

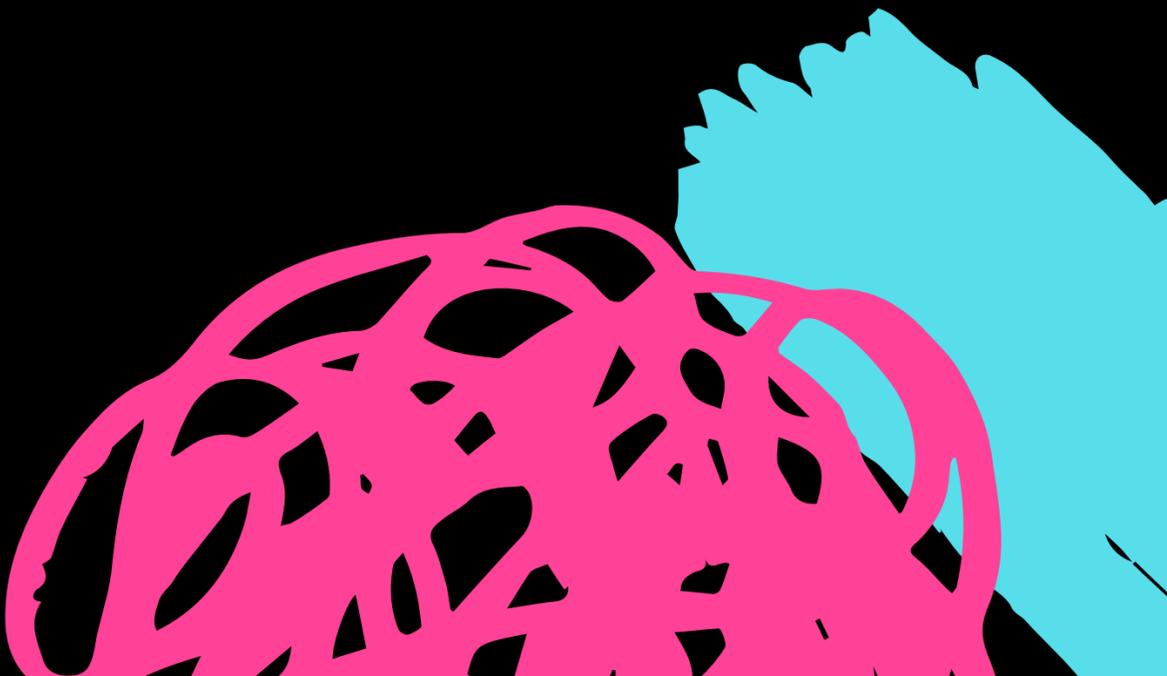


\$JFC
Breakdown
on Good News!
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TRADERS EMPIRE PROTEGE

Many were enticed/hyped by the news of Jollibee acquiring CBTL which was released during lunch break when the market is still closed. Some, I bet, wished they have available funds on their port. Some also could have sold some of their positions to have money on their port in preparation for the purchase of Jollibee.

SO WHAT REALLY HAPPENED?



It was obviously a Sell on News, just like the other past stocks that have had good news but then the stock price went down. Sadly, who do you think are the victims of the sell on news scheme?

Yes, it is the retail traders, the Noobs.

We thought it was good news! Coffee Bean?

Yup, it is a foreign company being bought by our local company Jollibee.

Jollibee is really going Global. It is very aggressive and wanted to dominate the food industry! Yay! I am excited to buy! I should buy it!!

But then...

SOMETHING HAPPENED....

There was a Trading Halt for 1 hour from 1:30-2:30.

If you have watched the Bid and Ask part of your broker's app from lunchtime to 2:30, the Bidders are filing up. Some would even bid on the ceiling price of Jollibee so they could buy the stock first.

Then the Ask portion also piled up. The volume is too high as compared with the bidders. And the amount, if you have observed is at a very low price.

**In basic Economics, more Sellers than Buyers or,
More Supplies versus demand means what?**

Yes, it means **LOWER PRICE...**

That is the reason why the price of Jollibee went down in spite of the opinions of the retail traders that it was a good news and that the news might be the start of the reversal of the trend of Jollibee's stock price. In addition, if you have observed the quantity of sellers, there are only a few sellers in quantity but the volume is quite Big – known as "*Harang*".

If you noticed it, then you would know that the seller is probably *Institutions/ Brokers*. And the buyers, as to observe, since it has quite a number of buyers, then we can assume that buyers are *Retail traders*.

You could have wondered...

What was in the mind of the Institution?

Why are they selling in spite of the good news?

Could there be any bad side they know that we didn't know?

Should I buy? Should I watch and wait?

If you have thought of that, then you could have also referred on the chart of JFC before you buy the stock.

Please refer to the chart below:



As per observation of the chart, the price has been consolidating for about 2 months prior to yesterday's candle. There was an Ascending triangle formed but then the following red flags / bearish signal happened:

- The price broke down of the Ascending triangle pattern**
- RSI also broke down of ascending triangle**

However, as you can see, for the last few days after completion of ascending triangle pattern, the 280 price is still holding, but then this week, there was a Gap down with red candle (3rd last candle). You can also see that the RSI has broken down its support at this time. It was followed by another red candle with Lower Low and the RSI continues to go down.



Finally, yesterday's candle is a confirmation that stock is still gonna go down because it broke its nearest support @ 260 area and the price went as low as 251 while RSI reached 19. Yesterdays' volume is very high signifying that there was a large volume of sellers and you can confirm that there was a *Huge Foreign Selling* yesterday.

So as you can see, the chart actually says it all prior to the news. But then again, we are *clouded by emotions* yesterday so most of us were tempted to buy JFC since the price is already cheap.

Who would have thought that it will dig down deeper and can even be cheaper in the coming days?

WHAT SHOULD YOU DO IF YOU BOUGHT JFC?

Well, it depends on your purpose why you bought it in the first place. I am not an expert and like you, I am still a student of the market.

What did wiser traders do during this time yesterday?

Well for sure, they are just watching the price action. Observing what will happen. For sure they are also bearish. They also know that the support is actually on the 240 area. If the support will break down then they will not buy yet and wait until support somewhere below is already established.

My advice to you based on my 4years experience in stock trading is that,

-You should not let your emotions trade for you.

-The lesser the emotion in the trader, the wiser you can become.

But of course, it is not easy to remove your emotion in trading. I also have had a hard time controlling my emotions and even (still) make mistakes from time to time –come on we are humans, we tend to make mistakes.

But you know, it's Ok as long as you are *aware* of your error/wrong moves/mistakes and as long as you are *trying to improve* your trades and *try to minimize* your emotions on your next trades.

What is important is that,

- You learned from it**
- You are continuously learning**
- You will keep on improving and keep on growing.**
- Believe in yourself and your hard work will have a good result someday.**

Dream that you will be a good trader in no time.... You will become a consistently profitable trader someday.

I hope this helped you even in a small way. Thank you for sparing your time to read this. God bless and Happy trading!