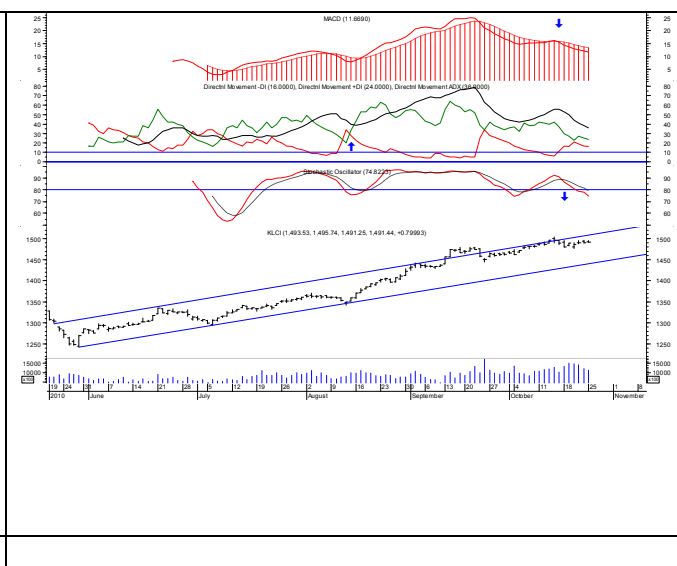


Technical Analysis – Daily FBM KLCI

	25/10/2010	22/10/2010
Open	1,493.53	1,494.59
High	1,495.74	1,496.48
Low	1,491.25	1,489.52
Close	1,491.44	1,490.64
Volume	1,131.1 m	1,225.8 m
Market Breadth		
Up	511	388
Down	268	370
Unchanged	310	297
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



Greater chance seen to upside breakout

Market Commentary :

Kept sidelined ahead of the meeting result in Korea among the G20 finance ministers and central bankers, DJIA had on 22/10/2010 lost **14.01** points to close at **11,132.56**.

The double-digit drop in Wall Street did not send negative signal to Bursa Malaysia in the opening bell on 25/10/2010, FBM KLCI traded to a day high of **1,495.74** as some traders decided to play a buying game. However, weak-follow thru buying power in area of **1,495.74** prompted profit taking interest to roll in, and this pushed stock index down to a low **1,491.25** before settled at **1,491.44**.

The **marginal rise** of **0.80** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga** (up RM0.01 to RM8.80), **AMMB** (up RM0.01 to RM5.98), **Sime Darby** (up RM0.02 to RM8.84), **Maybank** (up RM0.03 to RM8.93) and **IOI Corp** (up RM0.01 to RM5.80).

What was the chart saying

Market did not go higher on 25/10/2010 given the down close scenario in the preceding trading day (22/10/2010). And, it was no surprise to see a lower high market yesterday (25/10/2010), because the smaller market volume of 1.22 billion shares on 22/10/2010 compared to that of 21/10/2010 indicated the presence of resistance selling pressure. However, the rebound from day low to close near day high at **1,490.03** on 20/10/2010 had also shown 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**. **So, we basically saw a "balanced" buying and selling pressure in the past 3 days (21/10/2010 – 25/10/2010), "balanced" because traders with winning trades wanted to get out of the game and traders who were hopeful of seeing a higher market continued to absorb the stock selling positions.**

Having rebounded on 20/10/2010 with another staying power above 1,490 level on 25/10/2010, **what would it imply for today's market (26/10/2010) ?** Stock index can be expected to make re-test 1,500 psychological level on 26/10/2010 or hold itself in a sideways environment for another few days before gearing up to re-test 1,500 level. The **unwillingness** to test 1,500 level on **25/10/2010** somehow showed **non-readiness** on the part of traders to break the 1,500 level in a hurry when they knew time could play its role to dictate the market direction.

Nevertheless, 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 25/10/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **acquired** from 19/10/2010 to **25/10/2010** was about **31% more than** what was **disposed** between 11/10/2010 and 18/10/2010.

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 25/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,495.74 .