeframes. Namely 3, 5, 8, 10, 12 and 15 day EMAs in the short term group of averages and 30, 35, 40, 45, 50 and 60 day EMAs in the longer term group of averages. The averages are calculated on the closing price.

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.

As the EMAs represent different timeframes they can be argued to be a proxy for the different types of market participants that also trade and invest in those different timeframes respectively.

The short term group of averages (blue) show the activity of traders with often significant volatility present as they trade the emotional value of the security up and down.

The long term group of averages (red) represent the investors who are often making decisions to buy and sell over longer timeframes and staged portfolio movements.

When traders and investors agree, the conditions are typically in place for strong trends in market price. The relationship between the averages and the spacing between them provide opportunities to draw better probability conclusions.

Probability Framework

The strength of the LYC trend to date is shown by the Guppy MMA indicator.

The long term group of averages is well spread and running parallel to the trend. Investors have supported the price move consistently over time and stepped into the market on any pullback in price.

The short term group of averages show increased volatility as Traders move into and out of positions. They have not, as yet, tested the long term group of averages since October last year.

If the current trend weakens, we can first expect to see the short term group of averages crossover and test the Investor support offered by the long term group. The way price behaves when this happens will provide a good indication of whether the LYC trend will consolidate and continue.



Combined Probability Framework

LYC has experienced a recovery and then accelerated uptrend over the last 12 months, with the move above significant long term Resistance at around 3.00 in late October last year, paving the way for this acceleration.

Trendline analysis and the Guppy MMA indicator both give a good graphical representation of the strength of this trend to date.

The most recent phase of the trend, that built momentum in February, is showing days of higher volatility. Price is now retesting the support of that trend with some first signs of loss of momentum. Resistance at around the 7.00 level on the chart is long term and needs the Monthly Chart to be referenced back to 2013. Any Investors still holding positions from that time may have long memories.

A break of the short term trend line and a cross-over of the short term group of Guppy MMA averages to re-test the support of the long term group, are conditions to be monitored for if the trend should in fact begin to weaken.

