

# Augusta Review

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## Trading Watch: Chaikin Oscillator Below Zero for Ecopetrol S.A. (EC)

Posted by Alfredo Boyd on April 5, 2019 at 12:56 pm

Tracking shares of Ecopetrol S.A. (EC), we have seen that the Chaikin Oscillator reading is currently below zero. Traders following the stock may be on the lookout for possible bearish momentum.

As we move closer towards the end of the year, investors may be undertaking a portfolio review. Reviewing trades over the past six months, investors should be able to see what has worked and what has not. There might be some stocks that have outperformed the market, and there might be some underperformers as well. Focusing on what has worked so far this year may help provide a clearer picture for future moves. Pinpointing what went wrong can also help the investor see which areas of the portfolio need improvement. If the stock market continues on to reach new heights, investors might be looking to lock in some profits before making the next big trade.

Ecopetrol S.A. (EC) currently has a 14-day Commodity Channel Index (CCI) of -77.17. Dedicated investors may choose to use this technical indicator as a stock evaluation tool. Used as a coincident indicator, the CCI reading above +100 would reflect strong price action which may signal an uptrend. On the flip side, a reading below -100 may signal a downtrend reflecting weak price action. Using the CCI as a leading indicator, technical analysts may use a +100 reading as an overbought signal and a -100 reading as an oversold indicator, suggesting a trend reversal.

Currently, the 14-day ADX for Ecopetrol S.A. (EC) is sitting at 20.46. Generally speaking, an ADX value from 0-25 would indicate an absent or weak trend. A value of 25-50 would support a strong trend. A value of 50-75 would identify a very strong trend, and a value of 75-100 would lead to an extremely strong trend. ADX is used to gauge trend strength but not trend direction. Traders often add the Plus Directional Indicator (+DI) and Minus Directional Indicator (-DI) to identify the direction of a trend.

Tracking other technical indicators, the 14-day RSI is presently standing at 52.16, the 7-day sits at 44.10, and the 3-day is resting at 26.85 for Ecopetrol S.A. (EC). The Relative Strength Index (RSI) is an often employed momentum oscillator that is used to measure the speed and change of stock price movements. When charted, the RSI can serve as a visual means to monitor historical and current strength or weakness in a certain market. This measurement is based on closing prices over a specific period of time. As a momentum oscillator, the RSI operates in a set range. This range falls on a scale between 0 and 100. If the RSI is closer to 100, this may indicate a period of stronger momentum. On the flip side, an RSI near 0 may signal weaker momentum. The RSI was originally created by J. Welles Wilder which was introduced in his 1978 book "New Concepts in Technical Trading Systems".

Taking a peek at some Moving Averages, the 200-day is at 21.03, the 50-day is 20.20, and the 7-day is sitting at 21.57. The moving average is a popular tool among technical stock analysts. Moving averages are considered to be lagging indicators that simply take the average price of a stock over a specific period of time. Moving averages can be very useful for identifying peaks and troughs. They may also be used to help the trader figure out proper support and resistance levels for the stock.

Ecopetrol S.A. (EC)'s Williams Percent Range or 14 day Williams %R presently is at -82.14. In general, if the reading goes above -20, the stock may be considered to be overbought. Alternately, if the indicator goes under -80, this may show the stock as being oversold. The Williams %R indicator helps show the relative situation of the current price close to the period being observed.

Investing in the stock market has traditionally offered bigger returns than other types of investments. Along with the opportunity for higher returns comes a higher amount of risk. Stocks can be exposed to both market risk and business or financial risk. Market risk may be evident when the overall market takes a nose dive. Investors may hold stock of a company that has been performing great, but due to poor market conditions, the stock decreases in value. Investors may look to offset this risk by investing in other vehicles that don't tend to move together. The business risk with stocks involves factors that may cause a company to perform poorly. This may include bad management, heightened competition, and declining company profits. Investors may try to limit this risk by creating a diversified portfolio including stocks from different sectors.

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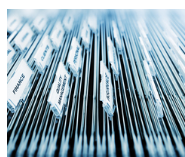
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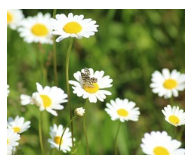
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