



Technical Analysis – Daily FBM KLCI

	27/12/2010	24/12/2010	
Open	1,511.90	1,516.05	
High	1,513.23	1,516.44	
Low	1,509.64	1,510.70	
Close	1,511.72	1,511.58	
Volume	773.2 m	835.2 m	
Market Breadth			
Up	305	297	
Down	414	396	
Unchanged	273	326	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Above 1,510 level on close

Market Commentary :

24/12/2010 was a holiday for Wall Street !

In the absence of market lead from Wall Street to provide guidance to Bursa Malaysia in the opening bell on 27/12/2010, FBM KLCI traded to a day high of **1,513.23** as some traders took the chance to play a buying game in anticipation of higher market towards the final trading week of the 2010. However, weak follow thru buying support in area of **1,513.23** prompted light profit taking activity to roll in, this put a pressure on stock index down to a day low of **1,509.64** before settled at **1,511.72**.

The **gain** of **0.14** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.02 to RM3.33), **CIMB** (up RM0.02 to RM8.57), **AMMB** (up RM0.11 to RM6.95), **TM** (up RM0.01 to RM3.51) and **KLK** (up RM0.42 to RM22.20).

What was the chart saying

Market did not trade higher yesterday (27/12/2010) given the down close scenario last Friday (24/12/2010). The lower high was not much of a surprise as there was no keen buying interest shown on 24/12/2010, this lack of buying enthusiasm continued to spill its effect into next trading day on 27/12/2010.

However, unlike the trading days on 23/12/2010 & 24/12/2010 where market kept its lows above 1,510 level, stock index dipped below 1,510 level on 27/12/2010, **was that something to cause a concern ?** The downside violation of 1,510 level was on an intra-day basis, and heavy selling pressure was not in sight, this meant to say that aggressive traders were not in the game to push the market downward.

Ladies & gentlemen, market made a rebound to a day high of 1,518.8 on 23/12/2010; but, traders were seen cautious in playing up the market at this juncture, **Why ?** Staying cautious did not mean that we would not see new attempt(s) to prop up this market later on. A small consolidation here can foreshadow a minor rally in the making before the year end.

In addition, the pull up from 1,493.22 level was due to the fact that **bullish** traders did not want to see the market to fall below 1,490 level for fear of bigger destructive selling pressure with bearish traders on the other hand wanted to sell; but, could not find a reason to do so without catalyst to take this market down.

Moreover, at a level above 1,510 level, this market at least commanded certain degree of margin of safety by not exposing its position to the immediate downside risk at 1,493.22 level earlier.

Given what happened on 27/12/2010, what would the market do next ? The ability on the part of market to hold up its position at 1,510 level on close basis should see a re-test of its immediate high at 1,522.95 (10/12/2010).

What were the strong hands doing

A check of internal market strength on 27/12/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **established** from **17/12/2010 to 27/12/2010** was about **70%** what was **liquidated** between 9/12/2010 and 16/12/2010 compared to **64%** in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,490.

The analysis of overall daily market action(s) on 27/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,509.64.