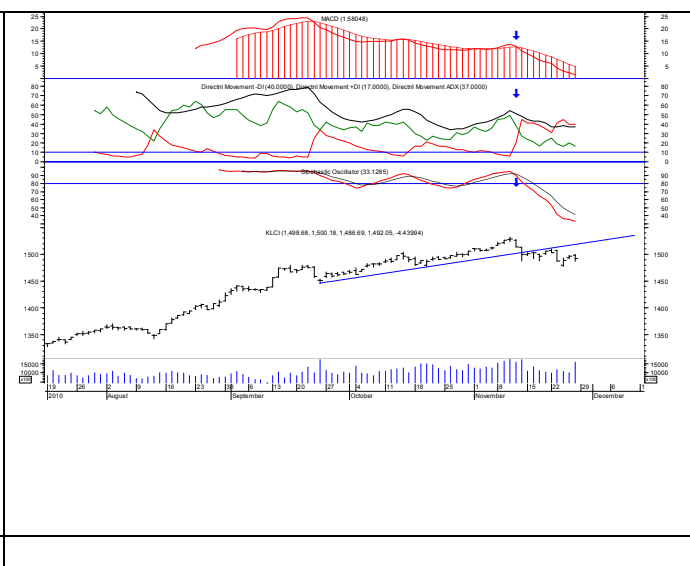


Technical Analysis – Daily FBM KLCI

	26/11/2010	25/11/2010
Open	1,498.68	1,493.21
High	1,500.18	1,498.05
Low	1,486.69	1,491.80
Close	1,492.05	1,496.49
Volume	1,574.3 m	1,000.1 m
Market Breadth		
Up	224	463
Down	562	291
Unchanged	273	287
Indicators		
MACD	Sell	Sell
DM Index	Sell	sell
Stochastics	Sell	sell



Downward pressure still on

Market Commentary :

25/11/2010 was a Thanksgiving Day for US. No market for Wall Street.

Despite the absence of market lead from Wall Street, Bursa Malaysia began with a friendly opening call on 26/11/2010 on the back of Petronas Chemical Group Berhad's listing, FBM KLCI traded higher with a crossover into 1,500 zone to a high of **1,500.18** as traders decided to play on buying side. However, weak follow thru buying support in area of **1,500.18** prompted profit taking activity to roll in, this pushed stock index down to a day low of **1,486.69** before settled at **1,492.05**.

The **drop** of **4.44** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Hong Leong Bank** (down **RM0.12** to **RM9.20**), **Genting** (down **RM0.12** to **RM10.28**), **AMMB** (down **RM0.14** to **RM6.08**), **IOI Corp** (down **RM0.03** to **RM5.82**) and **YTL Corp** (down **RM0.20** to **RM8.32**).

What was the chart saying

The higher market scenario last Friday was not something unexpected as it was just another follow thru buying interest given the positive close in the preceding day (25/11/2010). Furthermore, the ability on the part of stock index to rebound with a positive settlement note on 24/11/2010 showed the availability of buying support in the area of 1,480.

Just like what happened on 14/10/2010, this market encountered psychological resistance selling pressure at 1,500 level. That was nothing unusual about that, because traders needed to gauge what other traders thought of the 1,500 level before making a greater commitment. The intra-day crossover of 1,500 level on 26/11/2010 was nevertheless an attempt made to show other players that another upside violation of 1,500 level still cannot be ruled out completely. **However, to turn the market around to the upside, the market was required to do a lot of extra hard work.**

This market needed a cooling period after the recent selling pressure. A reasonable cooling period was inevitable if we wanted to see the light of market recovery, the prevailing negative sentiment must first be contained then to be followed by mending process (consolidation).

Why did we see a higher high followed by a lower low on 26/11/2010 ? Like what we had said in our report written on 24/11/2010 for 25/11/2010, the downside violation of 1,480 level on 24/11/2010 should shy traders away from this weak market theoretically; but, risk taking traders often believed that this market would manage to steal a rebound in the initial downside violation of important technical support level, the upward move on 26/11/2010 was merely just another buying activity in anticipation of higher market. On the other hand, the lower low on 26/11/2010 indicated the willingness on the part of traders to lock in winning trades.

A friendly market development occurred on 24/11/2010, because stock index had not only closed above the opening level, it had also settled with an up close. **What did it tell us ?** The intra-day low market on 24/11/2010 helped to shake out the weak hands while respecting the technical support level at 1,480 level. Thus, it would be crucial to see how this 1,480 level can hold up to selling pressure again.

Bulls and bears would continue to battle out each other in an attempt to gain a control in the game. The bulls still seen with an upper hand over the bears in the last 3 days (24/11/2010 & 26/11/2010), and it would be interesting to see how these bulls re-align their bullish strategies to turn the market around to go up north in coming days. *Keeping in mind, the sell down on 23/11/2010 basically suggested that market has yet to come out from the sell-offs on 11/11/2010 and 12/11/2010.*

A convincing breakdown under this 1,480 level would signal a potential phase of change to warning. If this were to happen, a shift in market trend would begin, and the market top at 1,531.99 would be put in place. Conversely, a decisive move above 1,510 level with settlement for 3 days in a row would be pointing to an upward leg.

What were the strong hands doing

A check of internal market strength on 26/11/2010 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 and 26/11/2010* was about *233% more than* what was *acquired* between 8/11/2010 and 10/11/2010 compared to *124%* 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 1,480.

The analysis of overall daily market action(s) on 26/11/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,486.69.