



Daily & Weekly Charts

WPL Close @ 23.26 on May 7th, 2021.

The Daily and Weekly Charts show WPL facing building downwards pressure on price. The strong rally that developed in November last year has weakened over a lengthy consolidation period.

Toolbox

Support and Resistance / Trendlines

Guppy MMA – Multiple Moving Average





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

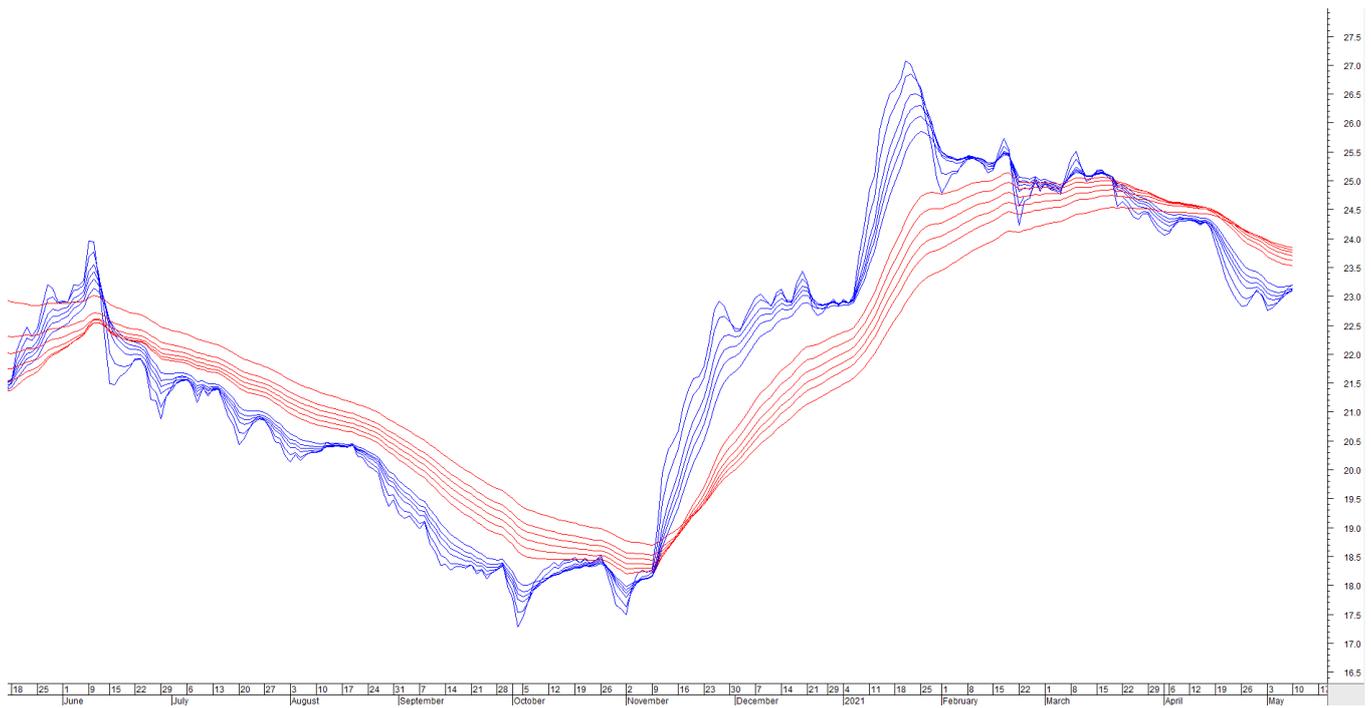
The WPL price dropped through critical Support at around the 23.50 level towards the end of April.

This activity had followed a lengthy period of consolidation which saw a short term downtrend develop above the Support level. The combination of the downwards price pressure and the Support level at 23.50 built a Down Sloping Triangle Chart Pattern.

Price has rebounded off short term Support at 22.50 and is now rising again to test the strength of 23.50 which can be expected to act as a new Resistance level.

Should price fail to rally through Resistance at 23.50 and resume downwards momentum, the price target set by the Down Sloping Triangle pattern will become a higher probability outcome. This target sits at around the 20.00 Support level on the Chart.

Traders and Investors will be monitoring WPL closely to see how the price action between the levels of 22.50 and 23.50 develops.



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 strong rally in the price of WPL from the lows of November was supported strongly by both Traders and Investors at the time.

Traders however began to price in weakness in January with a sharp collapse in the short term group of MMA Averages.

Price was supported by Investors, represented by the long term group of MMAs, for a time until the bearish position of Traders drove the price through the long term group, which in turn began to compress and crossover.

The long term group of MMAs have now begun to spread out and trend downwards in parallel.

Should the most recent rally in price be repelled again by the long term group now acting as Resistance, the bearish pressure for WPL may be expected to increase as Investors lose further support.



Combined Probability Framework

The WPL price dropped through critical Support at around 23.50 towards the end of April.

This activity had followed a lengthy period of consolidation which saw a short term downtrend (red line on Chart) develop above the Support level. The combination of the downwards price pressure and the Support level built a Down Sloping Triangle Chart Pattern. Should price fail to rally through Resistance at 23.50 and resume downwards momentum, the price target set by the Down Sloping Triangle pattern will become a higher probability outcome. This target sits at around the 20.00 Support level on the Chart.

Price has rebounded off short term Support at 22.50 and is now rising to test the strength of 23.50 which can be expected to act as a new Resistance level.

The long term group of MMAs have now begun to spread out and trend downwards in parallel. Should the most recent rally in price be repelled by the long term group acting as Resistance, the bearish pressure for WPL may be expected to increase as Investors lose further support.

Traders and Investors will be monitoring WPL closely to see how the price action between the levels of 22.50 and 23.50 develops. Bearish bias remains in place unless the combined Resistance of the 23.50 level, down sloping trendline and long term group of Guppy MMAs can all be overcome.

