

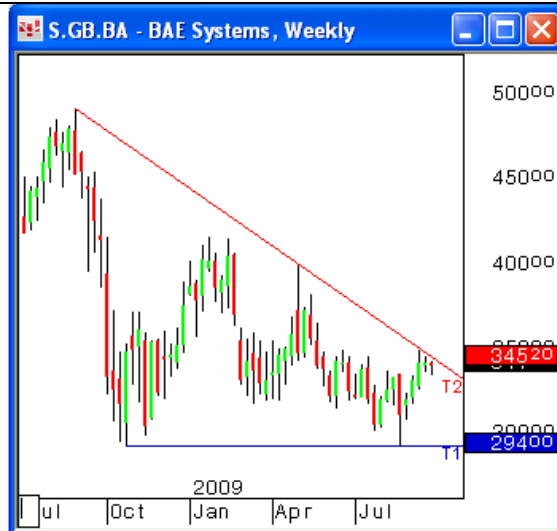
Source: CQG, Inc. © 2009 All rights reserved worldwide. www.cqg.com Mon Sep 28 2009

This weeks winner is BAE Systems. Since the low at **294.20** posted on the 28<sup>th</sup> of August we have been on a very good run. The last week and a half has seen us drift back slightly but overall things look ok with **Trend Support at 336** holding nicely today. Since the recent high at **349.60** we have had several attempts to get back through **346** which is our first resistance and needs to be tackled sooner rather than later to get things going again. Looking at the smaller weekly chart we can see that the August low mentioned above was also a major support back in October 2008.

### Indicators in play.

**Trendlines** are probably the most basic and easy to understand tools in Technical Analysis. Its just a matter of joining higher lows together with two and some prefer three points of contact. The more dips that touch the line and the longer the support has been in play increases the potency of this type of trading tool.

Day traders often go down through the **time frames** to find intra day resistance and support that do not show up on their daily charts. This can give good entry levels to add to a position or warn that the picture is changing. This works just as well going up to weekly charts to keep focus on the bigger picture.



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### Summary

Given the strong defense of long term support at 294 we feel that buying this stock represents a good value trade. We would add to longs if 346 were breached looking for a move towards 400 having established a double bottom. We would reduce exposure with a breach of 333 as this would also have seen us crack the trend support line cleanly.