

Technical Analyzer

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FKLI & FCPO

FKLI: Still Below 1,820 pts

Figure 1: FKLI's daily chart



Source:RHB, Bloomberg

Stay short positions given that the 1,820-pt resistance level is not violated. The FKLI formed a negative “Spinning Top” candle, closing at 1,814.50pts at the end of the trading session. This indicates that the buying interest that started off yesterday’s “long white day” is diminishing. Again, the index failed to violate the 1,820-pt level, which is the immediate resistance level we mentioned on Monday. This can be viewed as the upward momentum still being weak. Furthermore, as the index closed below Tuesday’s closing, it avoided the “Bullish Engulfing” pattern we highlighted in the above chart. Hence, we advise traders to stay short provided that the 1,820-pt level is not violated at a close. Meanwhile, we also suggest traders to set a stop-loss at above this level.

The immediate resistance level is maintained at 1,820 pts, near 12 March’s and yesterday’s high. If there is a price breakout, look for the 1,837-pt level as the next resistance – near the multiple highs of 25 Feb, 28 Feb, and 5 March. As for the downside, the crucial support level is at 1,750 pts, near the gap’s bottom on 10 Sept 2013. Prior to that, look for 1,775 pts as the immediate support level, which is the previous lows of 13 Nov 2013 and 5 Feb 2014.

FCPO: Selling Pressure Not Over Yet

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

MYR2,800 resistance level still holds up, maintain short positions. The FCPO formed a candle with a long upper shadow as the index rose even higher to MYR2,760 during the intraday session yesterday. At the close, it plunged to MYR2,736, signaling that the selling pressure is not over yet. The long upper shadow showed that, initially, there was buying interest during the day before the market pushed down by the end of the trading session. As it failed to violate the MYR2,800 psychological level – which indicates that the upward momentum is still weak - we advise traders to stay short if the aforementioned resistance level is not violated at a close. It is advisable to set a stop-loss above this level. The crucial support level is seen at around MYR2,690, which is the previous high of 22 Nov 2013 and 14 Feb 2014. Prior to that, look for the following support levels - 26 Feb's low of MYR2,721, followed by the MYR2,700 psychological level. As for an upside, we are eyeing MYR2,800 as the immediate resistance level, followed by MYR2,900 and MYR2,916, which is the previous high of 11 March.

Meanwhile, we also noticed a positive development as the FCPO has formed an “inverted hammer” pattern, which is a sign of a bullish reversal. However, a violation of the MYR2,800 resistance level is needed to confirm a rebound of the bulls. We will consider a buy recommendation should the MYR2,800 level be broken decisively.

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