

KLCI, MALAYSIA

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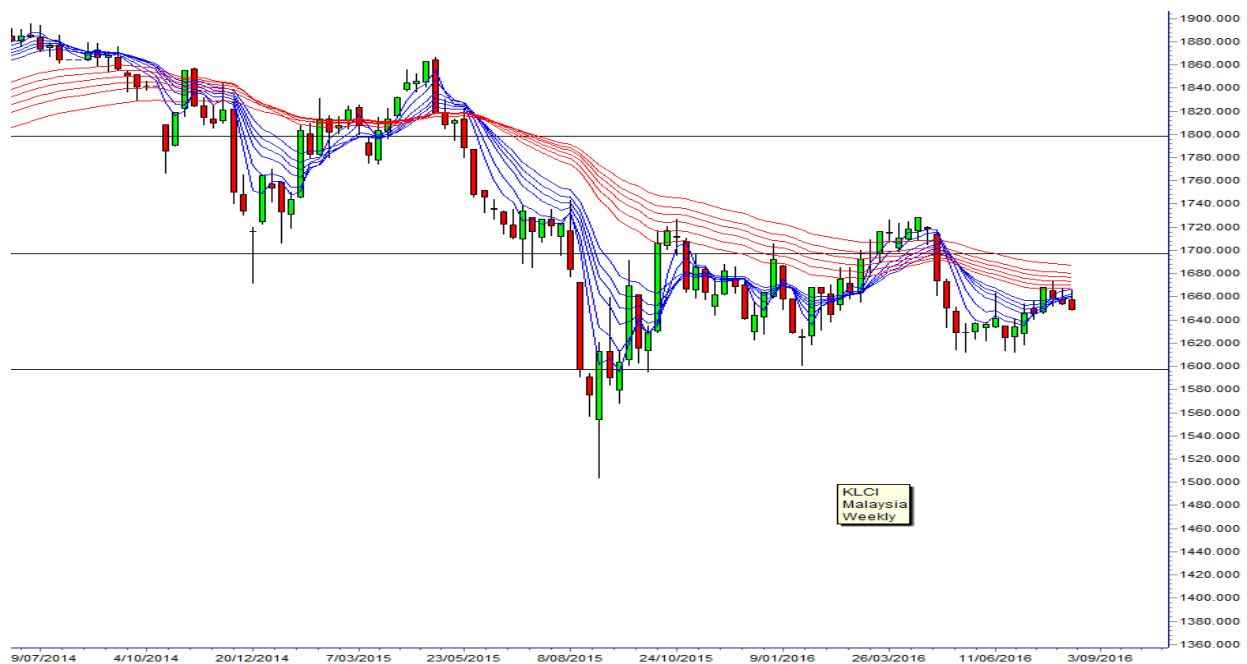
The KLCI index is continuing to consolidate near support around 1600 with rebound activity towards the lower edge of the long term GMMA. . The support near 1620 has provided a temporary base for the rally. The downtrend as shown by the long term GMMA is intact and substantial.

This is first resistance barrier for any rally. The upper edge of the long term GMMA is near 1670. This is followed by very strong resistance near 1700. This combination of resistance features limits the probability of a KLCI breakout.

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 sideways trading pattern.

These are four features.

- The GMMA relationships. The long term GMMA has expanded and turned down. This is a continuation of the previous downtrend.
- The short term GMMA has compressed as it moves upwards. This confirms increasing buying pressure.
- The key resistance level is near 1700. This will cap any rally rebound from support near 1600.
- 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.