

Amazon Stock Performance Analysis From The Long-, Mid- & Short-Term Investor Perspectives

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Summary

- If you are a long-term investor, stay invested in the company.
- For the short-term investor/swing trader, I would advise to consider selling the stock.
- Being a mid-term investor, I would stay invested by continuing to monitor price developments while reducing risk exposure.

Realizing that stock prices are driven primarily by the institutional investors and other large informed interests, let's analyze the Amazon (NASDAQ: AMZN) stock performance by employing the Richard D. Wyckoff method that stood the test of time and is used by many professional investors.

Since early 2015, Amazon has been steadily trending up for more than 2.5 years at the established stride, i.e. rate of advance, respecting its long-term resistance and support lines (except one breach in early 2016) as shown in the picture.



During the journey upwards, equity several times experienced an extremely overbought condition that led to the following pullbacks:

- A 32% in Jan-Feb '16.
- More than 16% in in Oct-Nov '16.
- Most recent 13.5% in Jul-Aug '17.

Despite temporary decreases in price, the Amazon stock has been demonstrating strength – firstly, fully recovering, and secondly, delivering continuous higher highs, and setting the all-time on July 27th, 2017.

From the short-term perspective, AMZN has successfully reached its estimated price target. This has been confirmed by the Wyckoff horizontal PnF (Point & Figure) counting technique detailed below,



and by the firm breakdown of the short-term support line as indicated in the chart.



The largest pullback in equity's mid-term uptrend could be characterized as the "Change of Character" (ChoCH) move that might lead to 3 potential scenarios to unfold:

1. Rally as mid-term trend continues,
2. Trading range,
3. Secondary test and reversal leading to the downtrend.

Whichever scenario plays out, currently the price is meant to be traveling towards the resistance cluster to test previous high.


Summary

For the **long-term investor**, I would recommend to **stay invested** in the company and benefit from the continued upward move and dividend payout.

At this particular moment for the **short-term investor/swing trader**, I would advise to **consider selling the stock** as soon as the current daily uptrend is over and the price reverses indicating readiness to trend down.

Being a **mid-term investor**, I would **stay invested by continuing to monitor further price developments** and by placing the stop loss order lower than the illustrated mid-term support line in order to **be on a safe side from the risk/money management point of view**.

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours.

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