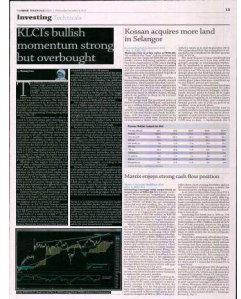


Headline	KLCIs bullish momentum strong but overbought		
MediaTitle	The Edge Financial Daily		
Date	04 Dec 2013	Language	English
Circulation	15,000	Readership	50,000
Section	Home Business	Page No	13
ArticleSize	460 cm ²	Journalist	Benny Lee
PR Value	RM 15,923		



KLCI's bullish momentum strong but overbought

by **Benny Lee**



The FBM KLCI climbed to a historical high yesterday led by index component stock heavyweight Tenaga Nasional Bhd (TNB), which rose 12% after it announced the tariff rate hike.

However, trading volume was low as the market was more cautious. The increase was also supported by positive regional market performances. However, the US and European markets started December on a bearish note after rising to historical highs following disappointing Thanksgiving retail sales in the US.

The benchmark index rose 1.5% in a week to 1,824.29 points after climbing to a historical high of 1,840.12 points. Trading volume was significantly lower at only 1.4 billion shares traded on average daily in the past one week compared with 1.9 billion shares two weeks ago. Foreign institutions continue to be net sellers in the market with RM411 million. Retailers were also net sellers with RM85.5 million while local institutions remained the only net buyers. Gainers in the KLCI led decliners nine to four in the past one week and were led by TNB (+8.8%), SapuraKencana Petroleum Bhd (+5.3%) and Hong Leong Financial Group Bhd (+4.6) while decliners were led by RHB Capital Bhd (-2.3%), Petronas Dagangan Bhd (-1.2%) and Maxis Bhd (-1.1).

Markets in the region rebounded last week after a downward correction a week ago. Thailand's SET Index rose 1.7% in a week to 1,381.62 points despite political protests on the streets of their capital city. Jakarta's Stock Exchange Composite Index increased 1.3% to 4,288.76 points. Singapore's Straits Times Index increased only 0.5% to 3,187.67 points. Hong Kong's Hang Seng Index climbed to its highest level in 18 months last Monday and closed 1% higher in a week to 23,910.47 points yesterday.

China's Shanghai Stock Exchange Com-

posite Index rose 1.8% in a week to 2,223.74 points and Japan's Nikkei 225 index increased 1.5% in a week to 15,749.66 points, the highest close in nearly six years.

Markets in the US and Europe pulled back on the first trading day of December, erasing gains made in the past one week. The US Dow Jones Industrial Average declined 0.4% in a week to 16,008.77 points. The market was cautious as investors are waiting for the jobs report due on Friday. The UK's FTSE fell 1.5% in a week to 6,595.33 points. However, Germany's DAX Index in-

creased 1.1% to 9,401.96 points.

Commodities continued to feel the pressure last week on rising bond yields. The yield on the 10-year US treasury note climbed to 2.8%, from 2.75% on Monday. The yield was as low as 1.63% in early May. Gold declined 2.5% in a week to US\$1,219.40 (RM3,926.50) an ounce. Crude oil shed 0.2% in a week to US\$93.95 per barrel. The US dollar index was firm in a week at 80.94 points. The ringgit strengthened from RM3.21 to a US dollar a week ago to RM3.15. Crude palm oil was firm in a week at RM2,619 per tonne.

The market was already bullish last week when a higher support level was formed and the index rose above the short-term 30-day moving average significantly after a few weeks of directionless trend. It also rebounded strongly from the Ichimoku Cloud indicator. The KLCI's bullish momentum increased significantly from yesterday's rally. It broke and stayed above the 1,820-point resistance level after climbing to a record high.

Momentum indicators on the KLCI are showing stronger momentum. The RSI indicator rose to a month's high and the MACD indicator crossed above its moving average or trigger line. The Bollinger Bands are expanding as the index climbed above the top band of this indicator for the past two days. This strong momentum could further push

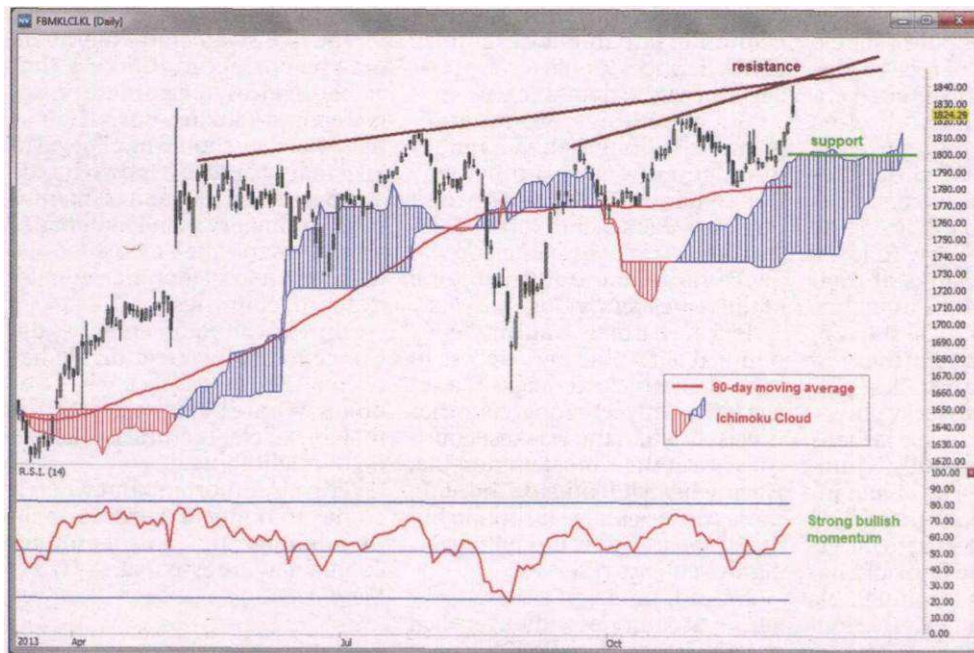
Headline	KLCIs bullish momentum strong but overbought		
MediaTitle	The Edge Financial Daily		
Date	04 Dec 2013	Language	English
Circulation	15,000	Readership	50,000
Section	Home Business	Page No	13
ArticleSize	460 cm ²	Journalist	Benny Lee
PR Value	RM 15,923		

the index higher. However, lower trading volume indicates market cautiousness and despite the increase yesterday, the chart shows a bearish reversal inverted hammer pattern which indicates resistance and possible reversal downwards. Furthermore, the price is overbought, according to the Stochastic Oscillator indicator.

Now that the KLCI has broken above the 1,820-point resistance level, the market could potentially climb to higher levels and the next resistance level is the 1,840-point in the short term. The chances of the index climbing to this level are high if it can stay above 1,820 points. The strong regional market performances could be a sentiment booster

for the local market. Although we may see some pullback after yesterday's jump, the KLCI should be trending higher this week to the above-mentioned resistance level.

Benny Lee is chief market strategist for Jupiter Securities Sdn Bhd. Jupiter Securities is a participating broker in Bursa Malaysia committed to offering the best services to a wide range of customers. He can be contacted at bennylee.kl@gmail.com. The views expressed in the article are the opinions of the writer and should not be construed as investment advice. Please exercise your own judgement or seek professional advice for your investment decisions.



Daily FBM KLCI chart as at Dec 3, 2013 using Next VIEW Advisor Professional.