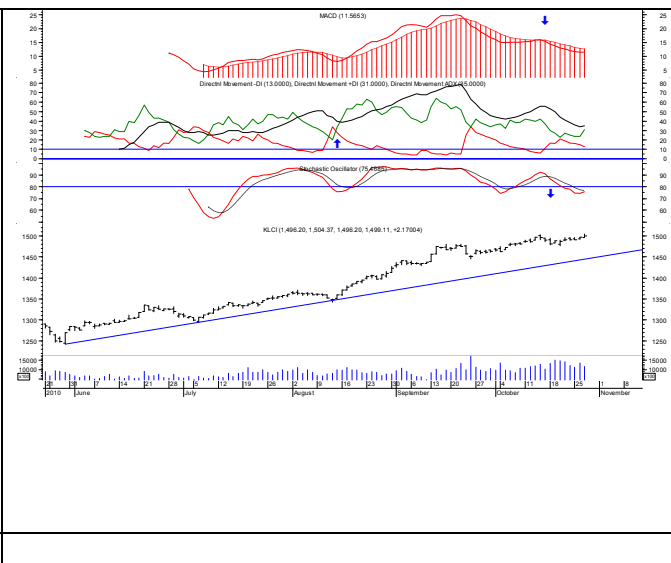


Technical Analysis – Daily FBM KLCI

	27/10/2010	26/10/2010	
Open	1,496.20	1,493.90	
High	1,504.39	1,496.94	
Low	1,496.20	1,491.81	
Close	1,499.11	1,496.94	
Volume	1,169.5 m	1,375.0 m	
Market Breadth			
Up	328	454	
Down	497	361	
Unchanged	283	284	
Indicators			
MACD	Sell	sell	
DM Index	Buy	buy	
Stochastics	Sell	sell	

Tug of War at 1,500 level

Market Commentary :

Dampened by disappointing results from Texas Instruments Inc., US Steel Corp, Bristol-Myers Squibb Co., DJIA had on 26/10/2010 only gained **5.41** points to close at **11,169.46**.

The single-digit rise in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 27/10/2010, FBM KLCI crossed into 1,500 zone to reach a day high of **1,504.37** as many traders decided to go ahead with the buying push. However, weak follow thru buying support at **1,504.37** prompted profit taking activity to roll in, and this put a pressure on stock index to close off day high at **1,499.11**.

The **rise** of **2.17** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.01** to **RM3.39**), **AMMB** (up **RM0.12** to **RM6.19**), **Hong Leong Bank** (up **RM0.14** to **RM9.15**), **CIMB** (up **RM0.07** to **RM8.15**) and **IOI Corp** (up **RM0.02** to **RM5.83**).

What was the chart saying

Market made its way into 1,500 zone on 27/10/2010 following the up close scenario in the preceding trading day (26/10/2010). And, it was no surprise to see a higher market yesterday (27/10/2010), because the higher market volume of 1.37 billion shares on 26/10/2010 compared to that of 25/10/2010 indicated the presence of buying pressure. Furthermore, 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 saw an up thrust into 1,500 zone on 27/10/2010 after the "balanced" buying and selling pressure in the past 4 days (21/10/2010 – 26/10/2010), " 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.

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Having broken above 1,500 level on an intra-day basis on 27/10/2010, **what would it imply for today's market (28/10/2010) ?** There was no fierce follow thru buying on 27/10/2010 after the crossover of 1,500 level, as the intra-day crossover was only a test to gauge the response of what other traders thought about the 1,500 level upside breakout. **Stock index can thus be expected to make a re-test of 1,500 psychological level on 28/10/2010 since there was no unusual resistance selling on 27/10/2010.**

However, 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.

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.

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 27/10/2010 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 19/10/2010 to **27/10/2010** was about **8% more than** what was **disposed** between 11/10/2010 and 18/10/2010 compared to **18% i** 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 27/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,504.37 .