

**Technical Analyzer**

Mohammad Ashraf Abu Bakar, CMT  
 TEL : +6(03) 9207 7699  
 EMAIL : mohammad.ashraf@rhbgroup.com

**FKLI & FCPO**

**FKLI: New All-time High Closing**

Figure 1: FKLI's daily chart



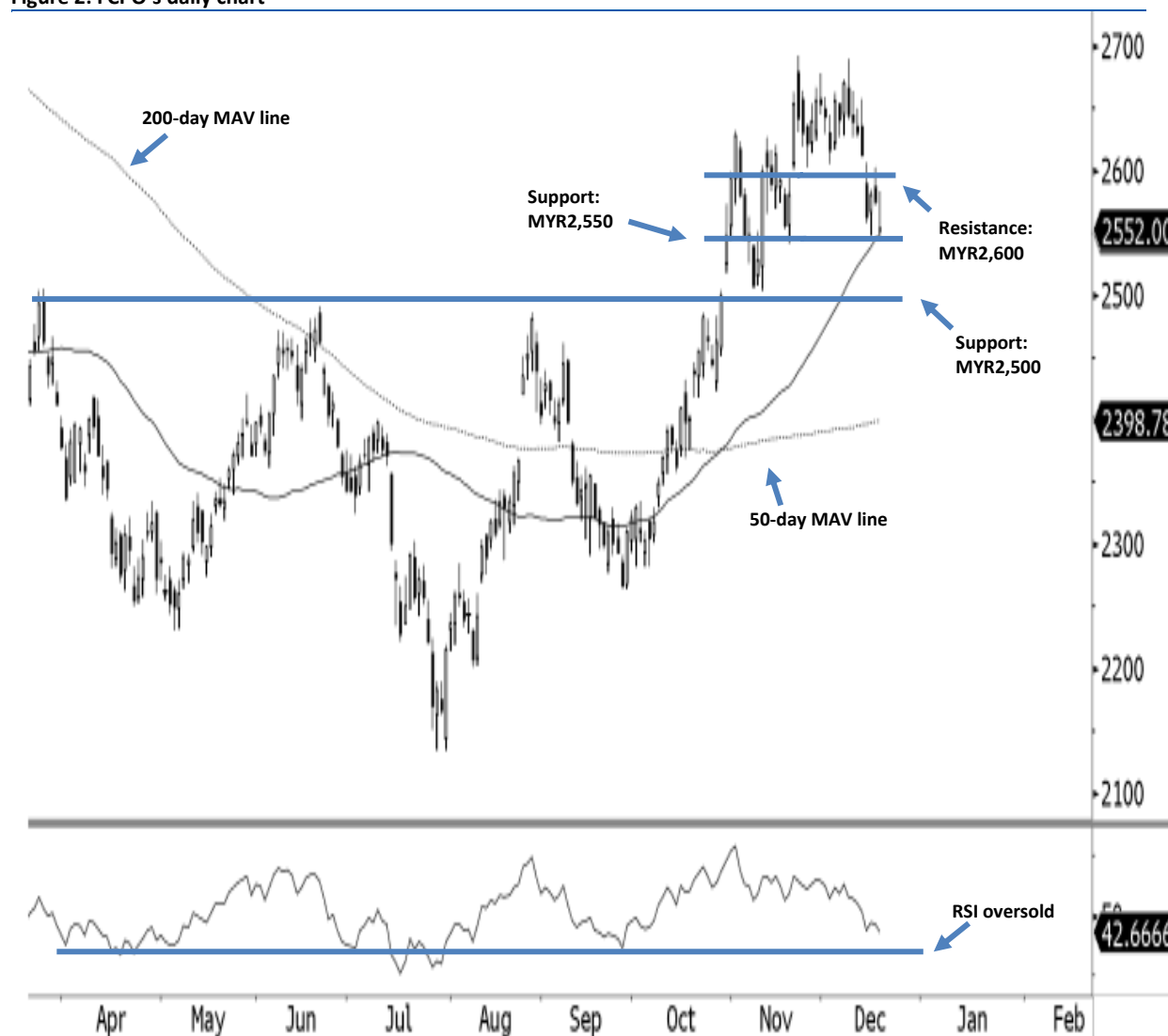
Source: RHB, Bloomberg

**Stay long above 1,825 pts.** Although the FKLI traded mostly sideways yesterday, the index ended the day higher, setting an all-time high on closing. This indicates that the upward bias, which was reinforced by 12 Dec's "Hammer", continues on. The move also suggests that the sellers are still being kept at bay and this keeps the upward movement that started from 4 Sept's "Hammer" intact. The FKLI is now above both the 50-day and the 200-day MAV lines too.

The largely sideways move leaves the levels to watch mostly unchanged. Again, the buying support may continue and a firm upward bias should see the index stay above 1,835 pts – near 16 Dec's high. Another close above 1,840 pts – near the past two days' lows, is preferred, as that increases the chance of the FKLI getting above 1,850-pt level. Further resistance is at 1,870 pts level – an extrapolation based on the index's September-October rally. A failure to hold above both 1,840 pts and 1,835 pts – which will cover 17 Dec's gap – may suggest that the buying is somewhat exhausted, but any weakness needs to be confirmed by a close below the strong 1,825 pts support – near 12-16 Dec's lows. A successful violation may spark a correction to the upward movement that started in mid-November and follow-through selling can then be expected, with supports found at 6 Dec's 1,817 pts low, 1,810 pts – near 4 and 5 Dec's lows, and a stronger one at the 1,800 pts round figure.

## FCPO: Testing The MYR2,550 Support

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

**Stay short below MYR2,600.** The selling that started from 9 Dec's black candle continues on after the FCPO declined yesterday. The sellers were firmly in control, as, yet again, the commodity failed to hold on to the early gains. The covering of the morning gap failed to rally the buyers and, instead, the FCPO went on to close near a day's low, sending it to its lowest close in more than a month. This shows that the correction to the rally that started from 27 Sept's "Long White Day" is still not over.

Thus, the weakness ought to continue, with a firm negative bias keeping the commodity below MYR2,600 – near 13 and 17 Dec's highs. It is preferable that the FCPO gets below MYR2,550 – which it could not achieve on 16 and 18 Dec – to prevent any opportunistic buying, as the commodity lies just above the 50-day MAV line. The selling should intensify on a successful violation, with support found at 30 Oct's MYR2,520 low, followed by the psychological MYR2,500 mark – a prior 8-month resistance level. A failure to get below MYR2,550, followed by a close above MYR2,850 – near 16 and 18 Dec's high, will suggest that the FCPO could be responding to the 50-day MAV line. Again, a close above the MYR2,600 level is needed to confirm the return of the buying. This will send the commodity to a 5-day high and should reignite the upward move that started from the failed violation of the MYR2,220 support level in late July. In this scenario, expect further resistance at MYR2,625 and 11 Dec's MYR2,650 high.

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