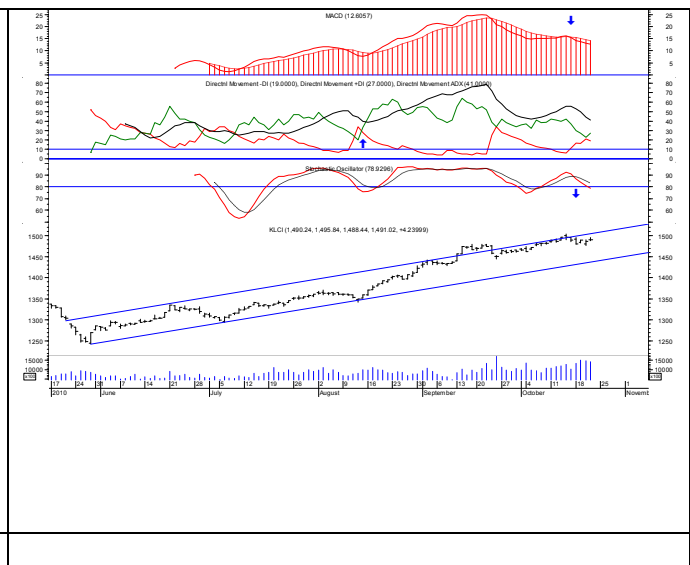


Technical Analysis – Daily FBM KLCI

	21/10/2010	20/10/2010
Open	1,490.24	1,480.32
High	1,495.84	1,490.03
Low	1,488.44	1,476.56
Close	1,491.02	1,486.78
Volume	1,429.3 m	1,488.8 m
Market Breadth		
Up	459	385
Down	301	408
Unchanged	316	293
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



A Re-Test of 1,500 Seen Unavoidable

Market Commentary :

Led by a weaker US dollar and the first interest rate hike in China in 3 years to fight inflation without leading to a drop in Shanghai Composite Index, DJIA had on 20/10/2010 gained **129.35** points to close at **11,107.97**.

The triple-digit rise in Wall Street sent a positive signal to Bursa Malaysia in the opening bell on 21/10/2010, FBM KLCI traded higher to a day high of **1,495.84** as traders rushed to play a buying game in anticipation of higher market. However, weak-follow thru buying power in area of **1,495.84** prompted light profit taking interest to roll in, and this pushed stock index down to a low **1,488.44** before settled at **1,491.02**.

The **rise** of **4.24** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Genm** (up **RM0.05** to **RM3.56**), **AMMB** (up **RM0.02** to **RM5.98**), **Sime Darby** (up **RM0.01** to **RM8.86**), **CIMB** (up **RM0.09** to **RM7.98**) and **IOI Corp** (up **RM0.02** to **RM5.80**).

What was the chart saying

Market came under buying support to go higher on 21/10/2010 despite the marginal down close scenario in the preceding day (20/10/2010). And, it was no surprise to see a higher market level, because market volume of 1.488 billion shares on 20/10/2010 was only slightly smaller than 1.489 billion shares registered on 19/10/2010. The rebound from day low to close near day high at **1,490.03** on 20/10/2010 showed the presence of **supporting buying interest** and a **non-aggressiveness** on the part of traders to sell down the market **at this point of time**.

Having rebounded on 20/10/2010 with another crossover into 1,490 level on 21/10/2010, **what would it imply for today's market (22/10/2010) ?** Stock index can be expected to make re-test 1,500 psychological level on 22/10/2010 or hold itself in a sideways environment for another 3

days before gearing up to re-test 1,500 level. And, chances appeared bright to see an upside breakout of 1,500 level on an intra-day basis on 22/10/2010.

However, 1,470 level must be protected even though the attempt to break above 1,500 level were to fail this round, for a downside breakout of 1,470 level would signal more downward plays, the market would then be likely to move down to 1,440 level before it could garner buying interest.

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.

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 21/10/2010 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 21/10/2010 was about 22% of what was acquired between 4/10/2010 and 11/10/2010 compared to 68% 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 1,440; but, 1,470 level should act as immediate support.

The analysis of overall daily market action(s) on 21/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,495.84.