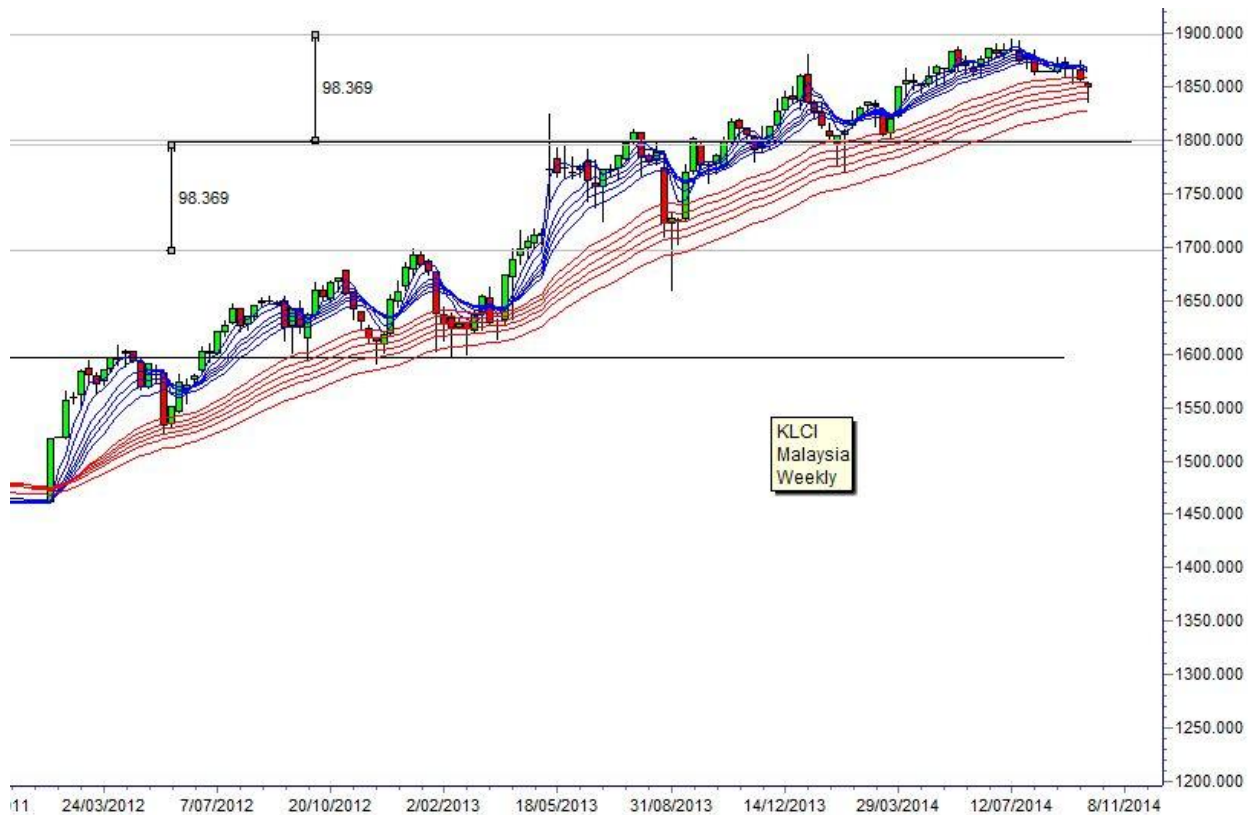


KLCI, MALAYSIA

By Daryl Guppy

The KLCI weekly chart shows a strong trend with each upthrust target defined by the width of the trading bands. The market has broken through the consolidation around 1800. The trading band calculation provides a target near 1900. This was achieved and now the index is testing the lower edge of the long term GMMA. Traders watch for consolidation and retreat activity near this level followed by a rebound and retests of 1900 resistance. The next upside target with a breakout above 1900 is near 2000.



The KLCI shows a steady well support uptrend that has been in place for many months. The long term GMMA is widely separated. There is good separation between the long term group of averages and the short term group of averages. The pullbacks are entry points for a rebound and continuation of the trend.

The pattern of trend behaviour is also defined by trading bands. These bands are about 1000 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.

The breakout above 1800 was tested with a retreat and rebound from 1800. The next upside target was near 1900 and the same pattern of behaviour is being repeated.

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.