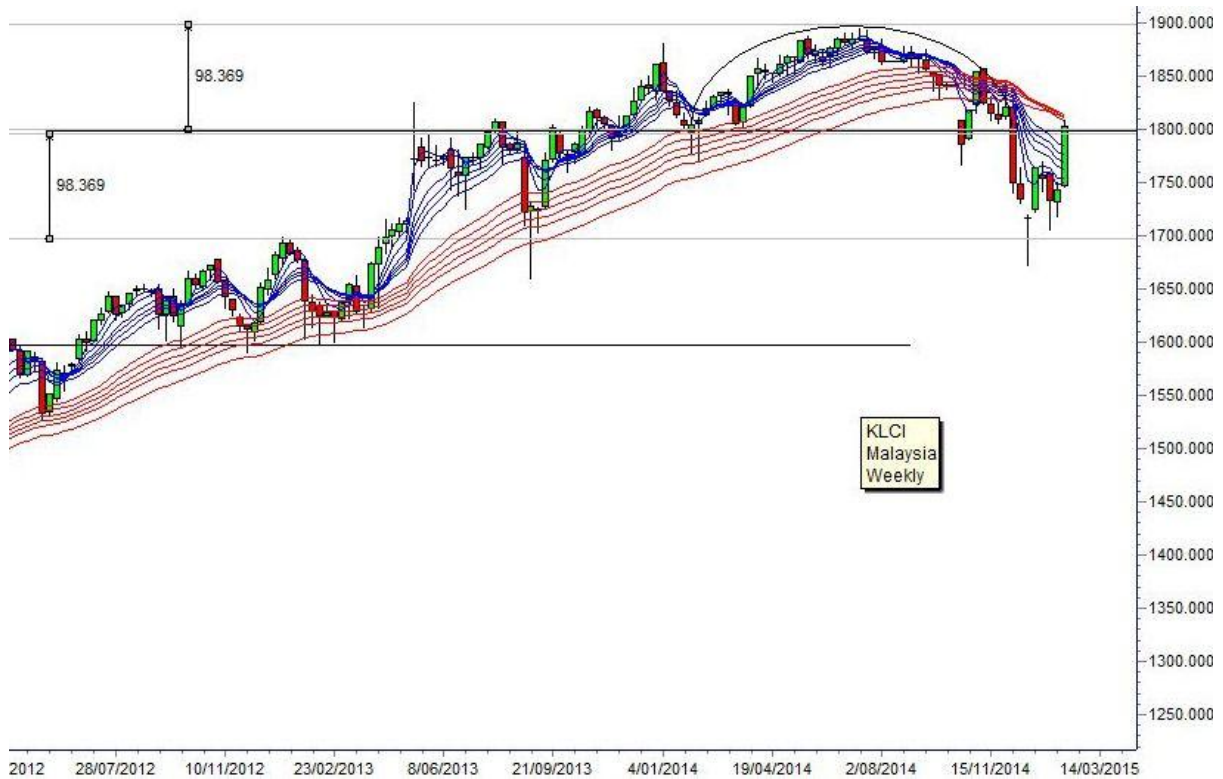


KLCI, MALAYSIA

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 string rebound rally.

The rebound rally above the consolidation band around 1800 has an upside target near 1900. The trading band calculation provides a target near 1900. The index tested the lower edge of the long term GMMA and moved below it.



The KLCI shows a steady well supported uptrend that has been in place for many months. The move below the long term GMMA shows up trend weakness. There is a lower probability of a new long term sustainable uptrend. Resistance near 1900 will be critical and strong.

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 1900. 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.