

Technical Analyzer

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FKLI & FCPO

FKLI: Buying Support Resumes

Figure 1: FKLI's daily chart



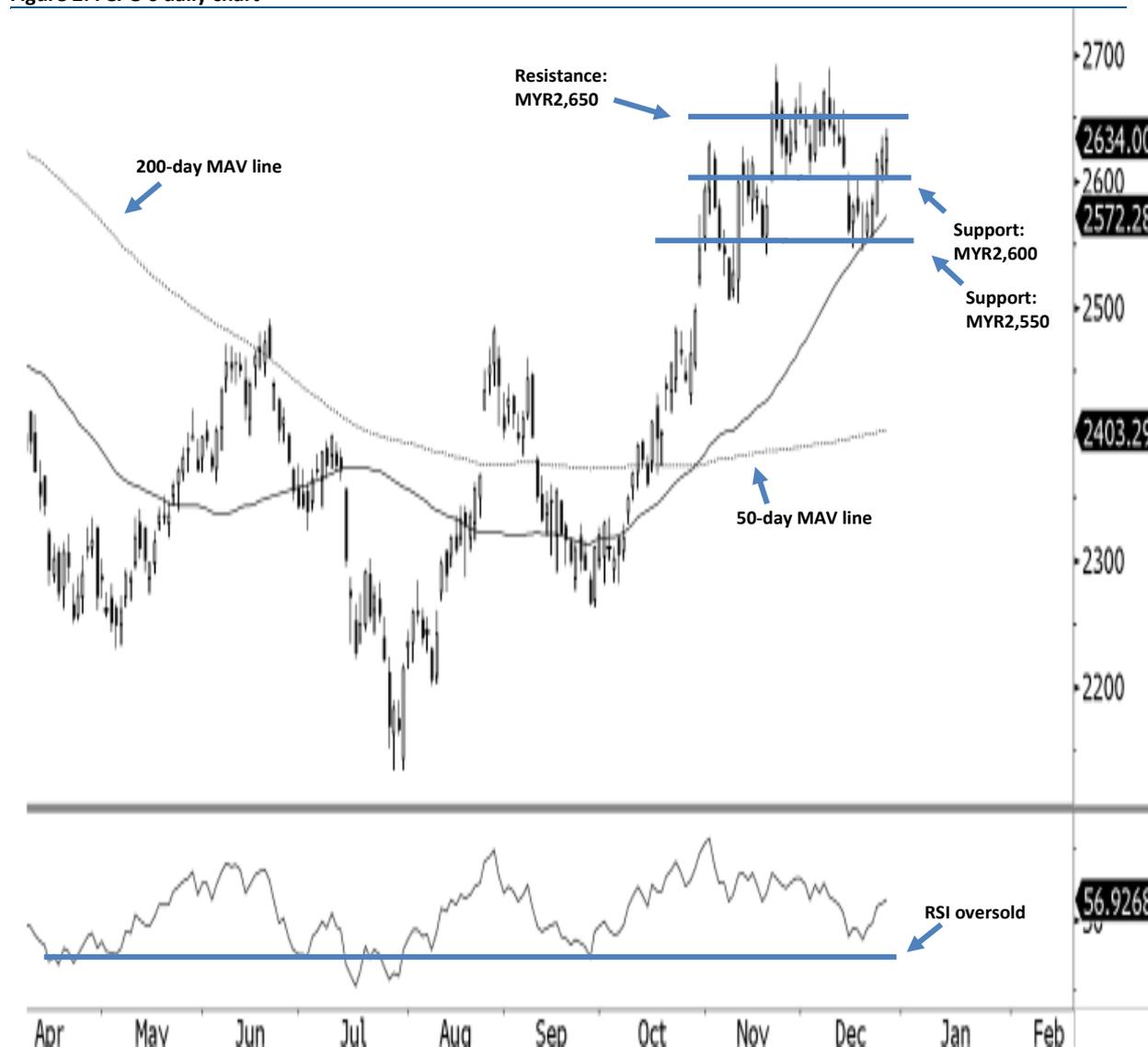
Source: RHB, Bloomberg

Initiate long above 1,840 pts. Buying support made a convincing return after the strong close yesterday. The latest full-bodied white candle completely cancelled the “Long Black Day” of 20 Dec. The quick reversal from the usually disastrous candle shows that a strong upward bias is currently at hand, and this will likely result in a resumption of the upward movement that started from 4 Sept’s “Hammer”. Note that the recent decline has also eased the earlier overbought daily RSI, which reverses the prior short recommendation to a long one.

Thus, buying support should take over and a firm upward bias should keep the index above 1,840 pts - near the highs of 23 and 24 Dec. Immediate resistance is now 1,850 pts, which it couldn’t break on 19 Dec, and a successful violation should confirm the continuation of the 4-month rally. Further resistance is at 1,870 pts – an extrapolation based on the index’s Sept-Oct rally. A failure to hold above 1,840 pts will, however, put doubt to the return of an upward bias. Support is still seen at 1,835 pts, near yesterday’s low, and a violation this time around should not leave any doubt to the strength of selling. This will likely lead to a test of the strong 1,825-pt support level (near the lows of 12-16 Dec), and a violation should confirm that the 1,850-pt level is too strong for the moment and a correction has started earnestly.

FCPO: Marching Higher

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

Stay long above MYR2,600. The return of buying support that was first seen on 20 Dec's "Hammer" continues after another firm close yesterday. The latest white candle shows that buyers are certainly in a confident mode, as this marks the fifth consecutive day of rises. The move also means that the FCPO has been above MYR2,600 for three straight days, keeping the rally that started from 27 Sept's "Long White Day" going. It is also above both the 50-day and 200-day MAV lines.

Thus, buying support may continue and a firm upside bias should keep the commodity above MYR2,600, near 24 Dec's low. It is preferable that it stays above MYR2,625, as this may keep the strong positive run going and increase the possibility of getting above the MYR2,650 resistance level. A stronger resistance is seen at MYR2,660, near the high of 12 Dec. A failure to hold above MYR2,625 however, may put a break on the strong upward move. Strong support is at MYR2,600 and a violation would indicate that selling is gaining traction. Such an unanticipated move will also push it to the lowest close this week. The return of selling pressure will be confirmed by a close below MYR2,580 (near the highs of 18-19 Dec) and selling will intensify, as a result. This may even suggest that the weakness that was first seen on 9 Dec is not really over. Further supports are at MYR2,560 – near 19-20 Dec's lows and a stronger one at MYR2,550, which it could not break last week.

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