Indonesia, Jakarta Composite Index – Gapped up

The Jakarta Composite Index had on 20 September 2018 gapped up to reach a high of 5,941.02 before closing at 5,931.27 (+57.67, +0.98%).

Following the up close, the Jakarta Composite Index is likely to move higher again with immediate hurdle at 5,932. A crossover of 5,932 should see a test of next resistance at 6,027. Market support is pegged at 5,840. A fall below 5,840 would put pressure on the index down to the subsequent support zone, 5,620 – 5,660.

Stock advancers that contributed to the rise in this index include Astra Graphia (+INR5, +0.33%), Fortune Mate Indon (+INR15, +2.16%), and Suparma (+INR6, +2.50%).

The moving average analysis shows that the Jakarta Composite Index is in a downtrend with sideways bias as the shorter 20-day MA line (blue) is below the longer 50-day MA line (red) and the gap between these 2 MA lines is seen narrowing.

KLSE Properties Index – Immediate support at 990.0

The Properties Index had on 20 September 2018 traded higher to 1,007.67 before closing near the day’s low at 996.59 (-2.57, -0.26%).

Following the down close, the Properties Index is likely to move lower with immediate support at 990.0. A fall below 990.0 would put pressure on the sub-index down to the subsequent support at 980.0. Market hurdle is pegged at 1,008. A crossover of 1,008 should see a test of next resistance zone, 1,028 – 1,034.

Stock decliners that contributed to the fall in this sub-index include MRCB (-RM0.015, -2.06%), IOIPIg (-RM0.01, -0.61%), and OSk (-RM0.015, -1.53%).

The moving average analysis shows that the Properties Index is in a downtrend as the shorter 20-day MA line (blue) is below the longer 50-day MA line (red) and the gap between these 2 MA lines is still widening.

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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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