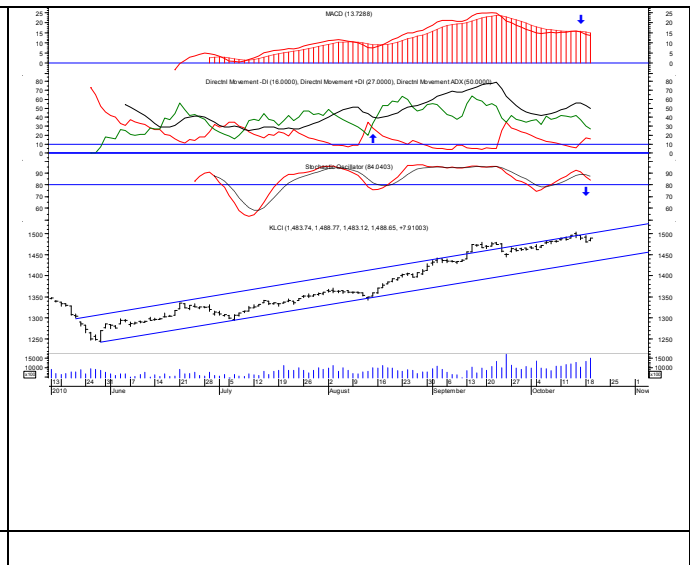




Technical Analysis – Daily FBM KLCI

	19/10/2010	18/10/2010
Open	1,483.74	1,491.23
High	1,488.77	1,494.96
Low	1,483.12	1,478.90
Close	1,488.65	1,480.74
Volume	1,499.6 m	1,330.5 m
Market Breadth		
Up	438	299
Down	369	468
Unchanged	276	298
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



Trying to consolidate

Market Commentary :

Supported by better-than-expected results from Citigroup Inc. to indicate fewer customers' defaults on loans, DJIA had on 18/10/2010 gained **80.91** points to close at **11,143.69**.

The double-digit rise in Wall Street sent a friendly effect to Bursa Malaysia in the opening bell on 19/10/2010, FBM KLCI traded to an intra-day high of **1,488.77** as some traders took the chance to play on buying side. However, non-follow thru buying support in area of **1,488.77** prompted profit taking activity to roll in again, and this pushed stock index down to a low **1,483.12** before recovered to settle at **1,488.65**.

The **rise** of **7.95** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Genting** (up RM0.28 to RM10.38), **AMMB** (up RM0.06 to RM5.96), **Sime Darby** (up RM0.06 to RM8.87), **Tenaga** (up RM0.02 to RM8.84) and **IOI Corp** (up RM0.04 to RM5.79).

What was the chart saying

There was no follow thru selling pressure on 19/10/2010 despite the down close scenario in the preceding day (18/10/2010), the near day low settlement on 18/10/2010 was not supposed to augur well for a friendly market move on 19/10/2010. The absence of greater selling pressure yesterday (19/10/2010) was a surprise, for it showed that traders decided to take a pause on selling at this point of time and did not want to take the risk of being aggressive in pushing the market downward.

In fact, the ability to stay above previous day (18/10/2010) low was **good** as it did not make more traders or investors nervous about the weakening market. **What would it imply for today's market (20/10/2010) ?**

A recap of what happened in recent few days. On 18/10/2010, FBM KLCI simply could not find its sustaining power at 1,494.96 as many traders were not "buying" and were seen unloading

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instead. Because market had “fulfilled its goal” by making its presence above 1,500 level on 14/10/2010 after 21 months of ups and downs. And, when this target of 1,500 level was hit, traders that involved in pushing the market up withdrew from the game play by transferring a portion of their stock holdings to new hands for profits. This [explanation](#) should give you an idea of why some traders are better than others.

For today's market (20/10/2010), traders somehow can expect to find support at 1,470 level with stock index likely to hold itself in a sideways environment for a few days while trying to consolidate its position to regain its upward strength.

Can we still see the market trading above 1,500 level again ? 1,500 level to remain an important barrier psychologically as the last time this 1,500 level was broken, it was in 11/1/2008. And, 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 profit taking pressure.

What would the market do next after slipping back below 1,500 level on 14/10/2010 ? Traders would allow the market to take its own course of direction (a downward corrective move), for the stock index had been creeping upward since making its recent low of 1,445.33 (24/9/2010).

When can we expect to see the emergence of buying again ? This corrective pressure would continue as long as traders are not comfortable to re-establish stock positions, and positive sign would show up when these traders believe the right timing is around the corner. **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 at and above 1,500 level for the first 3 attempts.**

What were the strong hands doing

A check of internal market strength on 19/10/2010 showed that buying strength *improved* with strong hand(s) seen *acquiring a portion of buying positions*, and the net number of stock positions *disposed* from 12/10/2010 to 19/10/2010 was about **71%** of what was *acquired* between 4/10/2010 and 11/10/2010.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,440; but, 1,470 level should act as immediate support.

The analysis of overall daily market action(s) on 19/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,488.77.