

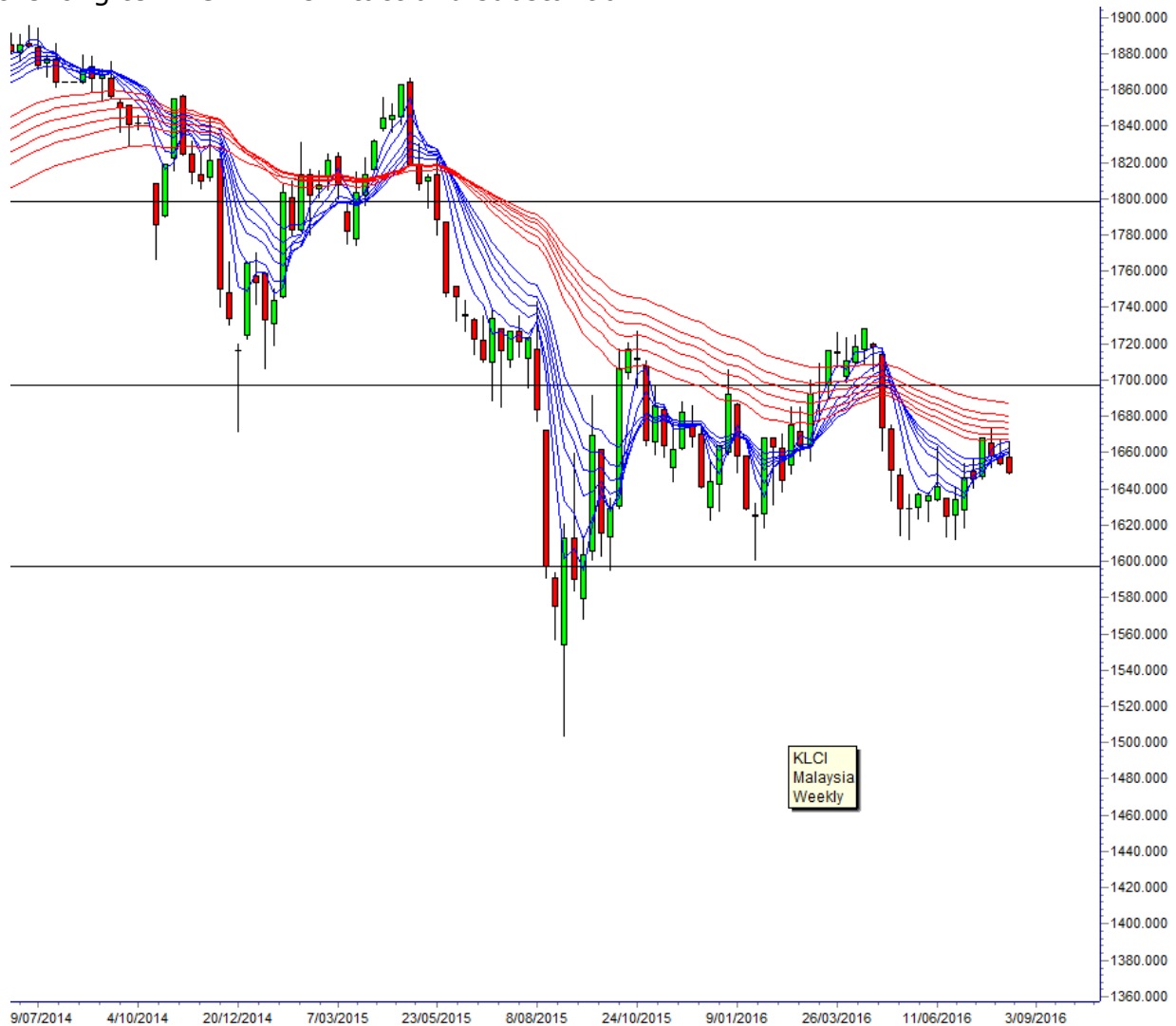
KLCI, MALAYSIA

By Daryl Guppy

The KLCI index has reacted strongly away from the upper edge of the long term GMMA. This confirms downtrend pressure. We noted several weeks ago that this was first resistance barrier for any rally. The upper edge of the long term GMMA is near 1685. This is followed by very strong resistance near 1700. We noted that this combination of resistance features limited the probability of a KLCI breakout.

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.

The lower edge of the trading band is support around 1600. Support has also developed near and this is the first downside target. The downtrend as shown by the long term GMMA is intact and substantial.



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 retreat within a sideways trading pattern.

These are four features.

- The GMMA relationships. The long term GMMA has turned down. This is a continuation of the previous downtrend.
- The short term GMMA is reacting away from the upper edge of the long term GMMA and this confirms selling pressure
- The key resistance level is near 1700.
- The downside target is 1600.

The conclusion is that this is a downtrend trend continuation after the failure of an uptrend breakout. Traders watch for rebound and rally patterns as the consolidation continues.