

Technical Analyzer

Mohammad Ashraf Abu Bakar, CMT

TEL : +6(03) 9207 7699

EMAIL : mohammad.ashraf@rhbgroup.com

FKLI & FCPO

“Hammer” Above Psychological 1,800 Pts

Figure 1: FKLI’s daily chart



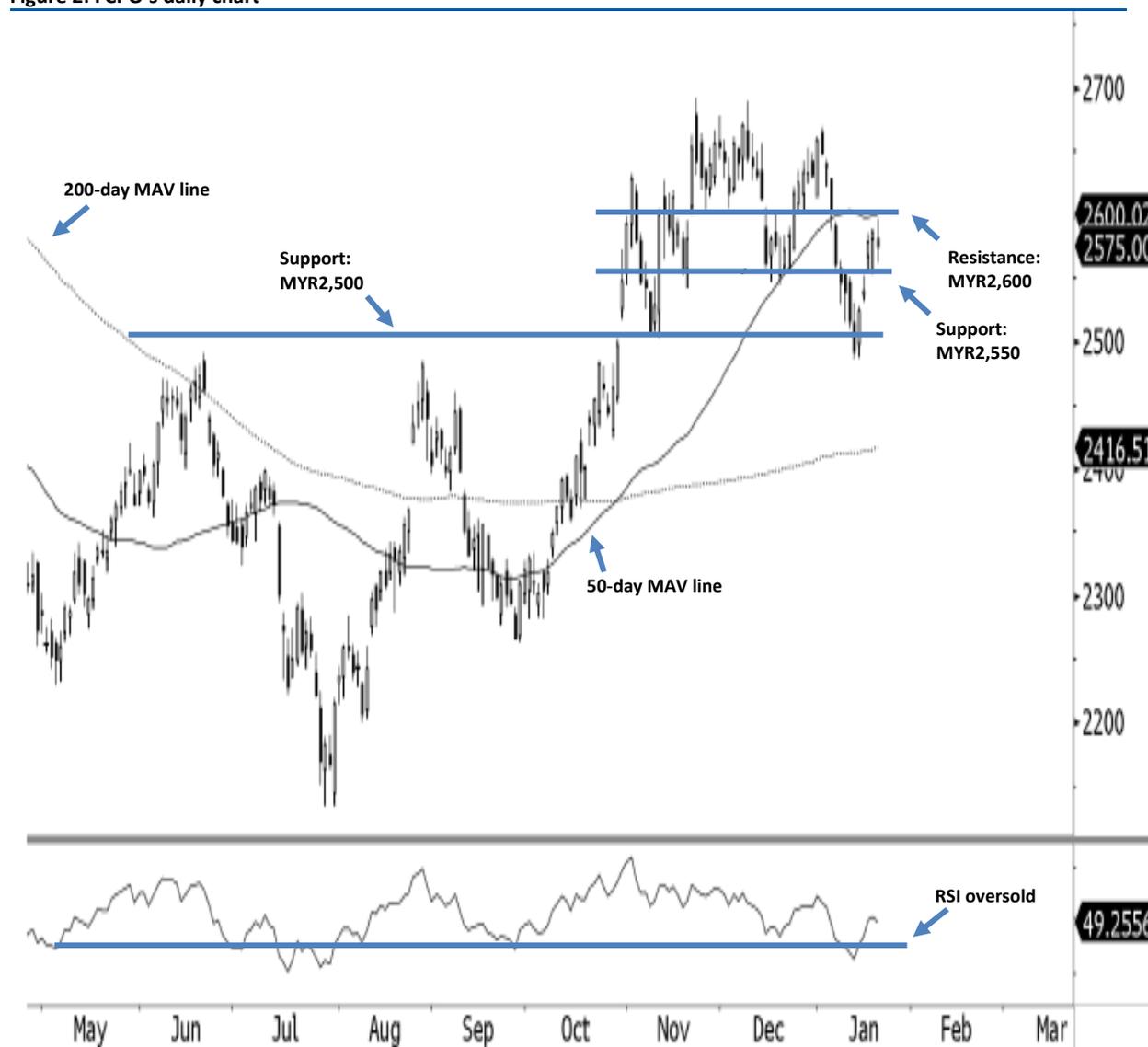
Source: RHB, Bloomberg

Initiate long above 1,810 pts. Despite a lower close yesterday, buying may return and end the selling that came back after 2 Jan’s “Long Black Day”. In fact, the upward bias was reinforced by the latest “Hammer”, suggesting that buyers are supporting the index at around the psychological 1,800 pts. Again, this may reignite the upward movement that started from 4 Sept 2013’s “Hammer”.

Thus, buying support may well continue today, and a firm upside bias should keep the index above 1,800 pts, which it could not break on 20 and 22 Jan. Immediate resistance is at 1,815 pts, near the highs of 21-22 Jan, and its violation is needed to get the upward momentum going and stimulate further buying. The return of buying should be confirmed by a close above 16 Jan’s low of 1,830 pts, which will push the index above the 50-day MAV line. A failure to get above 1,815 pts, followed by a close below 1,800 pts, however, may lead to a return in selling. This will indicate that buying seen on 21 Jan is a blip, and the prior 3-week downward movement is never over. A short position may even be considered. Selling should intensify as a result, and support is expected at 1,785 pts, near 21-22 Nov 2013’s lows.

FCPO: Testing 50-day MAV Line

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

Stay long above MYR2,550. The rebound that started off 15 Jan's white candle is not over, but it is clear that the FCPO had some trouble getting above the round figure of MYR2,600, coincidentally just above the 50-day MAV line. The commodity started the day on a promising note, only to lose the gains in the afternoon. Thus, the FCPO has to overturn yesterday's weakness if it is to extend the upward bias that has returned after the false breakout of MYR2,220 in July 2013.

Thus, buying support should continue as long as the commodity stays above MYR2,550, near 21 Jan's low. Resistance is seen at 20 Jan's high of MYR2,585, followed by a stronger one at MYR2,600, which it failed to break yesterday. Again, both levels have to be violated to neutralise yesterday's candle and extend the rebound. Buying should intensify as a result, and further resistance is found at 3 Jan's low of MYR2,625. Selling pressure, however, may intensify if the FCPO closes back below MYR2,550. This will cover the gap of 20 Jan, suggesting that the MYR2,600 level is too strong at the moment. This should lead to a test of support at MYR2,530, near 13 and 15 Jan's highs, while a stronger one is at MYR2,500. A successful violation will confirm the return of selling, and extend the downward movement that took over after the violation of the MYR2,625 support level on 6 Jan.

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