

28 September 2009

# KL Composite Index

## Short term pause

**FBMKLCI ↑1217.39 unch**
**Index RSI**

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While the primary trend remains up, technically the CI looks to be in need of some consolidation after running up since the temporary low in August. Our short term cautiousness is premised on the following observations, namely:

- Short term moving averages namely the 30days and 50days are flattening out indicating perhaps some possible loss in upside momentum;
- Daily RSI is also rolling over, lending strength to a possible corrective pullback and consolidation; and
- Development of a negative divergence.

Moreover, the richly valued weekly RSI at near the 74 degree mark makes us wary. Upside resistance can be expected at the 1,225 – 1,250 levels with 1,200 – 1,190 acting as the immediate support. Do look out for possible quarter-end window dressing activities to lend support to the index in the near term offering top-slicing opportunities. For relatively better risk / reward, prefer the mid to lower liners which are trading at undemanding valuations.

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**

8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia

 Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: [www.kenangaresearch.com](http://www.kenangaresearch.com)

 Yeonzon Yeow  
 Head of Research