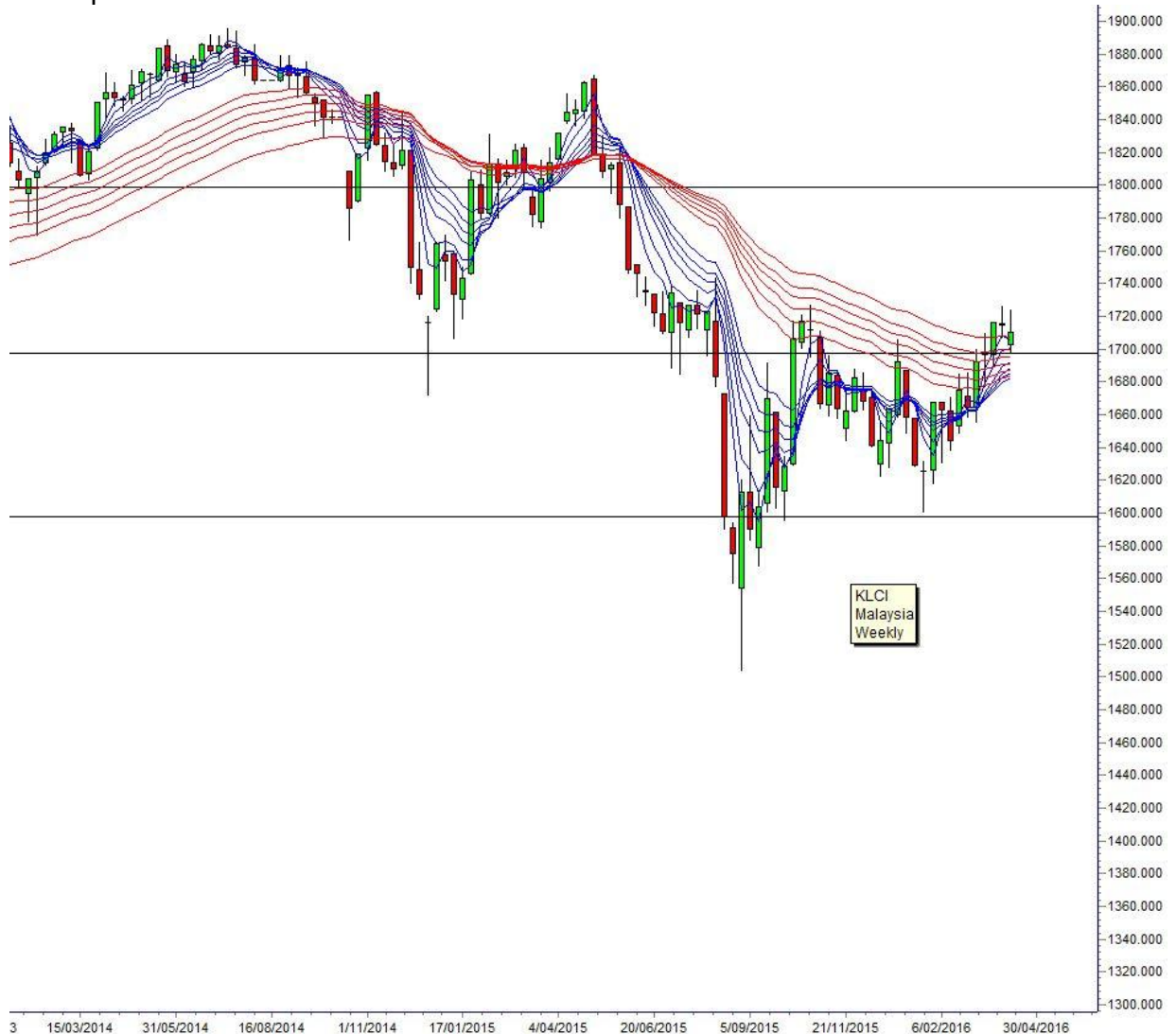


# **KLCI, MALAYSIA**

*By Daryl Guppy*

This is the second retest of the long term GMMA as a resistance level. This is a classic GMMA breakout pattern. The long term GMMA has compressed and turned upwards. The short term GMMA has used the upper edge of the long term GMMA as a resistance level.

Traders watch for a pullback followed by a new rally which will carry the short term GMMA above the upper edge of the long term GMMA. This will confirm a new uptrend.



The support and resistance trading bands are used to set the next upside breakout target near 1800. For the first time since December 2014 the KLCI is looking bullish.

These are the bullish features.

- The GMMA relationships. The long term GMMA has compressed and this is the beginning of a trend change.

- The short term GMMA has developed the pattern of rally, retreat and retest rally typical of a trend change.
- The key resistance level is near 1700. This is a little below the upper edge of the long term GMMA so the breakout above this level is significant.
- The breakout is confirmed if the index can stay above the upper edge of the long term GMMA.
- The upside breakout target is 1800.

The conclusion is that this is a trend change. Traders are ready to stay long. Traders watch for rebound and rally patterns as the breakout continues.