Technical Analyzer

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FKLI & FCPO

FKLI: Positive Response To The "Hammer"

Figure 1: FKLI's daily chart

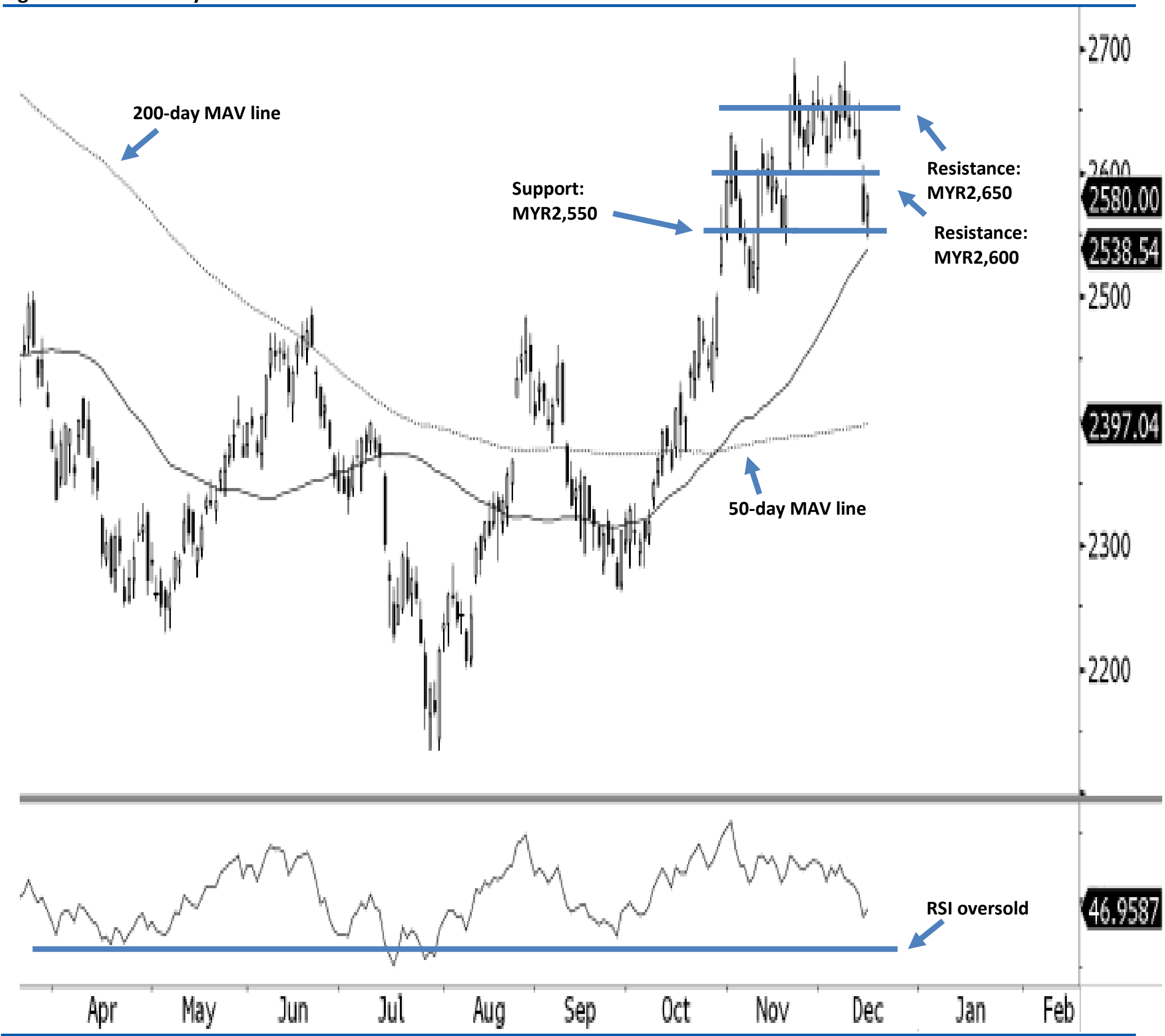
Source: RHB, Bloomberg

Stay long above 1,825 pts. The FKLI has finally responded to 12 Dec's "Hammer". In fact, the upward bias was reinforced by another "Hammer" that closed above the 1,835 pts resistance level. This also shows that the buying support has come in above the strong 1,825 pts support, keeping the upward movement that started from 4 Sept's "Hammer" going. The FKLI is now also above both the 50-day and the 200-day MAV lines too. Note that the daily RSI still have some headroom before hitting the overbought level.

Again, the buying support is seen as intact as long as the index stays above 1,825 pts – near 12-16 Dec's lows. Another close above 1,835 pts is preferred and this should lead to a test of 1,840 pts – near 9 Dec's high. Further resistance are at the 1,850 pts and 1,870 pts levels – both extrapolations based on the strong September-October rally. The sellers, however, may be making a return should the FKLI break below the 1,825 pts mark. This will likely take the buyers by surprise, given the "Hammers", and the resulting selling pressure may be strong. This will then mark a false break of the 1,835-pt yesterday, with supports are seen at 6 Dec's 1,817 pts low and a stronger one at 1,810 pts – near 4 and 5 Dec's lows. A violation of both may open the door to a correction to the current rally, provided that the 1,800 pts round figure is broken.

FCPO: Selling Pressure Not Over

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

Stay short below MYR2,600. The selling that started from 9 Dec's black candle is still not over. The FCPO's higher close yesterday on a "Hammer" may excite some buyers, but the sole positive candle is not enough to overturn the selling pressure that dominated the whole of last week. Therefore, the correction to the rally that started from 27 Sept's "Long White Day" is still ongoing.

Thus, the downside bias ought to continue, with a firm negative sentiment bias keeping the commodity below MYR2,600 – near 13 Dec's high. It is preferable that the FCPO gets back below MYR2,580 – near yesterday's high, as that should go a long way towards neutralising yesterday's "Hammer". Strong support is still at MYR2,550, which was tested yesterday, and a violation will completely cancel the "Hammer" and intensify the selling. Support is then found at 30 Oct's MYR2,520 low, followed by the psychological MYR2,500 mark, which was a prior 8-month resistance level. A close above MYR2,580, however, will suggest that the buying is gaining traction. This ought to lead to a test of the MYR2,600 level and a successful violation may even reignite the upward move that started from the failed violation of the MYR2,220 support in late July. This will likely send the FCPO above 13 Dec's black candle, which should stimulate further buying. In this scenario, further resistance is at MYR2,625 and 11 Dec's MYR2,650 high.

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