



## Technical Analysis – Daily FBM KLCI

	8/11/2010	4/11/2010	
Open	1,517.01	1,512.06	
High	1,522.77	1,513.41	
Low	1,517.01	1,508.58	
Close	1,519.84	1,511.74	
Volume	1,520.2 m	1,275.6 m	
<b>Market Breadth</b>			
Up	592	436	
Down	291	332	
Unchanged	253	326	
<b>Indicators</b>			
MACD	buy	sell	
DM Index	Buy	buy	
Stochastics	buy	buy	

### Buying interest drawn in .....

### Market Commentary :

Despite added 151,000 jobs in October 2010 in the US, DJIA had on 5/11/2010 only gained **9.24** points to close at **11,444.08**.

The single-digit rise in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 8/11/2010, FBM KLCI gapped up with a day low of **1,517.01** as traders chose not to play a selling game. In the absence of selling pressure, renewed buying interest rolled in, this lifted stock index to a high of **1,522.77** before settled at **1,519.84**.

The **rise** of **8.10** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.10 to RM9.03), **TM** (up RM0.02 to RM3.39), **Maybank** (up RM0.10 to RM9.10), **Hong Leong Bank** (up RM0.04 to RM9.33) and **IOI Corp** (up RM0.11 to RM5.97).

### What was the chart saying .....

Market continued to keep its position above 1,510 level on 8/11/2010 given the up close last Thursday (4/11/2010). It was one step forward to strengthen its footing above 1,500 level, because the trading above 1,510 level showed that there was an increase in term of willingness to assume higher risk to acquire stocks with a general view of an upward market expectation.

Stock index remained in the uptrend, and the **breakaway** of small range platform yesterday (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.

A catalyst to pull the stock index upward occurred on 8/11/2010, the higher market volume said it all. Apparently, a "hoo-haa" trading environment had been created with more speculative buying interest had been drawn into the game.

**What would it imply for today's market (9/11/2010) ?** The upside gap should augur well for the market as this gapped up scenario carried certain amount of positive impact in narrowing down the "mismatch" between market sentiment and the 1,500 level crossover.

On the other hand, the number of days spent above 1,500 level since 29/10/2010 **exceeded** the 3 days duration registered on 11/1/2008, and it should be another **encouraging** piece of information as it would directly help to instil the buying confidence in traders and investors. Stock trading is a psychological game play, traders and investors needed a layer of defence to clear away the mental block we saw on 11/1/2008 where FBM KLCI only spent 3 trading days above 1,500 with stock index reached the highest high of 1,524.69 on 14/1/2008 before succumbed to heavy sell-off.

### **What were the strong hands doing .....**

A check of internal market strength on 8/11/2010 showed that buying strength **weakened marginally** with strong hand(s) seen disposing a small portion of buying positions, and the net number of stock positions disposed from 26/10/2010 to 8/11/2010 was about **42% of what was acquired** between 18/10/2010 and 25/10/2010 compared to **40%** 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 1,470; but, 1,500 level should act as immediate support.**

The analysis of overall daily market action(s) on 8/11/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,522.77.