

Technical Analysis – Daily FBM KLCI

	23/8/2010	20/8/2010
Open	1,399.87	1,390.21
High	1,404.31	1,395.02
Low	1,396.87	1,388.91
Close	1,403.15	1,395.02
Volume	805.1 m	834.4 m
Market Breadth		
Up	291	316
Down	465	394
Unchanged	270	327
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy

Broke above 1,400 level with smaller volume

Market Commentary :

Worried over a slowing economy after the unexpected rising initial claims for unemployment benefits last week, DJIA had on 20/8/2010 shed 57.59 points to close at 10,213.62.

The double-digit drop in Wall Street did not create any negative sentiment to Bursa Malaysia in the opening bell on 23/8/2010, FBM KLCI only traded down to a day low of **1,396.87** as traders were seen unwilling to play a selling game. In the absence of stronger selling pressure in area of **1,396.87**, risk taking buying interest rolled in to lift the market higher into 1,400 zone to reach highest high of **1,404.31** since 22/2/2008 before settled at **1,403.15**.

The **rise of 8.13** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM (up RM0.03 to RM3.58)**, **Sime Darby (up RM0.02 to RM7.83)**, **CIMB (up 0.22 RM to RM7.92)**, **IOI Corp (up RM0.01 to RM5.18)** and **GenM (up RM0.05 to RM3.14)**.

What was the chart saying

Market continued to go higher on 23/8/2010 with a crossover into 1,400 zone following the positive up close scenario last Friday (20/8/2010). The higher market play on 23/8/2010 was not much of a surprise given the high daily market volume from 18/8/2010 to 20/8/2010. 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

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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 **59.24** points from low of 1,342.07 (12/8/2010) to a high of **1,404.31** (23/8/2010) 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 to mid level of upside target between 1,380 and 1,420 levels without much stronger follow through buying volume since 17/8/2010 (market volume had been on a decline), traders should seriously begin to look into tightening 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", this can be seen from yesterday's up move into 1,400 zone. In short, there was this "intention" on the part of certain traders to hold this market up as high as possible, market should thus likely to stay on in next 2 to 4 days before emergence of stronger selling pressures.

Externally, market actions on 23/8/2010 seen better with a crossover into 1,400 zone, and there was no sign of market nervous at this moment; but, this did not mean nothing negative was shaping up internally the way traders to look at the market would likely to change soon.

What were the strong hands doing

A check of internal market strength on 23/8/2010 showed that buying strength weakened with strong hand(s) seen disposing another portion of buying positions, and the net number of stock positions established from 12/8/2010 to 23/8/2010 was about 169% more than what was liquidated between 29/7/2010 and 11/8/2010 compared to 205% in the preceding market 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 23/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,404.31.