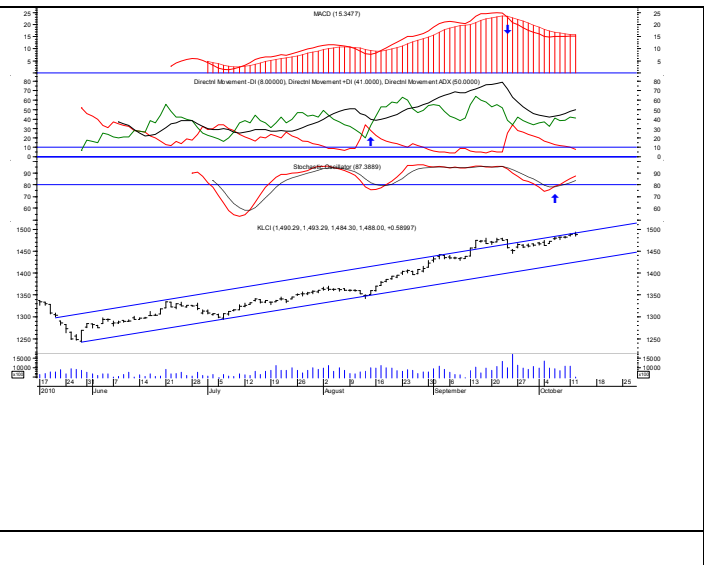




Technical Analysis – Daily FBM KLCI

	12/10/2010	11/10/2010
Open	1,490.29	1,486.14
High	1,493.29	1,490.10
Low	1,484.30	1,484.57
Close	1,486.57	1,487.41
Volume	1,169.1 m	1,094.0 m
Market Breadth		
Up	327	479
Down	420	287
Unchanged	306	293
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	buy	buy



Upper Channel Line – Still A Tough Nut To Crack

Market Commentary :

Held back ahead of more reports on where the economy would be going, DJIA had on 12/10/2010 gained 3.86 points to close at 11,010.34.

The single-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 12/10/2010, FBM traded higher to a day high of **1,493.29** as traders continued to play on buying side in anticipation of higher market. However, weak follow through buying support in area of **1,493.29** prompted profit taking activity to roll in, this put a pressure on stock index to a low of **1,484.30** before settled at **1,486.57**.

The **fall** of **0.84** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **GenM** (down RM0.01 to RM3.55), **PB Bank** (down RM0.02 to RM12.58), **Hong Leong Bank** (down RM0.16 to RM9.24), **CIMB** (down RM0.05 to RM8.10) and **AMMB** (down RM0.10 to RM5.87).

What was the chart saying

Market traded higher again on 12/10/2010, and this higher move was expected on the back of up close in the preceding day (11/10/2010). Furthermore, the market had been well supported after the crossover of 1,475 level into 1,480 zone with an upside gap scenario on 6/10/2010.

The higher high scenario on 12/10/2010 basically indicated that there was a **stronger risk appetite** for stocks; but, many traders were still reluctant to push the stock index up fast for fear of running the stock index into an overbought zone again as the market had just done its pull back from 1,479.55 (17/9/2010) to 1,445.33 (24/9/2010), where a small platform was formed to neutralize the demand-supply relationship created during the run up from 1,428.66 (8/9/2010) to 1,479.55 (17/9/2010).

Now, with market climbed higher to 1,493.29 on 12/10/2010, would the market be trading upward on 13/10/2010 ? FBM KLCI traded higher on 12/10/2010 with about 7 points away from reaching 1,500 level. Traders were excited to look forward for an initial test of 1,500 level in early part of trading session yesterday (12/10/2010); however, traders with winning trades took advantage of higher market level to lock in a portion of their profits, this selling curbed market advance. On 12/10/2010, we did not see pure buying power, we saw selling pressure too, these opposite forces gave rise to certain degree of uncertainty.

Psychologically, 1,500 level would be viewed an important barrier as the last time this 1,500 level was broken was in 11/1/2008. FBM KLCI only spent 3 trading days above 1,500 to reach highest high of 1,524.69 on 14/1/2008 before succumbed to profit taking pressure. On this note, it would not be hard to see the reason behind of traders to stay cautious.

Thus, any attempt(s) to trade into 1,500 zone must be accompanied by strong determined buying power as profit taking pressure would sure to show up above 1,500 level.

What were the strong hands doing

A check of internal market strength on 12/10/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions acquired from 29/9/2010 to 12/10/2010 was about 38% of what was disposed between 14/9/2010 and 28/9/2010 compared to 47% in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level to remain at 1,400; but, 1,440 – 1,450 level should act as immediate support.

The analysis of overall daily market action(s) on 12/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,484.30.