



Daily & Weekly Charts

WES Close @ 61.55 on Jul 28th, 2021.

WES shows the continuation of a healthy uptrend on the Daily and Weekly Charts with price now accelerating to new highs following consolidation over the May, early June period.

Toolbox

Support and Resistance

Trendlines





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 WES Chart demonstrates the movement of price between areas of Support and Resistance within the context of a broader uptrend.

Significant Resistance at around the 56.50 mark was penetrated in the middle of June with price moving quickly to consolidate under a new, short term level at 59.50.

Upwards bias continued with the formation of an Upsloping Triangle Chart pattern which we discuss in separate Tutorials. Price accelerated again on breaking the 59.50 Resistance level that set the top of this Chart pattern.

There is a high probability that the 59.50 level will now act as the first layer of support should price retreat.



Trendlines

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 WES price action over time has allowed the placement of a longer term uptrend line on the Chart.

The continuation of the uptrend was confirmed as price rose above the significant Resistance level of 56.50 in the middle of June and price accelerated away once more.

Price had consolidated under the 56.50 Resistance level over the April, May and June periods and therefore increased the probability of a strong break once penetrated.

A new shorter term uptrend line has been tentatively plotted on the Chart to represent the newer accelerating behaviour of price. The long term group of Guppy MMA averages are well spread and trending upwards in parallel giving support to this placement.



Combined Probability Framework

The WES Chart shows the continuation of a healthy uptrend with price now accelerating to new highs following consolidation over the May, early June period. Price action over time has allowed the placement of a longer term uptrend line on the Chart.

The continuation of the uptrend was confirmed as price rose above the significant Resistance level of 56.50 in the middle of June. Price had consolidated under this Resistance level over the April, May and June periods and this length of time increased the probability of a strong break once penetrated.

A shorter term uptrend line has been tentatively plotted on the Chart to represent the newer accelerating behaviour of price. The long term group of Guppy MMA averages are well spread and trending upwards in parallel giving support to this placement. The short term group of MMA averages have also now re-spread positively following the break in price above the short term Resistance level of 59.50.

Continuation of this trending behaviour would expect to see the short term MMA support the price action and the long term MMA move above the probable new Support level at 59.50.

