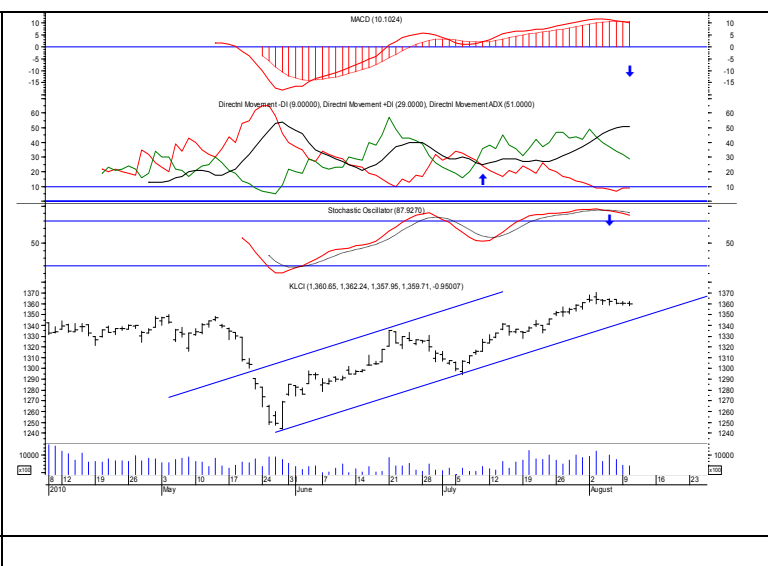


## Technical Analysis – Daily FBM KLCI

	10/8/2010	9/8/2010
Open	1,360.65	1,360.56
High	1,362.24	1,362.04
Low	1,357.95	1,358.35
Close	1,359.71	1,360.66
Volume	675.9 m	699.3 m
<b>Market Breadth</b>		
Up	255	293
Down	409	402
Unchanged	281	256
<b>Indicators</b>		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



**Working hard to keep close near 1,360 level .....**

### Market Commentary :

Driven by optimism that Federal Reserve will re-start its economic stimulus program, DJIA had on 9/8/2010 gained 45.19 points to close at 10,698.75.

The double-digit rise in Wall Street helped the trading sentiment at Bursa Malaysia in the opening bell on 10/8/2010, FBM KLCI traded higher to an intra-day high of **1,362.24** as some traders took the chance to play on buying side in anticipation of higher market. However, weak follow thru buying support in area of **1,362.24** prompted profit taking activity to roll in, and this put a pressure on stock index to a day low of **1,357.95** before settled at **1,359.71**.

The **drop** of **0.95** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.02), **KLK** (down RM0.12), **HL Bank** (down RM0.14), **IJM Plantation** (down RM0.01) and **GenM** (down RM0.02).

### What was the chart saying .....

Market traded higher than previous day high of 1,362.04 on 10/8/2010; but, the high was below 1,365 level, this was something expected as the market had earlier crossed over 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level which was followed by unsuccessful attempts to go higher than 1,365 level in subsequent days (4/8/2010 – 9/8/2010). This showed that traders had yet found the same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions on 10/8/2010.

The higher high and lower low on 10/8/2010 indicated a battle between bulls and bears with bears seen struggling to control the game. Market was believed to be still looking for a wider stabilization base despite the earlier small base between 1,358.52 and 1,364.82 levels (5/8/2010 – 9/8/2010). In

addition, market volume had also been on a decline in the past 4 days (5/8/2010 – 10/8/2010), bears were not that aggressive in selling down the market.

**Can stock index continue to hold in the vicinity of 1,360 ?** Nobody can rule out this possibility. Market traded its day lows below 1,360 for 5 consecutive days (4/8/2010 – 10/8/2010) without a cross over of 1,365 hurdle, this implied a market top between 1,365 and 1,370 level in the immediate short term.

### **Let's do a recap of recent market happenings.**

On 2/8/2010, market traded near the high of 1,368.43; but, traders decided to take a portion of profits on winning trades despite the upside gap created. On 3/8/2010, market went higher to trade into 1,370 zone. **Logically**, traders should have felt the kind of trading excitement at that level and driven by the desire to join in the game. Somehow, we did not get to see the expected hu...ha. This reflected the psychological aspect of trading game, many traders and investors had obviously learnt the market lessons the hard way during the previous downturns.

**In other words, traders adopted a cautious play tactic and were unwilling to buy up stocks for the sake chasing the game.**

**Ladies & gentlemen**, we had mentioned in our earlier market reports that "With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ? 1,365 level** is envisaged as a hurdle for KLCI in the immediate short term." So, this 1,365 level was taken out during the day on 2/8/2010, **would it mean 1,365 no longer serve a hurdle ? The upside violation of 1,365 level was on intraday basis, and 1,365 level remained a valid hurdle and would continue to act as resistance for a minimum of 3 consecutive days on close basis. FYI, as day passes by, the resistance point on an upward sloping trendline extended from low of 1,040 (22/6/2009) to connect the other low of 1,224 (9/2/2010) would also be moving higher; thus, range of resistance should now be in between 1,365 and 1,370 level.**

A study of market trading pattern from 3/8/2010 to 10/8/2010 showed that market was seen entering a **sideways phase**.

**When can this sideways phase be expected to end ?** This is **NOT** easy to answer as nobody can really predict what the market would do next. However, **for those who are looking for hint(s), here is what the market likely to do ..... this market should stabilize its position between 1,350 and 1,365 level in next 4 days before seeing next buying attempt(s).**

### **What were the strong hands doing .....**

A check of internal market strength on 10/8/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, the net number of stock positions liquidated from 30/7/2010 to **10/8/2010** was thus about **108%** more than what was bought between 22/7/2010 and 29/7/2010, this number **fell** compared to **129%** on 9/8/2010..

### **Conclusion :**

**Market outlook may be beginning to turn negative in the immediate short term on 10/8/2010; but, the key market support level to watch would be 1,350.**

The analysis of overall daily market action(s) on 10/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,357.95.