

DAILY

## Ecopetrol S.A. (EC) AO Signal Intensifying Over Past 5 Bars

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Ecopetrol S.A. (EC) shares are being watched closely by traders as the Awesome Oscillator signal is revealing a downward trend building over the past five bars, signaling that market momentum is building for the name.

The Awesome Oscillator (AO), created (and aptly named) by Bill Williams, is an indicator which is able to show what is happening with driving force of the market. The Awesome Oscillator is created using the difference between the 34-period and 5-period simple moving averages of the bar's midpoints  $(H+L)/2$ . The AO is usually planned as a histogram in which bars higher than the preceding bar will be colored green. Bars lower than the preceding one will be colored red. The Awesome Oscillator was introduced by Williams in his book "New Trading Dimensions".

Investors are constantly trying to make smart moves in the stock market. Taking stock of personal strengths and weaknesses can help the investor attack the market with heightened focus. Often times, individuals may fall into traps that could have been avoided. Coming up with a sound investment plan and setting realistic expectations may help the novice investor become better prepared and focused. Positive returns are attainable with the proper preparation and dedication. Investors working with a longer-term plan might be approaching the stock market from a completely different angle than a shorter-term trader. Investors who plan to be in the market for a long period of time may not be as concerned about the day to day fluctuations as short-term traders.

Digging deeper into some additional technical signals, presently, Ecopetrol S.A. (EC) has a 14-day ATR of 0.60. The Average True Range is widely used metric that helps gauge the volatility of a particular stock. The ATR is not used to measure price direction, just to measure volatility. The ATR is an indicator developed by J. Welles Wilder. Wilder has developed multiple indicators that are still quite popular in today's investing landscape. The general interpretation of the ATR is the higher the ATR value, the higher the volatility.

The Williams Percent Range or Williams %R is another technical indicator worth checking out. Ecopetrol S.A. (EC) currently has a 14 day Williams %R of -90.38. 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.

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The Average Directional Index or ADX is technical analysis indicator used to discern if a market is trending or not trending. The ADX alone measures trend strength but not direction. Using the ADX with the Plus Directional Indicator (+DI) and Minus Directional Indicator (-DI) may help determine the direction of the trend as well as the overall momentum. Many traders will use the ADX alongside other indicators in order to help spot proper trading entry/exit points. Currently, the 14-day ADX for Ecopetrol S.A. (EC) is 30.76. Generally speaking, 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.

Traders may be leaning on technical stock analysis to help with investing decisions. Ecopetrol S.A. (EC) currently has a 14-day Commodity Channel Index (CCI) of -133.06. Despite the name, CCI can be used on other investment tools such as stocks. The CCI was designed to typically stay within the reading of -100 to +100. Traders may use the indicator to determine stock trends or to identify overbought/oversold conditions. A CCI reading above +100 would imply that the stock is overbought and possibly ready for a correction. On the other hand, a reading of -100 would imply that the stock is oversold and possibly set for a rally.

Traders are paying renewed attention to shares of Ecopetrol S.A. (EC). The current 14-day RSI is presently sitting at 32.99, the 7-day is 28.15, and the 3-day is 21.85. The RSI, or Relative Strength Index is a popular oscillating indicator among traders and investors. The RSI operates in a range-bound area with values between 0 and 100. When the RSI line moves up, the stock may be experiencing strength. The opposite is the case when the RSI line is heading lower. Different time periods may be used when using the RSI indicator. The RSI may be more volatile using a shorter period of time. Many traders keep an eye on the 30 and 70 marks on the RSI scale. A move above 70 is widely considered to show the stock as overbought, and a move below 30 would indicate that the stock may be oversold. Traders may use these levels to help identify stock price reversals.

A highly common way to study stocks is through fundamental analysis. Investors examining the fundamentals may be analyzing the underlying factors that can affect the performance of a particular company. When focusing in on a specific company, investors will look at company management, financial information, business prospects, and industry competition. The goal of digging into the numbers is often times a way to calculate the current value of a company and try to gauge the value into the future. Zooming in on the vital statistics of a company can help provide a glimpse of the company's overall health.

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