Trading Pulse

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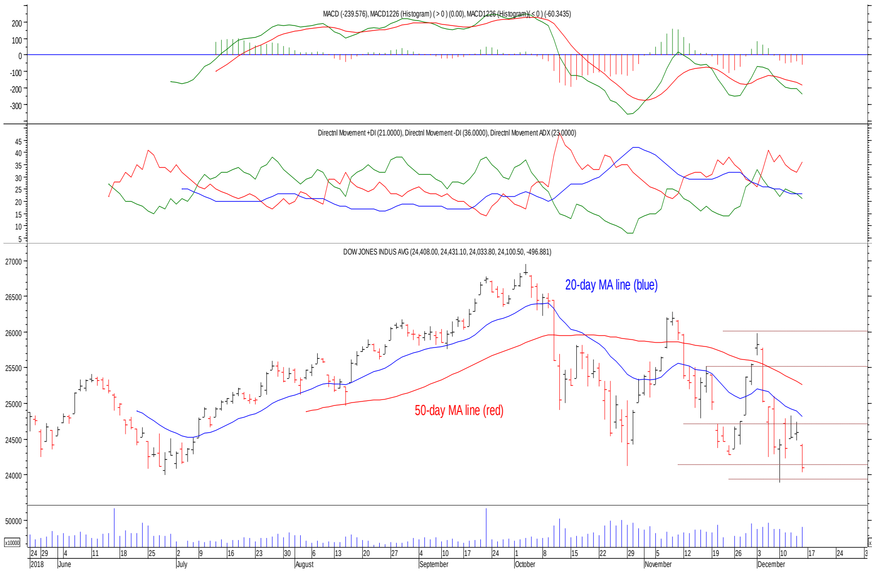
Malaysia Technical Equity Research 17 December 2018

USA, DJIA Index – Gapped down



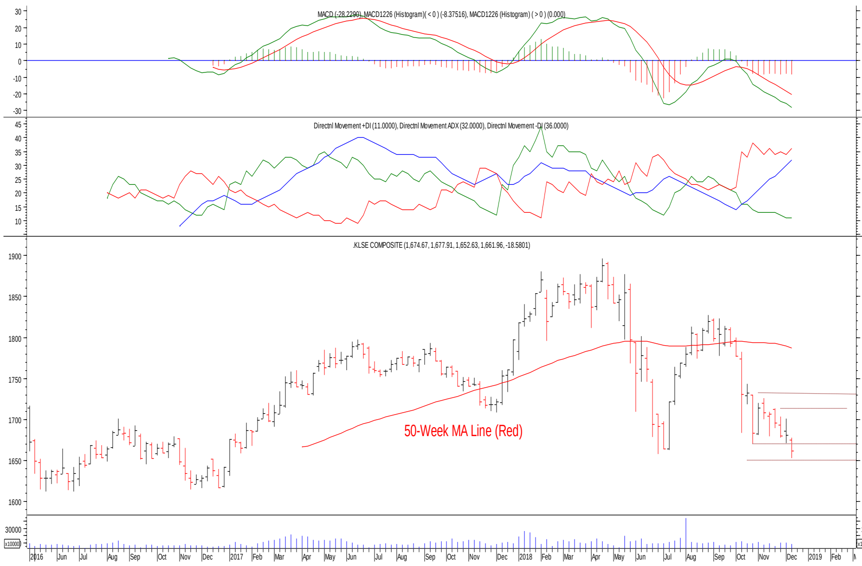
The DJIA Index had on 14 December 2018 gapped down to a low of 24,033.79 before closing near the day's low at 24,100.51 (-496.87, -2.02%).

Following the down close, the DJIA Index is likely to move lower again with immediate support at 23,880. A fall below 23,880 would put pressure on the index down to the subsequent support zone, 23,240 – 23,340. The hurdle is pegged at 24,470. A crossover of 24,470 should see a test of next resistance at 24,830.

Stock decliners that contributed to the fall in this index include The Coca-Cola Company (-USD0.13, -0.26%), Nike (-USD0.40, -0.55%), and IBM (-USD0.83, -0.69%).

The moving average analysis shows that the DJIA Index is in a downtrend as the shorter 20-day MA line (blue) is below the longer 50-day MA line (red).

Weekly FBMKLCI – Immediate support at 1,650



The weekly FBMKLCI had in the week ended 14 December 2018 traded lower to 1,652.63 before settling at 1,661.96 (-18.58, -1.11%).

Following the down close, the weekly FBMKLCI is likely to move lower with immediate support at 1,650. A fall below 1,650 would put pressure on the index down to the subsequent support zone, 1,600 – 1,615. Market hurdle is pegged at 1,677. A crossover of 1,677 should see a test of next resistance at 1,700.

Stock decliners that contributed to the fall in this index include Tenaga (-RM0.44, -3.21%), Genting (-RM0.19, -3.04%), and Maxis (-RM0.15, -2.78%).

The moving average analysis shows that the weekly FBMKLCI is in a downtrend as the 50-week MA line is pointing down south.

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DISCLOSURE

Technical stock rating definitions

Buy	-	Short term buy with expected capital return of 8% or more within one month.
Cut Loss	-	Triggered when specified cut loss level is hit in order to protect capital.
Take Profit	-	Triggered when specified target price is achieved.

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Glossary of technical terms commonly used

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility introduced by Welles Wilder whereby the indicator is the greatest of the following: - current high less the current low; - the absolute value of the current high less the previous close; - the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average, developed by John Bollinger.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describe a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.

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