

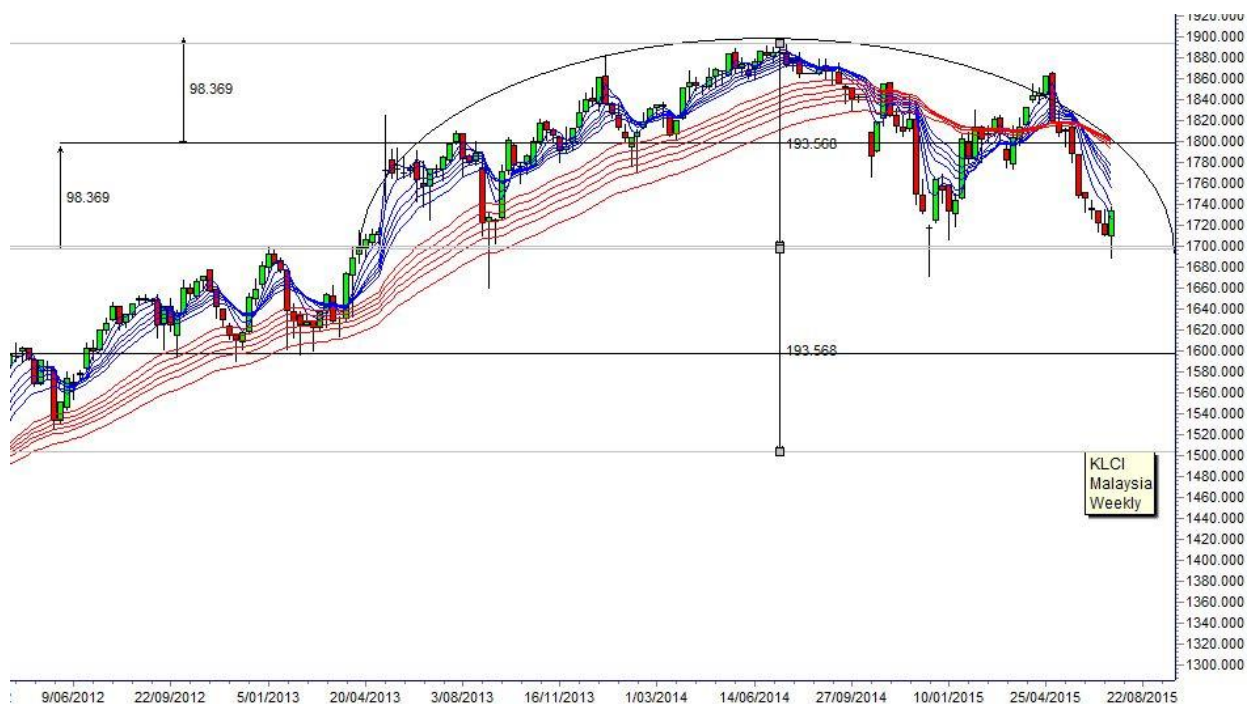
# **KLCI, MALAYSIA**

*By Daryl Guppy*

The KLCI weekly chart shows a rounding top development. This is a bearish chart pattern. A sustained fall below 1800 has a downside target near 1700. This target was achieved. This was followed by a strong rebound rally above 1820 and then a retreat. We have broadened the rounding top pattern to include the new features. The full projection of the pattern gives a downside target near 1500.

Currently the KLCI is testing support near 1700. If a rebound from support retreats from the value of the rounding top line then the rounding top pattern is confirmed.

Support near 1700 is well established so a fall below this level is very bearish.



The pattern of trend behaviour is also defined by trading bands. These bands are about 100 index points wide. They are located at 1600, 1700, 1800 and 1,900. Once the index moves above one of these levels there is a rally and retreat pattern behaviour that precedes the move to the next trading band projection target. When the market falls below the trade band support then the next support level is at the next lower band.

## **SUBJECT SUMMARY**

### **INDEX NOTES**

Each week we carry index analysis notes for regional markets. These are the markets in Singapore, Malaysia, Hong Kong, Shanghai, Thailand, Taiwan and Korea. Each market is covered once every six weeks or more often if there are significant market developments. The objective of the notes is to provide an analytical, technical background to assist readers in making better trading and investment decisions.