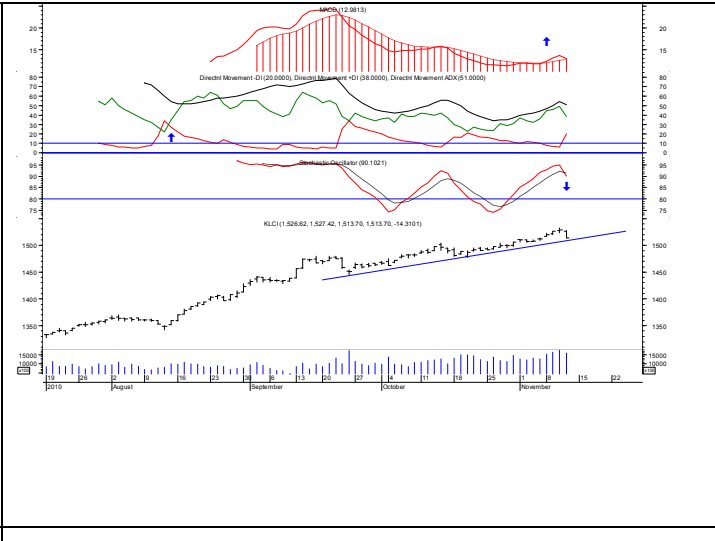


Technical Analysis – Daily FBM KLCI

	11/11/2010	10/11/2010	
Open	1,526.62	1,526.98	
High	1,527.42	1,531.99	
Low	1,513.70	1,523.92	
Close	1,513.70	1,528.01	
Volume	1,576.6 m	1,741.4 m	
Market Breadth			
Up	381	276	
Down	447	352	
Unchanged	287	256	
Indicators			
MACD	buy	buy	
DM Index	Buy	buy	
Stochastics	sell	buy	

Upside gap to be filled

Market Commentary :

Supported by report showing sharp decline in 1st time claims for unemployment benefits, DJIA had on 10/11/2010 gained **10.29** points to close at **11,357.04**.

This small double-digit gain in Wall Street did not send a friendly signal to Bursa Malaysia in the opening bell on 11/11/2010, FBM KLCI only traded to a high of **1,527.42** as traders decided to hold back their buying spree from 8/11/2010 – 10/11/2010. In the absence of stronger buying support at 1,527.42 level, profit taking activity rolled in, this had pushed the stock index down to a low of **1,513.70** before settled at **day low**.

The **drop** of **14.31** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.04 to RM8.52), **TM** (down RM0.04 to RM3.33), **Tenaga Nasional** (down RM0.15 to RM8.63), **Hong Leong Bank** (down RM0.25 to RM9.55) and **Public Bank** (down RM0.02 to RM12.80).

What was the chart saying

Market took a breather on 11/11/2010 after pushing its way into 1,530 zone to a new record high of **1,531.99** with an up close scenario on 10/11/2010. **Why was the market down on Thursday (11/11/2010) ?** The bulls had been charging the upward move impressively in the past 3 days (8/11/2010 – 10/11/2010), and was indeed expected to make a higher high yesterday on 10/11/2010; but, traders chose to realize a portion of their winning trades instead of paper profits. The move taken by traders was not something unusual in view of the smooth and steady gains since 4/11/2010, and there would always be a tendency on the part of market players to become cautious as market continued to make new historical peak; moreover, market would not be going to rise every single day, and it made logical sense for the market to temporary undergo a little stretch in an attempt to test traders/investors conviction.

Stock index remained in the uptrend, and the **breakaway** of small range platform on 8/11/2010 **suggested** an expectation of higher market, this can be seen from the upside gap created on 8/11/2010 even though there may be certain amount of disappointment on the part of traders over the weaker than expected follow thru buying support on 1/11/2010 after securing an up close above 1,500 level on 29/10/2010.

With market making a pull back on 11/11/2010, where would be the immediate support ? The down move on 11/11/2010 was in time to neutralize the disequilibrium in the supply and demand relationship, and the way this market carried itself seemed to be **pointing toward a closure of the upside gap left behind on 8/11/2010 at 1,513 level**, and this gap closure may not necessary signal an immediate rebound from there on as certain strong hands may want to take further advantage of the looming uneasy feelings by exerting more selling pressures to push the stock index lower in an attempt to flush out weak hands. **Then, we could see market only to find its support at 1,503 level.**

What were the strong hands doing

A check of internal market strength on 11/11/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **liquidated** on **11/11/2010** was about **24% more than** what was **acquired** between 8/11/2010 and 10/11/2010.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,470; but, 1,503 level should act as immediate support.

The analysis of overall daily market action(s) on 11/11/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,513.70.