



# Market Check: Zooming in on the Technicals for Ecopetrol S.A. (EC)

By [Osburn Staff Writer](#) · on April 29, 2019

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The Percentage Price Oscillator has been recently spotted below the signal line on shares of Ecopetrol S.A. (EC). Traders watching these levels may be tracking the stock and watching for possible bearish momentum.

Investors often have to make the decision of how aggressive they are going to invest. Some investors looking to make a quick dollar may jump in head first without a plan. This can be dangerous for the health of the portfolio in the long-term. Taking a chance on a risky stock may provide high returns, but investors often need to calculate whether the risk is worth the reward. Managing that risk in turbulent markets may help keep the average investor afloat when the markets inevitably turn sour for an extended period. Doing all the necessary stock research may include keeping a close tab on technicals, fundamentals, relevant economic data, and earnings reports. Investors may have to find a way to keep the rational side from being consumed by irrational behavior when studying the markets.

A commonly used tool among technical stock analysts is the moving average. Moving averages are considered to be lagging indicators that simply take the average price of a stock over a certain period of time. Moving averages can be very helpful for identifying peaks and troughs. They may also be used to assist the trader figure out proper support and resistance levels for the stock. Currently, the 200-day MA for Ecopetrol S.A. (EC) is sitting at 21.05.

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 presently standing at 32.29, the 7-day is 23.75, and the 3-day is resting at 15.77.

Ecopetrol S.A. (EC) currently has a 14-day Commodity Channel Index (CCI) of -134.65. 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.

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 -97.71. 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.

The Average Directional Index or ADX is a popular technical indicator designed to help measure trend strength. Many traders will use the ADX in combination with other indicators in order to help formulate trading strategies. Presently, the 14-day ADX for Ecopetrol S.A. (EC) is 20.41. In general, an ADX value from 0-25 would indicate an absent or weak trend. A value of 25-50 would indicate a strong trend. A value of 50-75 would signal a very strong trend, and a value of 75-100 would indicate an extremely strong trend. The ADX alone was designed to measure trend strength. When combined with the Plus Directional Indicator (+DI) and Minus Directional Indicator (-DI), it can help decipher the trend direction as well.

Trying to predict the day to day short-term movements of the stock market can be nearly impossible. Stocks have the tendency to make sudden moves on even the slightest bit of news or for apparently no reason at all. The daily trader may be looking to capitalize on swings or momentum, but the long-term investor may be searching for stability and consistency over a sustained period of time. During trading sessions, stock movements can seem like a popularity contest from time to time. Even after meticulous study, there may be no logical reason for a particular stock move. Riding out the waves of uncertainty may not be easy, but having a full-proof plan for when markets turn bad might be a great help to investors for long-term portfolio health.

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