Daily & Weekly Charts

QAN Close @ 5.30 on Mar 12th, 2021.

Like many stocks, QAN has experienced a volatile but general uptrend over the last year as evident on the Daily and Weekly Charts. Resistance has in the past been significant when tested by any short term up-moves.

Toolbox

ADX – Average Directional Movement

Guppy MMA – Multiple Moving Average

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 period between November and December last year, as highlighted by the first pink ellipse range on our ADX indicator, is an example of conditions that bullish traders are now looking to be replicated in the recent up-move in QAN's price for confirmation of strength.

During that November period, the ADX histogram was rising with a rising DI+ indicator, showing that a strong up-move was in place. The flattening of the ADX and falling DI+, were the first signs in early December that the trend was failing and confirming the break in the trendline itself.

In the present market, the DI+ indicator has again begun to rise along with an upturn in the ADX. If the current up-move is to develop into something stronger, resembling a trend, we could expect these conditions to continue on the ADX indicator.

The ADX can be useful in generating signals in trending markets.
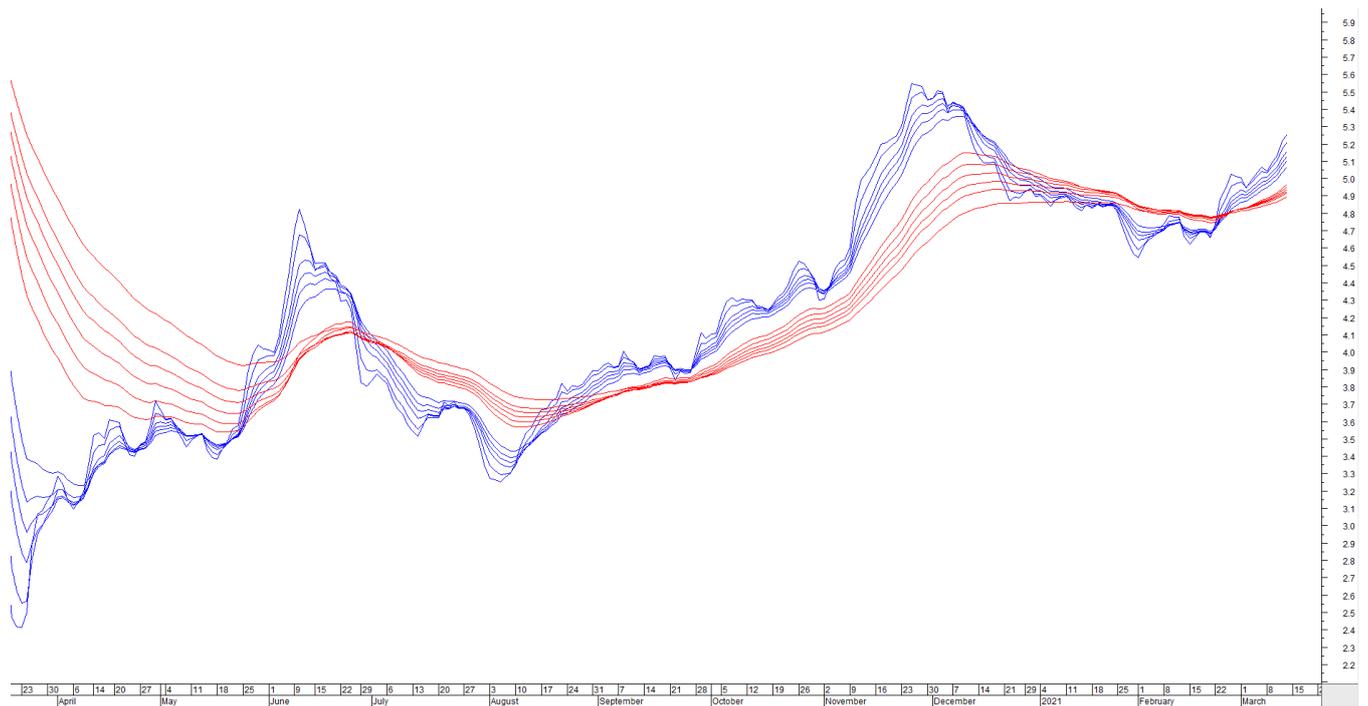
Guppy MMA

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 asvrages and the spacing between them provide opportunities to draw better probability conclusions.

Probability Framework

QAN has recently developed a short term up-move on the Chart, and this is reflected in the short term MMA group crossing over the long term MMA averages and quickly spreading and accelerating upwards. Traders are supporting this new rally to date.

The long term group of MMA averages have crossed over but remain narrowly grouped together and are just beginning to show some signs of spreading out. As yet the new price move has not yet tested this Investor group support.

If the new up-move in QAN is to gain strength we would expect to see this reflected over the near future with the continued widening of the long term group of MMA averages, them then rising in parallel and supporting any price pullbacks.

This activity can be monitored as the up-move develops.

Combined Probability Framework

QAN has experienced a gradually rising trend over the last year punctuated by periods of volatile tradeable up-moves and price pullbacks. Price has again consolidated around the medium term up-trendline (green) in February, and now begun to show strength with the move above short term Resistance around 5.20.

Resistance around 5.80 represents stronger historical Resistance for QAN. The middle range in the trend channel has provided Resistance in the past and price action around this level can be closely monitored.

The Guppy MMA indicator is showing traders supporting this move to date with average crossovers and a spreading of the short term group. The long term group of MMA averages have crossed over but remain narrowly grouped together and are just beginning to show some signs of spreading out. As yet the new price move has not yet tested this Investor group support.

If the new up-move in QAN is to gain strength we would expect to see this reflected over the near future with the continued widening of the long term group of MMA averages, them then rising in parallel and supporting any price pullbacks.

In the present market, the DI+ indicator has again begun to rise along with an upturn in the ADX. If the current up-move is to develop into something stronger, resembling a trend, we could expect these conditions to continue on the ADX indicator as discussed.