

Tenkan Sen Signals Negative Momentum For Ecopetrol S.A. (EC)

Posted by Alfredo Boyd on April 17, 2019 at 12:39 pm

Ecopetrol S.A. (EC) touched 20.64 on a recent bid indicating that the Tenkan line is still hovering below the Kijun Sen. This represents bearish momentum for the shares. Whether or not the shares are ready to break further to the downside is yet to be seen.

The Tenkan Sen / Kijun Sen Cross signal occurs when the Tenkan Sen (Turning line) crosses the Kijun Sen (Standard line). A bearish signal occurs when the Tenkan Sen crosses from above to below the Kijun Sen. The Ichimoku Kinko Hyo system includes five kinds of signal, of which this site highlights the most recent of each for each ticker.

The Ichimoku signals, including all Ichimoku elements, should never be taken in isolation, but considered in the context of the overall chart. Ichimoku Kinko Hyo is a visual technical analysis system and the charts are designed to be considered in their entirety, with regard given to the relationships between all of the elements, including the price. As such, Ichimoku is not suitable for automated or "single event" decision making.

Stock market players may have differing opinions on which type of research approach is best. Individual investors who prefer buy and hold strategies may be more likely to be studying the fundamentals. Traders that are constantly buying and selling shares may be more concerned with technical analysis. High frequency traders may be willing to take on more risk entering the market. For these types of traders, entry and exit points become far more important. Traders may be relying solely on charts in order to capture profits based on day to day, hour to hour, or minute by minute price fluctuations. Long term investors may not be as concerned with the daily ups and downs of the market.

Active traders have a wide range of additional technical indicators at their disposal for when completing technical stock analysis. Currently, the 14-day ATR for Ecopetrol S.A. (EC) is spotted at 0.52. First developed by J. Welles Wilder, the ATR may assist traders in determining if there is heightened interest in a trend, or if extreme levels may be signaling a reversal. Simply put, the ATR determines the volatility of a security over a given period of time, or the tendency of the security to move one direction or another.

Checking in on some other technical levels, the 14-day RSI is currently at 43.22, the 7-day stands at 32.61, and the 3-day is sitting at 21.51. The RSI, or Relative Strength Index, is a commonly used technical momentum indicator that compares price movement over time. The RSI was created by J. Welles Wilder who was striving to measure whether or not a stock was overbought or oversold. The RSI may be useful for spotting abnormal price activity and volatility. The RSI oscillates on a scale from 0 to 100. The normal reading of a stock will fall in the range of 30 to 70. A reading over 70 would indicate that the stock is overbought, and possibly overvalued. A reading under 30 may indicate that the stock is oversold, and possibly undervalued.

Another technical indicator that may be a powerful resource for determining trend strength is the Average Directional Index or ADX. The ADX was introduced by J. Welles Wilder in the late 1970's and it has stood the test of time. The ADX is typically used in conjunction with the Plus Directional Indicator (+DI) and Minus Directional Indicator (-DI) to help spot trend direction as well as trend strength. At the time of writing, the 14-day ADX for Ecopetrol S.A. (EC) is noted at 16.47. Many technical analysts believe that an ADX value over 25 would suggest a strong trend. A reading under 20 would indicate no trend, and a reading from 20-25 would suggest that there is no clear trend signal.

The Williams Percent Range or Williams %R is another technical indicator worth taking a look at. Ecopetrol S.A. (EC) currently has a 14 day Williams %R of -82.42. The Williams %R fluctuates between 0 and -100 measuring whether a security is overbought or oversold. The Williams %R is similar to the Stochastic Oscillator except it is plotted upside-down. Levels above -20 may indicate the stock may be considered is overbought. If the indicator travels under -80, this may signal that the stock is oversold. Chart analysts may also use the indicator to project possible price reversals and to define trends.

Ecopetrol S.A. (EC) currently has a 14-day Commodity Channel Index (CCI) of -190.71. Active 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.

Investors may be wondering what's in store for the next few months in terms of the equity market. Many investors may be hesitant to get into the mix with markets still trading at such high levels. Sometimes, the fear of missing out on the next big run will cause investors to make hasty decisions. Taking the time to do the full research can help offset the jitters associated with picking stocks. Finding stocks that still have room to head higher can be tricky, but there are still plenty of them out there. Although nobody can say for certain which way the market will trend into the New Year, investors should be on the lookout for opportunities that may present themselves over the next quarter. All eyes will be focused on company earnings when the next round of earnings reports begins.

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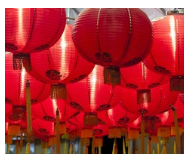
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