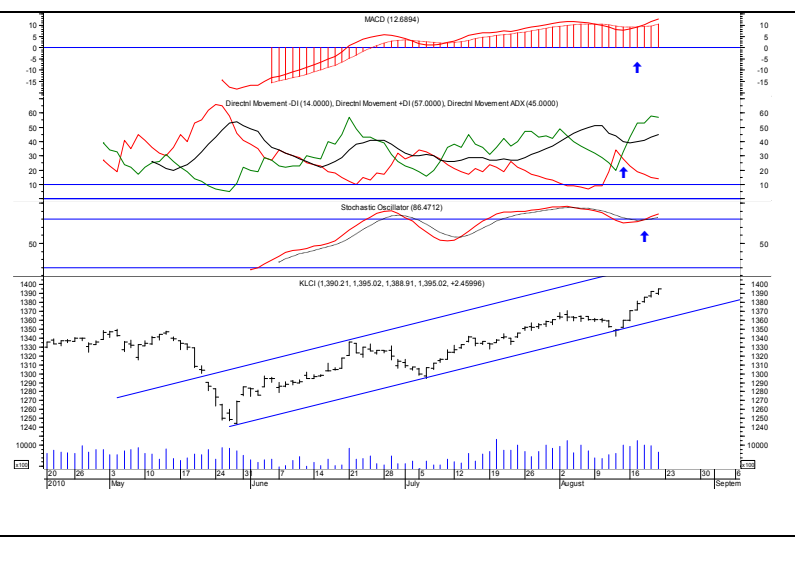


Technical Analysis – Daily FBM KLCI

	20/8/2010	19/8/2010
Open	1,390.21	1,386.95
High	1,395.02	1,392.56
Low	1,388.91	1,385.93
Close	1,395.02	1,392.56
Volume	834.4 m	983.3 m
Market Breadth		
Up	316	407
Down	394	321
Unchanged	327	293
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Buying strength is diminishing

Market Commentary :

Dampened by reports from Labor Department on unexpected rising initial claims for unemployment benefits last week and a drop in manufacturing activity in mid-Atlantic region, DJIA had on 19/8/2010 lost 144.33 points to close at 10,271.21.

The triple-digit drop in Wall Street did not send strong negative sentiment to Bursa Malaysia in the opening bell on 20/8/2010, FBM KLCI only traded down to a day low of 1,388.91 as traders were seen unwilling to play a more aggressive selling game. In the absence of stronger selling pressure, risk taking buying interest rolled in to lift the market higher to reach highest high of **1,395.02** since 22/2/2008 before settled at **day high**.

The **rise of 2.46** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.07 to RM8.79), **Sime Darby** (up RM0.01 to RM7.81), **CIMB** (up RM0.08 to RM7.70), **HL bank** (up RM0.06 to RM8.90) and **GenM** (up RM0.02 to RM3.09).

What was the chart saying

Market went higher on 20/8/2010 following the strong closing in preceding day. The higher market play on 20/8/2010 was not much of a surprise given the near 1 billion shares high market volume on 19/8/2010 and 18/8/2010. Of course, the re-entry into 1,370 zone on 16/8/2010 and the good recovery to close comfortably strong after dipping to a day low of 1,342.07 on 12/8/2010 had indeed helped to open up the road to the upside. Furthermore, the market had been holding well above 1,350 level since 26/7/2010, and **certain base had been established to cushion a fall below this level until we see bigger selling force to break the wall (1,350 level) down.**

Ladies & gentlemen, the rebound from day low of 1,342.07 to day high of 1,350.22 on 12/8/2010 had put this market back into the upward sloping channel (drawn on chart), this carried certain amount of good "info" inside, and this friendly "info" would likely be the supportive force to keep the stock index to the upside within the channel at this juncture.

The crossover into 1,370 zone on 16/8/2010 would pave the way for stock index to next high of 1,380 – 1,420 level given the return of same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions in the period between 5/8/2010 and 10/8/2010.

The market run-up of **52.95** points from low of 1,342.07 (12/8/2010) to a high of **1,395.02** (20/8/2010) in 7 days had placed the stock index in an overbought zone, this may have created a caution stance among traders in playing aggressively on buying side. Well, given the attained lower end level of upside target between 1,380 and 1,420 levels without much stronger follow through buying support on 18/8/2010 & 19/8/2010, traders should begin to look into applying risk management strategy.

The supportive game play seen on 20/8/2010 in area of 1,390 level was encouraging in keeping the market sentiment "alive", and market should thus likely to stay for a few more days before emergence of stronger selling pressures.

What were the strong hands doing

A check of internal market strength on 20/8/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions established from 12/8/2010 to 20/8/2010 was about 205% more than what was liquidated between 29/7/2010 and 11/8/2010 compared to 227% in the preceding day.

Conclusion :

Market outlook remained friendly with key market support level to remain at 1,350; but, 1,380 level should act as immediate support.

The analysis of overall daily market action(s) on 20/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,395.02.