

# KL Composite Index Breather



Pace of the jump up last week was a pleasant surprise. While the retaking of the 1,300 level was not an issue, the speed in which the bulls were able to push the market substantially higher to an intraday high of 1,334 was amazing. The ensuing pullback to the 1,308 level was therefore not unexpected given the quick uptick, attracting much profit taking.

Technically, CI remained positive as it continues to trade above the short term moving averages as well as the downtrend line stretching from the Jan 2008 peak of 1,516. While bulls are in charge, it must however contend with some pullback to digest the strong run-up last week. Probability of the gap (1,300 – 1,312) being covered is high with the break down of the RSI indicating that the recent uptick could have ended with market likely to move into a corrective mode followed by the normal consolidation. We see immediate support at the 1,300 level with downside risk limited to the 1,294 level, supported by the downtrend resistance line as depicted. 50-day moving average at 1,280 should offer additional support to counter any untoward downside risk. Upside risk remained pegged at the 1,334 – 1,340 levels for the time being.

# Dow Jones Industrial Index

Positive still



Near term outlook remained firm with the Dow drifting stealthily upwards in small step moves. While economic data is mix (improving employment data and retail sales but lower consumer sentiment), the technical action for the Dow is positive for the near term. Trade above the moving averages, improving volume on the recent uptick and daily RSI moving up above the resistance lines all translate into positive technical reading for the Dow. Expect shorter term upside target towards the Jan 2010 high of 10,729 with support pegged at the 10,400 – 10,500 levels.

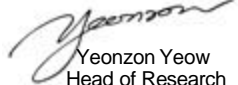
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