



Weston Business Review

PPO Below Signal on Shares of Ecopetrol S.A. (EC)

April 16, 2019

Monitoring the signals for Ecopetrol S.A. (EC), we have seen that the Percentage Price Oscillator is currently lower than the signal line. With the PPO indicator below the line, traders may be looking for a possible bearish move.

The amount of financial information available to individual investors these days is staggering. Accumulating intelligence in the stock market is much easier to do than ever before. All the advances in technology have allowed regular investors to access information with relative ease. Making sense of all the various data can be overwhelming, but plowing through the data may create a solid foundation to start enhancing profits in the market. With so many investing options, traders and investors need to construct a plan that works specifically for them. Becoming educated about the stock market before tackling the beast might assist the individual investor in many ways. Studying how markets and prices move may help the investor decide which way is the best way to go. Understanding the difficulties and possible pitfalls that investors generally fall prey to, can go a long way in helping even before the first trade is ever made. As most investors know, the markets and economic landscapes are constantly changing. This requires the investor to be in tip top mental shape in order to confront tough buy or sell decisions when the time comes.

Currently, the 14-day ADX for Ecopetrol S.A. (EC) is sitting at 16.09. 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.

Ecopetrol S.A. (EC) presently has a 14-day Commodity Channel Index (CCI) of -229.43. Typically, the CCI oscillates above and below a zero line. Normal oscillations tend to stay in the range of -100 to +100. A CCI reading of +100 may represent overbought conditions, while readings near -100 may indicate oversold territory. Although the CCI indicator was developed for commodities, it has become a popular tool for equity evaluation as well.

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The Relative Strength Index (RSI) is a momentum oscillator that measures the speed and change of stock price movements. The RSI was developed by J. Welles Wilder, and it oscillates between 0 and 100. Generally, the RSI is considered to be oversold when it falls below 30 and overbought when it heads above 70. RSI can be used to detect general trends as well as finding divergences and failure swings. The 14-day RSI is currently at 42.22, the 7-day stands at 30.07, and the 3-day is sitting at 13.33.

Ecopetrol S.A. (EC) currently has a 50-day moving average of 20.64, the 200-day is at 21.09, and the 7-day is 21.41. In the investing realm, using the moving average for technical equity analysis is still very popular among traders and investors. The moving average can be used as a reference point to help discover buying and selling opportunities. Using a longer term moving average such as the 200-day may help block out the noise and chaos that is sometimes created by daily price fluctuations. In some cases, MA's may be used as strong reference points for finding support and resistance levels.

Traders may be narrowing in on the ATR or Average True Range indicator when reviewing technicals. At the time of writing, Ecopetrol S.A. (EC) has a 14-day ATR of 0.54. The average true range indicator was created by J. Welles Wilder in order to measure volatility. The ATR may assist traders with figuring out the strength of a breakout or reversal in price. It is important to note that the ATR was not designed to determine price direction or to predict future prices.

Investors often have to face the issue of risk when dealing with the stock market. Creating portfolios that have the largest probability of attaining personal goals might be the course of action for many investors. Realizing that risk is a large part of the investment process can help the investor think realistically. Although completely eliminating risk is not reasonable, taking steps to reduce risk with proper portfolio management is well within reach for any investor. When first starting out, investors may be tempted to follow strategies from friends or colleagues that have dabbled in the markets with some success. Although using someone else's strategy could work, chances are that eventually each investor will need to tweak the process in order to maximize their chances for success. Often times these lessons may end up being learned the hard way. With proper planning and execution, the hope is that the investor will arm themselves with enough knowledge to avoid mistakes early on.

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