

Ecopetrol S.A. (EC) Showing Signs of Potential Bearish Momentum

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Ecopetrol S.A. (EC) shares are being placed on chartists radar as the recent share price of 16.74 is pushed below the balance step moving average.

The balance step is a simple Moving Average calculated from last 5 Balance Points (MA(3),5) of the weekly period bar plotted in step formation on the daily chart. This chart is used to project 1 bar forward (one day). The weekly steps can be used to determine a near-term trend. When the price is above, this typically indicates a bullish trend. When the price is below the Balance Step, this generally spells a bearish trend.

There is no easy answer when attempting to address the tough question of how to best approach the equity market, especially when facing a turbulent investing climate. There are many different schools of thought when it comes to stock trading. Investors may have to first gauge their appetite for risk in order to build a solid platform on which to construct a legitimate strategy. The wealth of available information has made the road a bit smoother to travel for amateur investors. Making the transition to the next level is most likely on the minds of many dedicated investors. Tracking technicals and fundamentals may also help provide a roadmap to help separate the contenders from the pretenders. As we head into the second half of the year, it remains to be seen which way the market will lean. Investors may have to do all the necessary homework in order to find stocks that will thrive under any market conditions.

Successful stock market traders and investors don't usually just become that way overnight. There are often many years of experience behind those winning trades. The amount of data available to investors these days is staggering. Investors have to be able to focus on the provided information and decide which data should be followed and prioritized. Many investors will be keeping a watchful eye on the next round of company earnings reports. As companies start to report quarterly numbers, investors may be able to sift through the data and make some projections on how the stock will perform over the next few quarters.

Active traders may be zooming in on some additional technical indicators for share assessment. Currently, Ecopetrol S.A. (EC) has a 14-day Commodity Channel Index (CCI) of -124.14. The CCI technical indicator can be used to help determine if a stock is overbought or oversold. CCI may also be used to help discover divergences that could possibly signal reversal moves. A CCI closer to +100 may provide an overbought signal, and a CCI near -100 may offer an oversold signal.

We can also do some further technical analysis on the stock. At the time of writing, the 14-day ADX for Ecopetrol S.A. (EC) is 28.89. Many technical chart 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 ADX is typically plotted along with two other directional movement indicator lines, the Plus Directional Indicator (+DI) and Minus Directional Indicator (-DI). Some analysts believe that the ADX is one of the best trend strength indicators available.

Interested investors may be watching the Williams Percent Range or Williams %R. Williams %R is a popular technical indicator created by Larry Williams to help identify overbought and oversold situations. Investors will commonly use Williams %R in conjunction with other trend indicators to help spot possible stock turning points. Ecopetrol S.A. (EC)'s Williams Percent Range or 14 day Williams %R currently sits at -78.35. In general, if the indicator goes above -20, the stock may be considered overbought. Alternately, if the indicator goes below -80, this may point to the stock being oversold.

Tracking other technical indicators, the 14-day RSI is presently standing at 35.37, the 7-day sits at 31.87, and the 3-day is resting at 29.31 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".

For further review, we can take a look at another popular technical indicator. In terms of moving averages, the 200-day is currently at 19.45, the 50-day is 19.02, and the 7-day is resting at 17.49. Moving averages are a popular trading tool among investors. Moving averages can be used to help filter out the day to day noise created by other factors. MAs may be used to identify uptrends or downtrends, and they can be a prominent indicator for detecting a shift in momentum for a particular stock. Many traders will use moving averages for different periods of time in conjunction with other indicators to help gauge future stock price action.

Investors often conduct stock analysis to help figure out which ones are a good buy, and at what price should they get in. The two main types of stock research used by investors are fundamental and technical analysis. Some investors will only study the fundamentals while others will only follow the technicals. Many will choose to combine the two methods in order to get a more well-rounded view of the stock. Fundamental analysis entails following company data. This may include studying the balance sheet, profit and loss statements, and the overall competency of company management. Fundamental analysts often use financial ratios to help understand company information. Technical analysts often study charts in order to define trends. This research is typically not concerned with how the underlying financials of the company look, but how the stock has been trading.

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