

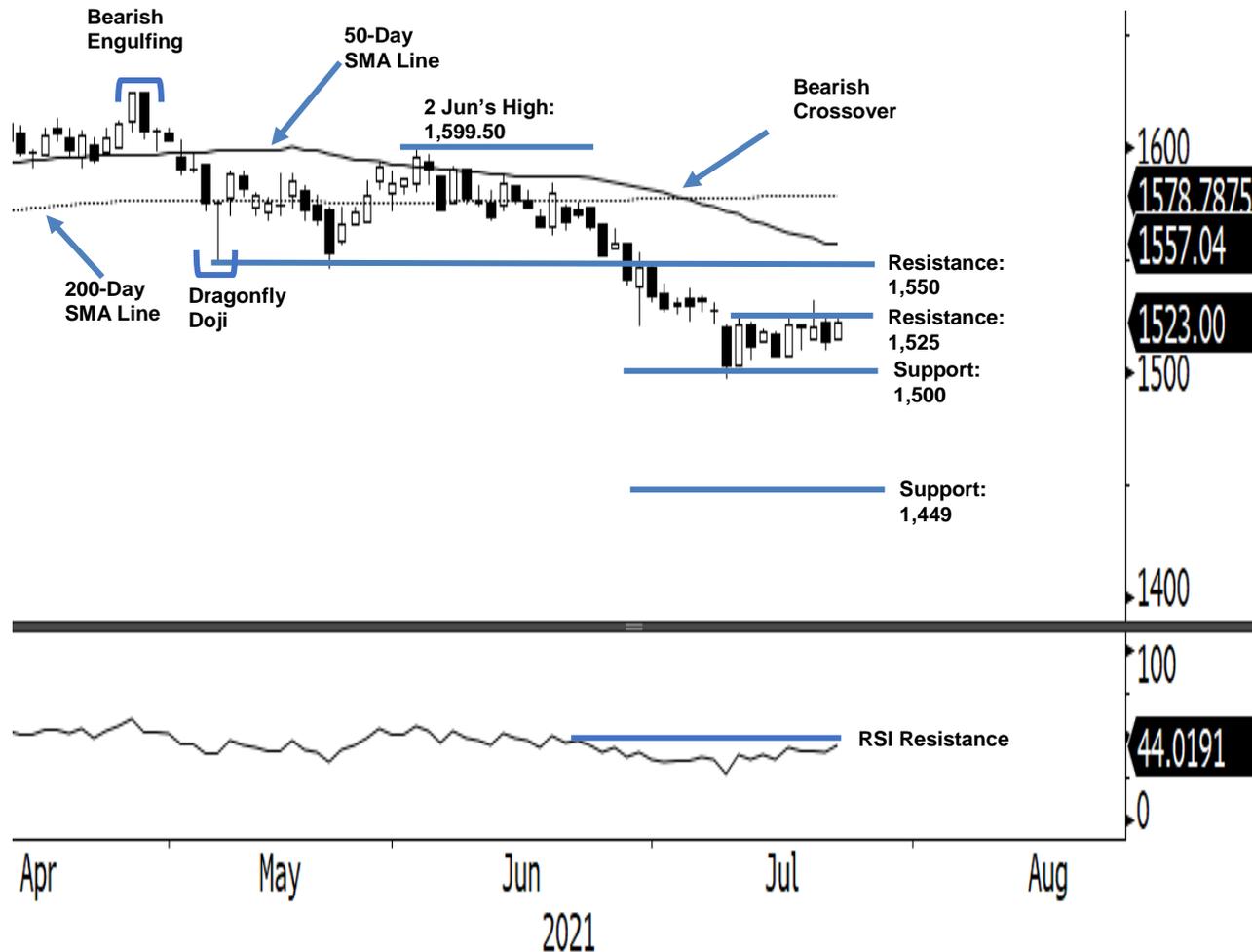
Technical Analyzer

FKLI & FCPO

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FKLI: Attempting To Stage a Technical Breakout

Figure 1: FKLI's daily chart



Source: RHB, Bloomberg

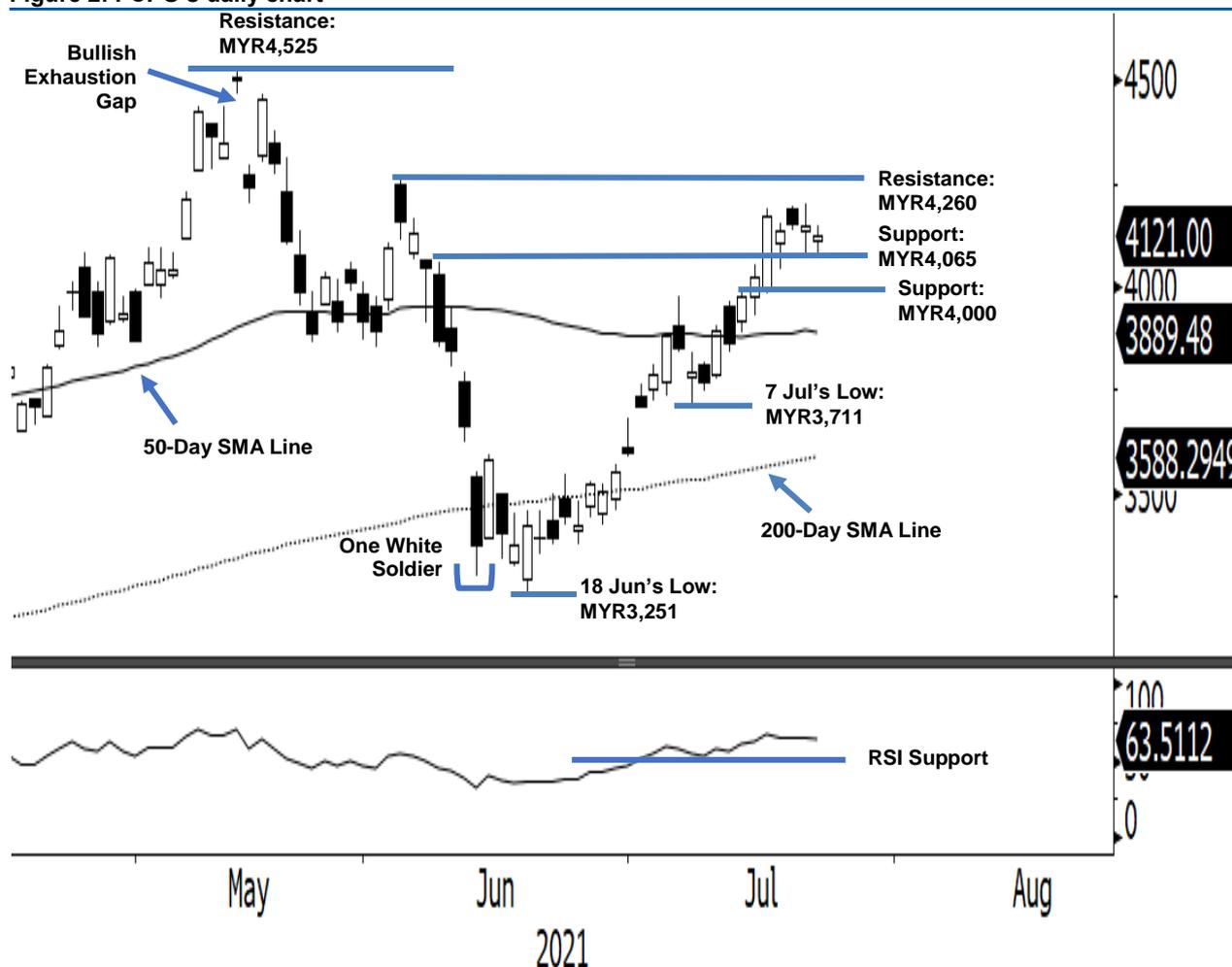
Maintain short positions. Yesterday, mild buying interest lifted the FKLI by 9.50 pts to its close of 1,523.0 pts – which is still within the sideways consolidation zone capped at 1,525 pts. The index opened at 1,515.0 pts, and rose to close at 1,523 pts after tapping the intraday high of 1,525 pts. As such, the bulls just knocked the bears after forming “bullish engulfing” pattern yesterday – thereby boosting investor sentiment. The RSI indicator, which curved higher yesterday, also indicates that the recent sideways movement is likely to see a breakout in the coming sessions. On the other hand, if the index drops below 1,500 pts, a deep correction may loom ahead. Until it breaks above the immediate resistance, we make no change to our negative trading bias.

Traders should remain in short positions. We initiated these at 1,569.50 pts, or 11 Jun’s close. To control trading risks, we placed the trailing-stop at 1,525 pts, which is the immediate resistance.

The nearest support level is at 1,500 pts, then 1,449 pts or Nov 2020’s low. Conversely, the immediate resistance level is at 1,525 pts (9 Jul’s high), followed by 1,550 pts or the low of 26 Feb.

FCPO: Profit-Taking Continues

Figure 2: FCPO's daily chart



Source: RHB, Bloomberg

Maintain long positions. The FCPO continued its sideways movement amid profit-taking, falling MYR28.00 to settle at MYR4,121 yesterday. The commodity began Thursday's session weaker at MYR4,110 and slid to the day's low of MYR4,074. Buying interest then emerged, and it bounced off in the afternoon session to tap the day's high of MYR4,145 before closing at MYR4,121. The buying momentum re-emerged near the support level, showing that bulls remain in the driver's seat – together with the "higher low" structure. With the RSI indicator still trending above 50%, expect the bullish momentum to return after profit-taking activities. If the profit-taking activities continue, the commodity may retrace lower to test the MYR4,000 psychological level. For now, we maintain our bullish trading bias.

We recommend that traders maintain long positions, which were initiated at the close of 13 Jul, or MYR3,977. To manage risks, the trailing-stop is set at MYR4,039.

The immediate support level is at MYR4,065 or 8 Jun's high, followed by the psychological level of MYR4,000. Towards the upside, the resistance level is set at MYR4,260 (3 Jun's high) and, subsequently, at MYR4,525 which is 12 May's high.

RHB Guide to Retail Research Technical Ratings[^]

Long: To initiate a long position

Short: To initiate a short position

Maintain Long: Maintain long position

Maintain Short: Maintain short position

Take Profit: Close the position after the share price has reached a defined level

Cut Loss: Close the position after the share price has reached a defined level

Avoid: Do not have position in the stock until further advice

Technical Timeframe:

Immediate-term: Refers to a period of days until 3-4 weeks

Short-term: Refers to a timeframe of 1-3 months

Medium-term: Refers to a period of not more than 12 months

Long-term: Refers to a period of more than 12 months

[^] These ratings are applicable only to RHB Retail Research's technical reports on commodities, currencies and index futures

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