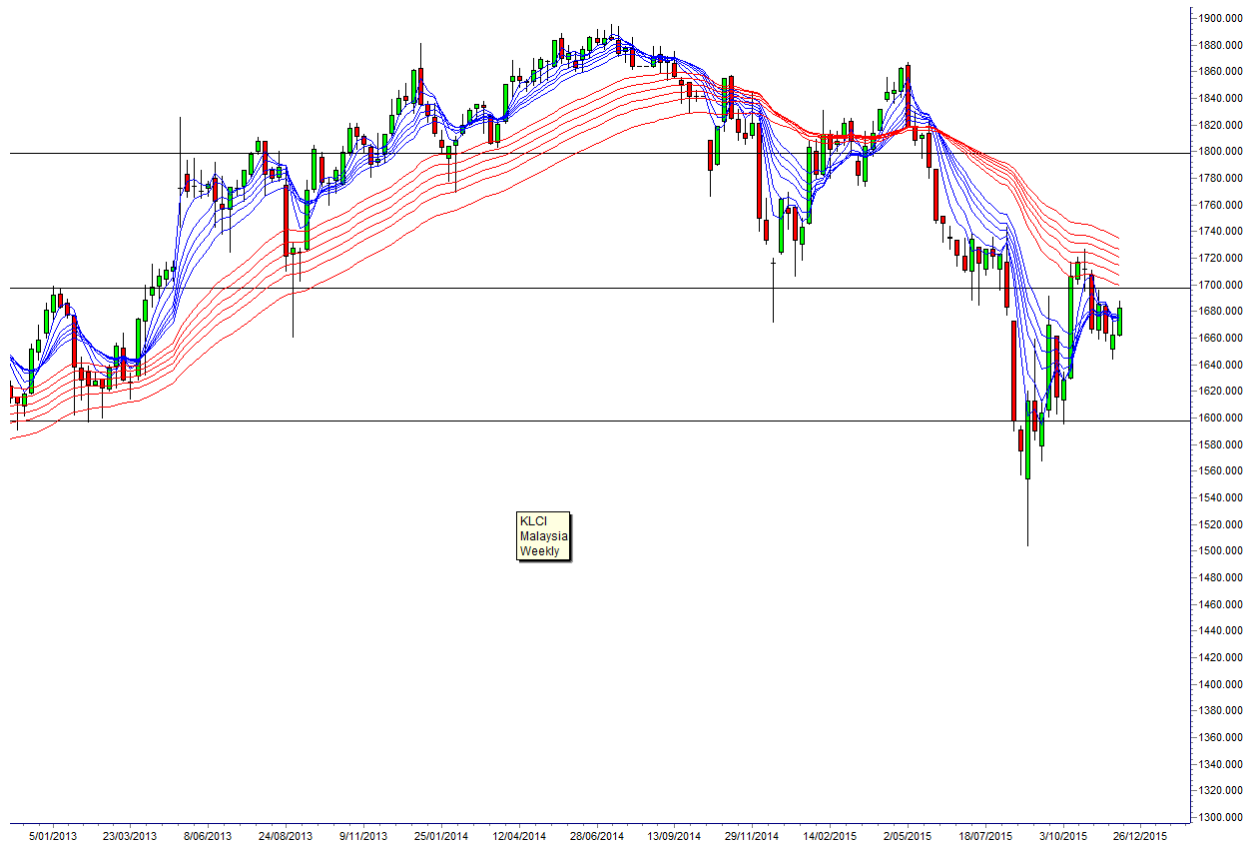


KLCI, MALAYSIA

By Daryl Guppy

The KLCI weekly chart shows the move above 1700 was a false breakout. It was overwhelmed by the strength of the long term GMMA. A move above the upper edge of the long term GMMA near 1740 would confirm the development of a new uptrend but this did not happen. This confirms the strength of the downtrend with the market retreating below 1700.



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, 1,800 and 1,900. Once the index moves below one of these levels then the next support level is at the next lower band. Traders watch for a retest of support near 1600.

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.