

Technical Analyzer

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FKLI & FCPO

FKLI: Testing The 1,850 pts Resistance

Figure 1: FKLI's daily chart



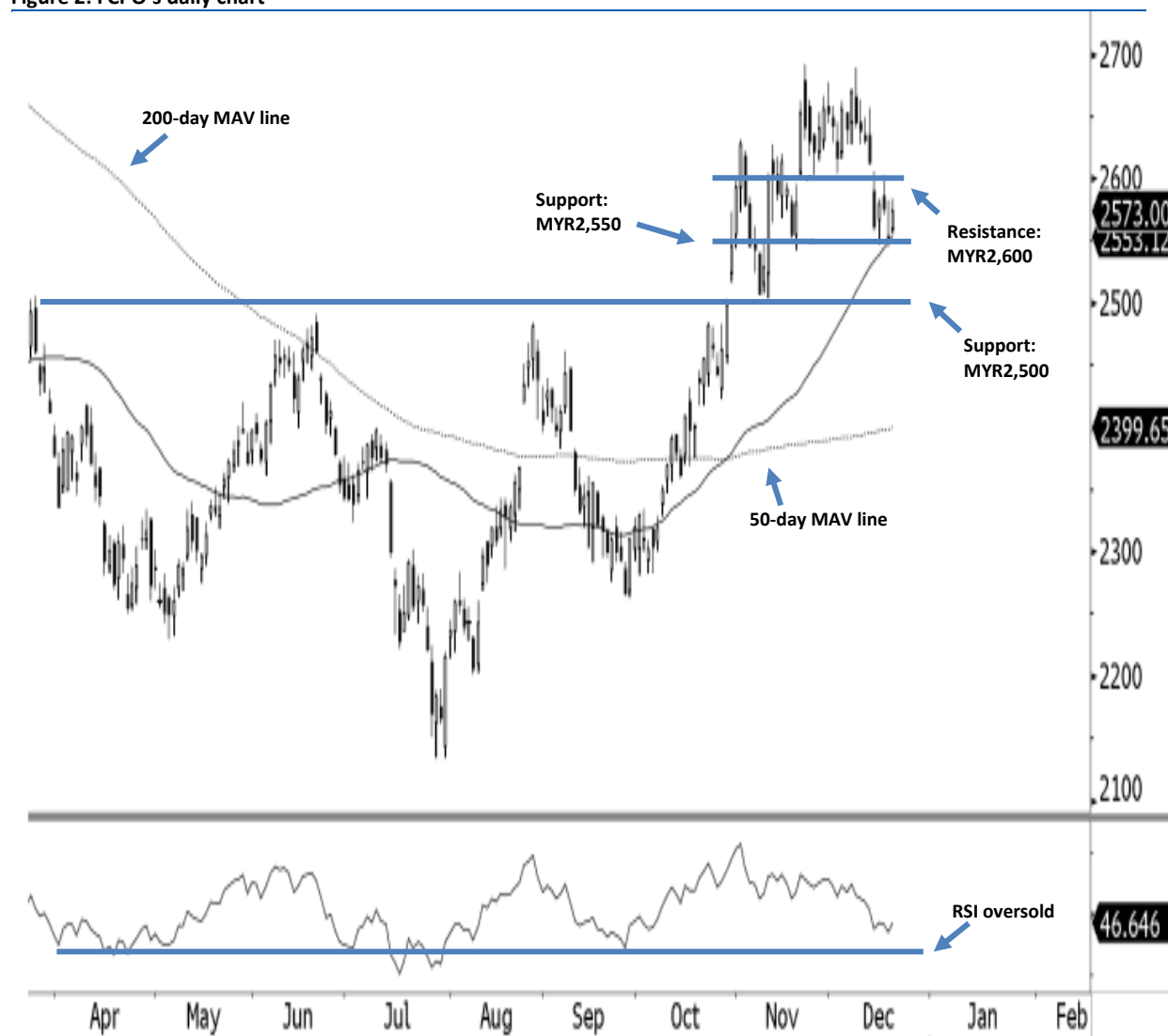
Source: RHB, Bloomberg

Stay long above 1,835 pts. The FKLI's upward bias, which was reinforced by 12 Dec's "Hammer", continues to propel the index higher, with the FKLI printing another all-time high – just shy of the 1,850 pts level. This shows that the buyers are still firmly in control and this keeps the upward movement that started from 4 Sept's "Hammer" intact. The index is above both the 50-day and the 200-day MAV lines too.

Thus, the buying support may continue and a firm upward bias should see the FKLI staying above 1,835 pts – near 16 and 17 Dec's highs. A close above yesterday's low of 1,845 pts is preferred, as that should keep the 1,850-pt level within touching distance. A successful violation, or better yet, a close above 1,852 pts, ought to stimulate further buying, with resistance at the 1,870 pts mark – an extrapolation based on the index's September-October rally. A failure to hold above 1,845 pts, however, may dampen the upbeat sentiment, and support is seen at 1,835 pts. A violation of the latter, which will cover 17 Dec's gap, may suggest that the selling is gaining momentum. Again, any weakness needs to be confirmed by a close below the strong 1,825 pts support – near 12-16 Dec's lows, and a successful break may spark a correction to the upward movement that started in mid-November. 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: MYR2,580 Resistance Stays Firm

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

Stay short below MYR2,580. The weakness that started from 9 Dec's black candle continues on despite the FCPO's higher close yesterday. The latest white candle that keeps the commodity above the MYR2,550 support level may excite some buyers, but its inability to close above MYR2,580 after two tries yesterday indicates that the sellers still have the upper hand. The "Upper Shadow" of the latest candle also suggests the same. This shows that the correction to the rally that started from 27 Sept's "Long White Day" is still ongoing.

Thus, the weakness ought to continue, with a firm negative bias keeping the FCPO below MYR2,580 – near the highs of 16,18 and 19 Dec. The commodity has to get below MYR2,550 – which will also see it below the 50-day MAV line – to extend the downward move. The selling should then intensify as a result, with supports found at 30 Oct's MYR2,520 low and the psychological MYR2,500 mark – a prior 8-month resistance level. Another failure to get below MYR2,550, followed by a close above MYR2,850 – near 16 and 18 Dec's high, will indicate that the FCPO may be responding positively to the upward sloping 50-day MAV line. This should lead to a test of MYR2,600 – near 13 and 17 Dec's highs, and a violation will confirm the return of the buying. This will also likely send the commodity to its highest level this week, reigniting the upward move that started from the failed violation of the MYR2,220 support threshold in late July. In this scenario, expect further resistance at MYR2,625 and 11 Dec's MYR2,650 high.

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