

KL Composite Index

Expect corrective pullback

FBMKLCI ↑ 1155.88 +3.73

Index **RSI**

Screen Printed

FBMKLCI INDEX

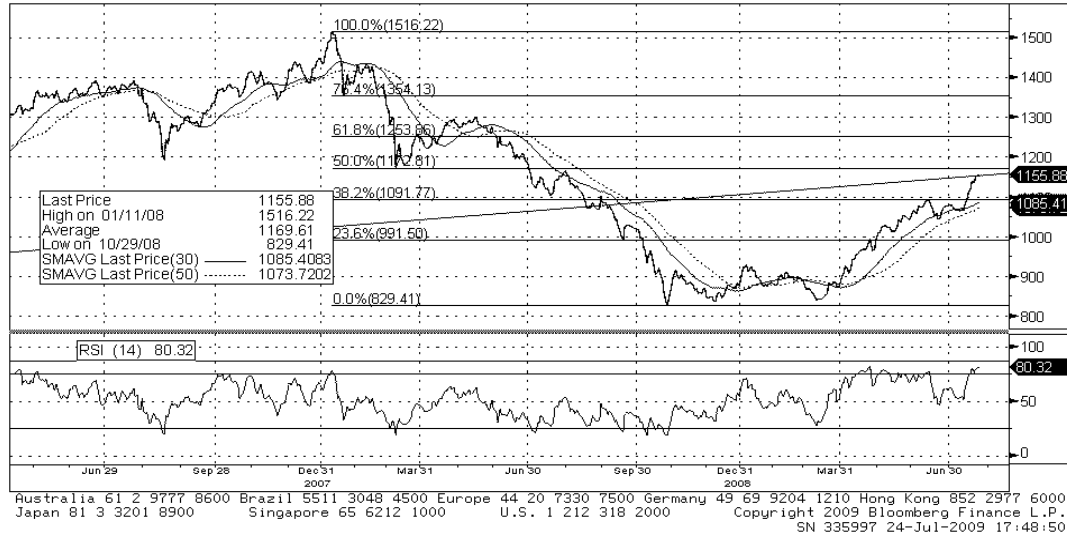
RSI - Relative Strength Index

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Range **01/02/02 - 07/24/09** Upper Line Chart Nov. Avgs **30 50** Currency **MYR**

Period **Daily** Lower None Nov. Avg **15** Events

RSI **14** OverB **75** OverS **25**



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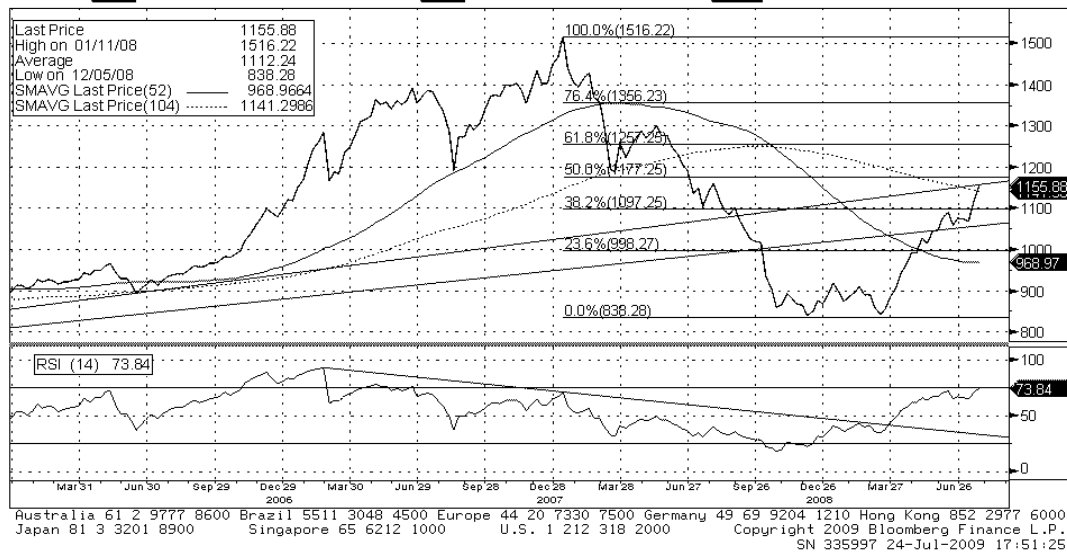
RSI - Relative Strength Index

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Range **01/05/90 - 07/24/09** Upper Line Chart Nov. Avgs **52 104** Currency **MYR**

Period **Weekly** Lower None Nov. Avg **15** Events

RSI **14** OverB **75** OverS **25**



Bulls as expected continued to maintain charge, buoyed by a combination of improved expectations for a year end economic recovery as well as above consensus company results with circa 77% of the US companies beating estimates during the latest reporting season. Am ple liquidity and a return of risk assumption had therefore continued to fuel the current run -up.

Technically, while buying momentum is seemingly intact, the CI however is approaching another milestone with resistance likely to be provided by the uptrend line stretching from the mid 2003 low. Daily RSI is also flashing very overbought conditions and therefore risk of profit taking to cap any immediate upside cannot be discounted at the current juncture. Looking at the longer term weekly chart will reveal similar technical readings as per the daily chart with RSI indicating an overbought situation as well as the possible resistance coming from the 2003 uptrend line.

For the short term, resistance is likely to be found at the current level of 1,155 with 1,170 – 1,177 providing a more serious assignment for the bulls. Support meanwhile can be expected at the 1,136 level with 1,121 as next. Our medium term strategy remains unchanged which is one of top-slicing given the strong run-up of late. With substantial positive news likely to be priced in since the run-up in 1Q09, risk / reward is now tilting towards the former.

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