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KL Composite Index

Testing times



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Local market made little headway in a holiday shortened week. Lack of catalysts and some profit taking kept a lid on upside. On the external front, the Dong's devaluation and news of Dubai seeking for a "stand still" for its debt rattled markets which could dent sentiment and cap markets further in the near term.

Technically, the CI had been consolidating after recent gains from the early November lows. With recent news flows likely to stir up uncertainties with regards to the state of the global economy, the previously mentioned gap of 1,250 – 1,258 could become real with initial knee-jerk from the Dubai debacle likely to push the market lower. Daily RSI had rolled over with some further downside bias still before hitting possible support at nearer to the 50 degree mark. The 1,250ish level is technically important given the coinciding primary uptrend line. Failure at this level will see market probably moving lower to the 1,230 level for support.

Testing time for the bulls which had been having a blast since March. Expect a higher level of volatility in the near term which will be a boon for the traders. Immediate support is pegged at 1,263 (30-day moving average) with 1,246 as the next (50-day), coinciding very closely to the gap at the 1,250 – 1,258 levels as mentioned earlier.

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