

7 December 2009

KL Composite Index

Range trade



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As expected, knee jerk pullback from the Dubai debacle had caused the gap at the 1,250 – 1,258 levels to be covered when the CI hit an intraday low of 1,248. Despite the initial sell-off, resilience of the global markets including KL was encouraging with Dubai quickly discounted away following the quick rebound. While market resilience cannot be denied in the near term, any further upside from hereon is still unclear with leads difficult to come by.

Technically, the CI remains to be in a consolidation mode. Flattening of the two near term moving averages only serves to reinforce that view. An indecisive market with very little impetus to work on until a clearer trend emerges. With book closures becoming a norm for the remainder of the year, volume we suspect could remain sub-par. On the foreign front, encouraging US jobs data with unemployment dipping back to 10% in Nov from Oct's 10.2% but profit taking was evident in capping any substantial upside. We are watchful of good news being discounted – a possible immediate top in the near term. Technically, even the Dow is caught within a range between 10,200 – 10,500 which could translate into a similar kind of performance for most of the major bourses including ours in the near term.

Immediate support is now pegged at 1,264 (30day moving average) with 1,251 as next (50day moving average). Upside resistance remains pegged at the 1,275 – 1,288 levels.

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