Technical Analyzer

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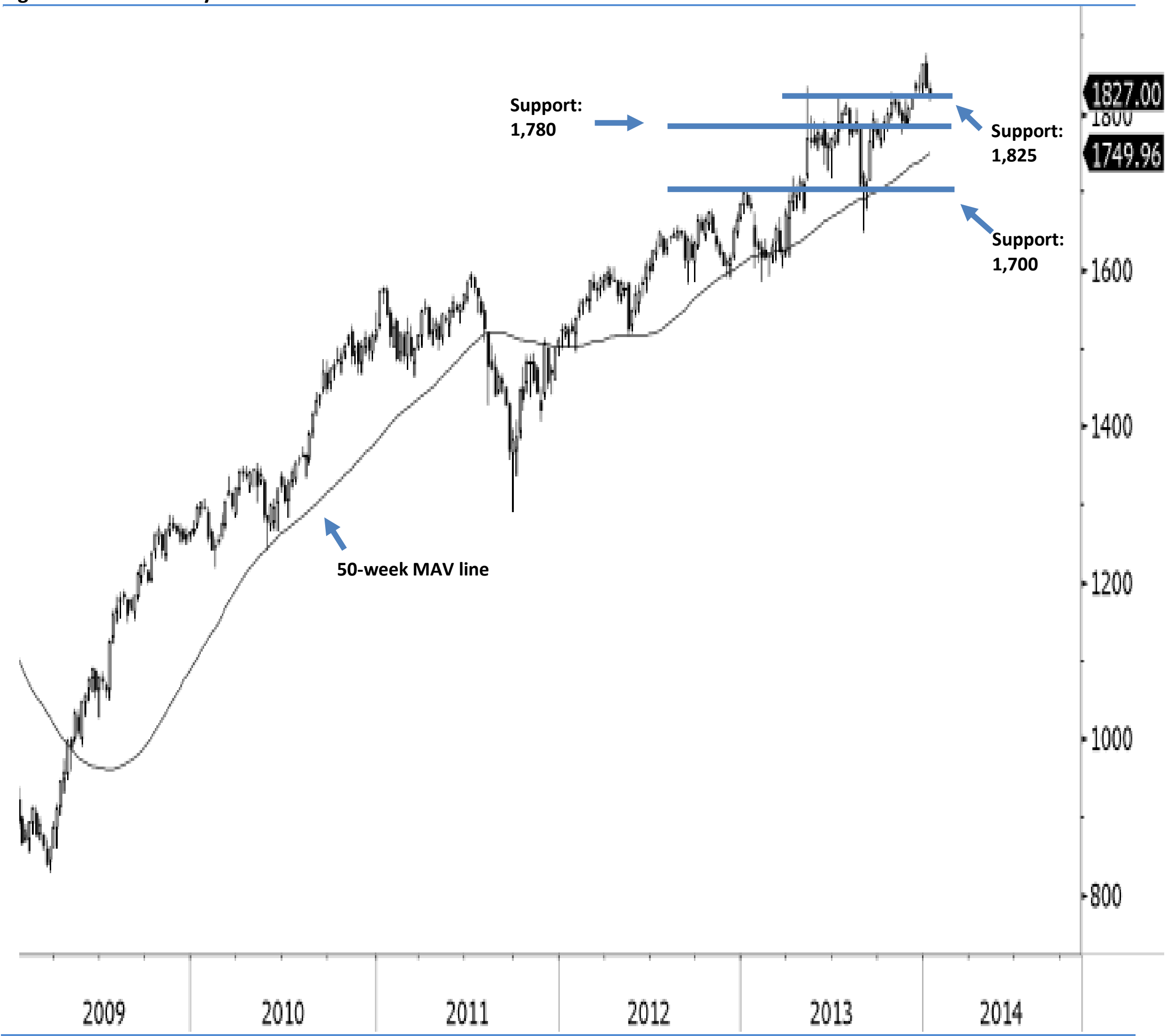
FKLI & FCPO

On A Firm Uptrend

Figure 1: FKLI's weekly chart



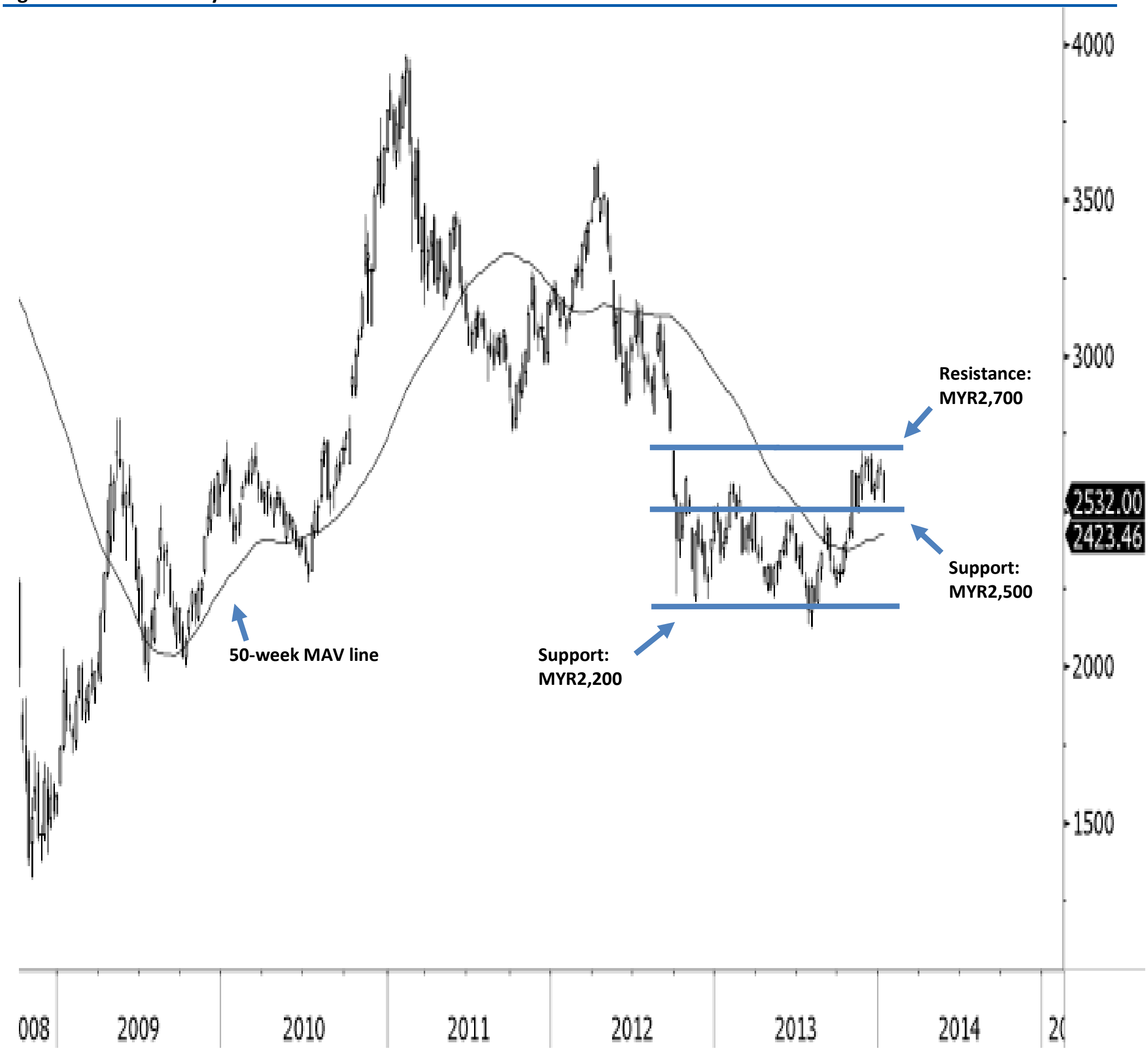
Source: RHB, Bloomberg

Today, we look at the longer-term technical landscape of the index, which is still firmly intact. Barring the sharp decline in Sep 2011, the index was hardly faced with a protracted correction. The series of lower highs since the low of 2009 is intact and the 50-week MAV line continues to climb. With the new all-time high set in Dec last year, the outlook of the index remains positive.

In fact, the recent strong upward momentum should continue as long as the index stays above the 1,825-pt support level. This keeps the possibility of setting a new all-time high alive, despite the "Bearish Engulfing Pattern" formed two weeks ago. The immediate resistance is 1,870 pts and a violation should stimulate further buying. Resistance is expected at 1,920 pts, followed by the psychological 2,000 pts, both an extrapolation based on the upward movement from Sep 2011-May 2013. A failure to hold above 1,825 pts, however, may lead to an increase in selling pressure. Supports are expected at 1,780 pts, near the low of Nov 2013, followed by a stronger one at the round figure of 1,700 pts, which it could not break back in Aug-Sep 2013. The possibility of a change in the longer-term uptrend will only be considered if the 1,700 pts support is broken.

FCPO: Long-Term Downtrend Not Over

Figure 2: FCPO's weekly chart



Source: RHB, Bloomberg

Today, we analyse the FCPO's longer-term trend. It is clear from the weekly chart above that the longer-term downtrend is far from over as the series of lower highs are very much intact. Therefore, the recent upward movement that stemmed from the failed breakdown of MYR2,200 in July 2013 is still viewed as a counter-move to the longer-term downward movement.

In fact, the downside pressure has built up again, which is visible from the latest black candle. This came after the failure to break above the MYR2,700 resistance level back in Dec 2013. The failure to break the resistance also signifies that strong downward bias is still present as that left the gap created in Sep 2012 uncovered. Support is seen at the psychological MYR2,500 level and a violation of this level will accelerate selling. Further supports are seen at MYR2,300, near the low of Oct 2013, followed by a stronger one at MYR2,200. The latter has to be broken convincingly if the 3-year downtrend is to extend further. A failure to stay below MYR2,500, however, suggests that the recent rebound may still have some steam in it. Again, it has to break the MYR2,700 level to extend the rebound and this should stimulate further buying. In this case, resistance is found at MYR2,800, near the lows of June and Aug 2012, followed by the stronger one at the psychological MYR3,000 level.

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