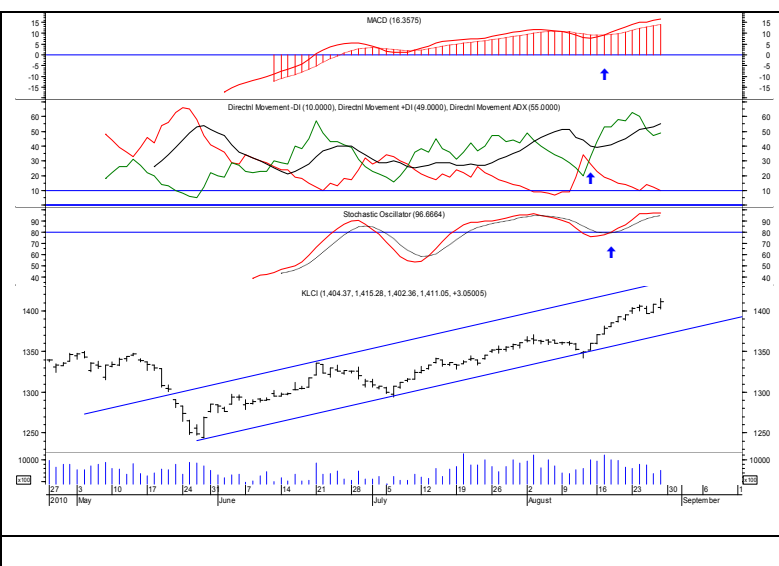


Technical Analysis – Daily FBM KLCI

	27/8/2010	26/8/2010
Open	1,404.37	1,398.29
High	1,415.28	1,408.00
Low	1,402.36	1,397.24
Close	1,411.05	1,408.00
Volume	762.6 m	684.8 m
Market Breadth		
Up	286	353
Down	405	333
Unchanged	285	294
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Just wanted to keep the up play in

Market Commentary :

Continued worries over economic recovery, DJIA had on 26/8/2010 shed 74.25 points to close below 10,000 mark at 9,985.81.

The double-digit fall in Wall Street did not affect the trading sentiment much in Bursa Malaysia in the opening bell on 27/8/2010, FBM KLCI traded to a low of **1,402.36** as traders were seen unwilling to sell down the market on a more aggressive manner. In the absence of stronger selling pressure in area of **1,402.36**, renewed buying interest rolled in, this lifted stock index higher than previous day high of 1,408 to a day high of **1,415.28** before settled at **1,411.05**.

The **rise** of **3.05** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.04 to RM8.79), **Sime Darby** (up RM0.22 to RM8.10), **KLK** (up RM0.10 to RM17.00), **Genting** (up RM0.04 to RM9.04) and **Maybank** (up RM0.04 to RM8.26).

What was the chart saying

Market did not trade lower last Friday (27/8/2010) despite a weaker DJIA below 10,000 overnight. The higher low market play on 27/8/2010 was not really a surprise as the up close on 26/8/2010 indicated a "friendly" play ahead (for 27/8/2010) when the market settlement below 1,400 level on 25/8/2010 was supposed to have drawn in more selling interest on 26/8/2010.

So, with KLCI took down the immediate high 1,406.95 level to reach 1,408 level on 26/8/2010 with another higher high than 1,408 to 1,415.28 on 27/8/2010, what can be said about this market ? The earlier 1,406.95 level was indeed seen to be topping in the immediate short term. Firstly, market gapped up into 1,400 zone on 23/8/2010 and was followed by higher levels; but, the speed to the up north direction was not impressive to provide better

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buying confidence. Market managed to steal a closing above 1,400 level despite intra-day dips below 1,400 level on 23/8/2010 and 24/8/2010; however, the lower high on 25/8/2010 somehow prompted traders with winning trades to lock in a portion of their stock positions. The market was seen struggling to go much higher after the 1,400 level crossover on 24/8/2010, this undoubtedly indicated an imminent market correction. However, the new market scenario had been created on 26/8/2010 as the downside violation of 1,400 level on 25/8/2010 did not result in an immediate follow thru market play to push the KLCI lower. The sudden reversed game play on 26/8/2010 would see this market to go over 1,406.95 in next few days with an eye to a fast hit target of 1,420 level before the emergence of renewed selling interest.

Ladies & gentlemen, the market run-up of **73.2** points from low of 1,342.07 (12/8/2010) to a high of **1,415.28** (27/8/2010) in **12** days had placed the stock index in an extreme overbought zone, this made many traders to preferably stay on a defensive side. And, there was no 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, and the advancers was smaller than decliners on 27/8/2010. This indicated the reluctance on the part of traders to commit more buying.

What had caused the market to climb back up into 1,400 zone again on 26/8/2010 ? We recognized the fact that the up play into 1,400 zone on 23/8/2010 indeed consumed much efforts to put up a nice picture for every traders and investors to see, and these certain traders were simply not willing to end the up play here by clicking in just a few points above 1,400 level. This can be seen from the day high of 1,408 on 26/8/2010 and high of 1,415.28 on 27/8/2010, market would now be likely looking to fast track its move to 1,420 level.

Can KLCI break above 1,420 level to 1,450 level ? A low market volume in KLCI did not always necessarily mean that stock index would stop making higher high, because it was not difficult to paint a friendly picture on the chart given the types of stock component in the KL Composite Index. This market was supposedly due for a corrective move to go downward, somehow the unusual market force wanted to continue to keep the up play in the game, and the way it carried itself seemed to have indicated that 1,450 level would be the next upside target (the upper line of upward channel drawn on chart) while 1,420 level remained a hurdle to break.

What were the strong hands doing

A check of internal market strength on 27/8/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions liquidated from 20/8/2010 to 27/8/2010 was about 55% of what was established between 11/8/2010 and 19/8/2010 compared to 59% 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 27/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,415.28.