

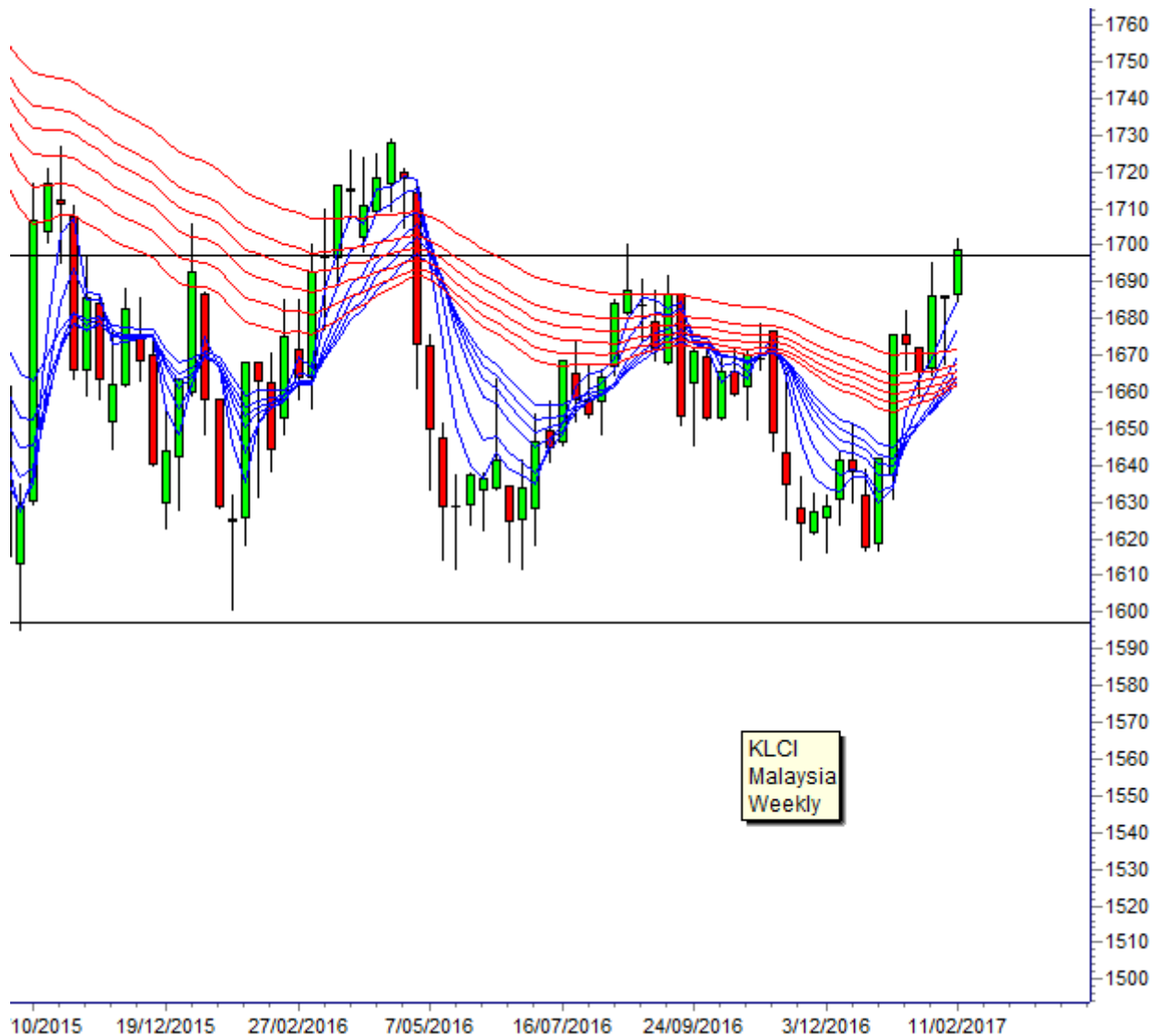
KLCI, MALAYSIA

By Daryl Guppy

The KLCI index has some of the characteristics of the trend change. The KLCI has developed a strong rally from the support level near 1615 and is currently testing resistance near 1700. The GMMA pattern is changing but its too early to know if this will develop into a sustained trend change.

The long term GMMA is compressing and turning upwards slightly. The short term GMMA is moving above the long term GMMA. This is bullish. However there is strong resistance near 1700 and again at 1730.

The upper edge of the long term GMMA is below the historical resistance level near 1700. These two features are powerful resistance features that suggest the KLCI will continue to move in a very broad trading band but with a bullish bias.



The support and resistance trading bands are used to set the next upside and downside targets near 1700 and 1600. The KLCI is now looking at a rally consolidation within a sideways trading pattern.

These are four features.

- The GMMA relationships. The long term GMMA remains turned up and has developed some compression
- The short term GMMA has moved above the upper edge of the long term GMMA and this confirms developing buying pressure. The short term GMMA must continue to turn up and compress to show continued trader support for the rally.
- The key resistance level is near 1700.
- The downside target is 1600.

The conclusion is that this is a rally but with the potential to develop into a trend break. Traders watch for consolidation and rally patterns as the consolidation continues.