

Gamuda may continue to consolidate

SHARE prices on Bursa Malaysia consolidated for the major part of the last four trading days last week. The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) continued to stay above its critical support of 1,250 points when it closed at 1,270.61 on Thursday.

Key heavyweight index-linked counters continued to play their pivotal roles in cushioning the negative impact of the consolidative pressure with overall market sentiment remaining relatively unchanged in the holiday-shortened week.

The FBM KLCI fell from its intra-week high of 1,274.77 on Monday down to its intra-week low of 1,268.82 on Thursday, giving an intra-week trading range of 5.95 points.

The benchmark index closed marginally lower at 1,270.61 points on Thursday, giving a week-on-week loss of 3.75 points, or 0.29 per cent.

Among the other indices, the FTSE Bursa Malaysia Small Cap Index lost 151.12 points, or 1.50 per cent, to 9,942.70 while the FTSE Bursa Malaysia Ace Market Index fell 145.67 points, or 3.28 per cent, to 4,290.95.

On the foreign front, the New York Stock Exchange's Dow Jones Industrial Average fell 0.9 per cent on the week to 10,309.92, snapping

a three-week run of gains for blue chips.

The technology-heavy Nasdaq composite tumbled 3.5 per cent to 2,138.44 for the week.

Wall Street was closed on Thursday for the Thanksgiving holiday and reopened on Friday for an abbreviated session.

The Hong Kong stock market, however, plunged below its critical

support of 22,000. The Hang Seng Index closed at 21,134.50 on Friday, posting a week-on-week loss of 1,321.34 points, or 5.88 per cent.

Tokyo stocks, meanwhile, continued to consolidate. The benchmark Nikkei 225 Index closed at 9,497.68 on Friday, recording a week-on-week loss of 416.16 points, or 4.38 per cent.

On Bursa Malaysia, Gamuda Bhd staged a sharp technical pullback on fears that the devaluation of Vietnam's dong would affect property development activities over there. Its daily price trend tumbled to close at RM2.75 on Thursday, posting a week-on-week loss of 36 sen, or 11.25 per cent.

The following are the readings of some of its technical indicators:

Moving Averages: Gamuda's daily price trend stayed below all its 10-, 20-, 30-, 50- and 100-day moving averages. It continued to stay precariously above its longer term 200-day moving averages.

Momentum Index: Its short-term momentum index continued to stay below the support of its neutral reference line last week.

On Balance Volume (OBV): Its short-term OBV stayed below the support of its 10-day moving averages.

Relative Strength Index (RSI): Its 14-day RSI had since stayed below the 30 level. Its technical reading stood at the 15.09 per cent level at the market close on Thursday.

Outlook

Two bearish factors triggered a sell-off on the regional stock markets on Friday. One, the devaluation of the Vietnamese currency on Wednesday had direct impact on Gamuda's property development activities in that country. The other

bearish factor was Dubai World's suspension of debt repayment that may affect global markets.

Chartwise, Gamuda's monthly price trend paused to consolidate its recent gains. However, further retracements will confirm its bearish intermediate-term downtrend.

Its weekly price trend staged a technical breakdown of its intermediate-term uptrend support (See Gamuda's weekly price trend A3:A4). Its weekly price trend breached the support of its second intermediate-term uptrend support (A1A2) on Thursday.

Gamuda's daily price trend breached the neckline (See Gamuda's daily price trend B3:B4) of its double-top pattern formation last Wednesday. It moved on to breach the support of its intermediate-term uptrend (B1:B2) on Thursday.

Its daily and weekly fast Moving Average Convergence Divergence indicators (MACDs) continued to stay below their respective slow MACDs last Thursday. This signals an extended consolidation in its near-term perspectives.

Its 14-day Relative Strength Index (RSI) stood at the 15.09 per cent level on Thursday. Its 14-week and 14-month RSI were at the 42.43 and 49.45 per cent levels respectively.

Given the bearish perceptions on the impact of the devaluation of the dong, Gamuda's daily price trend is currently sitting in an oversold position. It may continue to consolidate with mild intermittent rebounds.

The subject expressed above is based purely on technical analysis and opinions of the writer. It is not a solicitation to buy or sell