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## Technical Watch: SuperTrend Noted Below Stock Price for Ecopetrol S.A. (EC)

Posted by Katie Hansen on March 4, 2019 at 12:11 pm

Watching shares of Ecopetrol S.A. (EC), we have recently seen that the SuperTrend is currently lower than recent stock price levels. Active traders may be tracking the signal in order to figure out if the stock has entered into sell territory.

One of the staple principles for investing is buy low and sell high. While this may sound obvious, many investors end up doing just the opposite. When dealing with the stock market, investors often have to be careful not to let their irrational side take over when making decisions. Investors may get caught up in the flurry when stocks are skyrocketing. The temptation to get on board and be part of the ride can lead to some ill-planned moves. Focusing on near-term movements might be included in the game plan for some, but for others, this may be distracting from the bigger picture and long-term plan. Stocks that become widely publicized and popular in the media may not be the right addition to the individual investor's portfolio. Conducting the due diligence on any position can help the investor make sure that they are getting in at a good time and price.

The 14-day ADX for Ecopetrol S.A. (EC) is currently 24.52. Many chart analysts believe that an ADX reading over 25 would suggest a strong trend. A reading under 20 would suggest no trend, and a reading from 20-25 would suggest that there is no clear trend signal. The ADX was created by J. Welles Wilder to help determine how strong a trend is. In general, a rising ADX line means that an existing trend is gaining strength. The opposite would be the case for a falling ADX line.

Tracking stock levels, Ecopetrol S.A. (EC) has a 14-day Commodity Channel Index (CCI) of 77.02. Even though the name contains the word commodity, CCI can be used on other investment tools such as stocks. The CCI was developed to typically stay within the -100 to +100 levels. 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.

The Relative Strength Index (RSI) is a highly popular momentum indicator used for technical analysis. The RSI can help display whether the bulls or the bears are currently strongest in the market. The RSI may be used to help spot points of reversals more accurately. The RSI was developed by J. Welles Wilder. As a general rule, an RSI reading over 70 would signal overbought conditions. A reading under 30 would indicate oversold conditions. As always, the values may need to be adjusted based on the specific stock and market. RSI can also be a valuable tool for trying to spot larger market turns. Ecopetrol S.A. (EC) has a 14-day RSI of 63.42, the 7-day is at 63.52, and the 3-day is resting at 55.79.

Looking at some moving average levels on shares of Ecopetrol S.A. (EC), the 200-day is at 21.03, the 50-day is 18.31, and the 7-day is sitting at 20.28. Moving averages can help identify trends and price reversals. They may also be used to help spot support and resistance levels. Moving averages are considered to be lagging indicators meaning that they confirm trends. A certain stock may be considered to be on an uptrend if trading above a moving average and the average is sloping upward. On the other side, a stock may be considered to be in a downtrend if trading below the moving average and sloping downward.

Checking in on the numbers for Ecopetrol S.A. (EC), we can see that the company has a Williams Percent Range or 14 day Williams %R of -26.41. In general, if the reading goes above -20, the stock may be considered to be overbought. On the other end of the spectrum, if the indicator goes under -80, this may show the stock as being oversold. The Williams Percent Range or Williams %R is a technical indicator that was developed to measure overbought and oversold market conditions.

Investing in the stock market will always come with ups and downs. There are so many different factors that can have an impact on the day to day movements of stock prices. Finding the correct investing strategy may take some time. Many investors may have the tendency to become impatient when the portfolio is not performing up to snuff. Sometimes an original plan may be solid, but it needs some time to start to work itself out. Staying on the right track can be much easier said than done. There are always forces leading the investor to question their holdings. Giving up on a strategy too early can result in a lot of second guessing. There may be a time when the plan needs to be modified to adapt with changing market environments, but pulling the cord based on some early trouble may not be the best solution.

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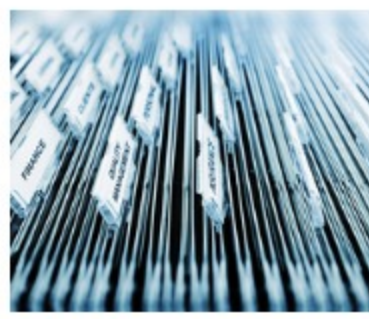
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