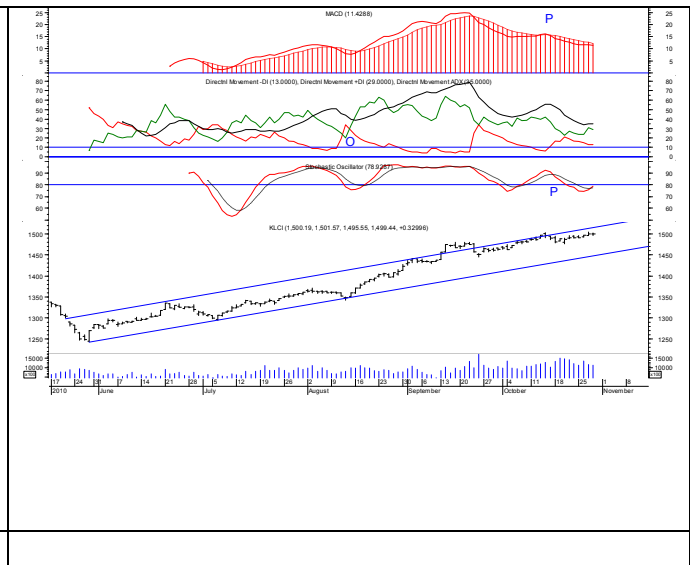


## Technical Analysis – Daily FBM KLCI

	28/10/2010	27/10/2010
Open	1,500.19	1,496.20
High	1,501.57	1,504.39
Low	1,495.55	1,496.20
Close	1,499.44	1,499.11
Volume	1,137.3 m	1,169.5 m
<b>Market Breadth</b>		
Up	350	328
Down	427	497
Unchanged	287	283
<b>Indicators</b>		
MACD	Sell	sell
DM Index	Buy	buy
Stochastics	Sell	sell



**Fought on to stay afloat .....**

### Market Commentary :

Held back by expectation of how aggressively Federal Reserve would act to stimulate the economy, DJIA had on 27/10/2010 lost **43.18** points to close at **11,126.28**.

The double-digit drop in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on 28/10/2010, FBM KLCI went into 1,500 zone to reach a day high of **1,501.57** as some traders chose to play on buying side. However, weak follow thru buying support at **1,501.57** prompted profit taking activity to roll in, and this put a pressure on stock index to a low of **1,495.55** before settled at **1,499.44**.

The **rise of 0.33** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.04 to RM8.87), **AMMB** (up RM0.10 to RM6.29), **MayBank** (up RM0.01 to RM8.98), **CIMB** (up RM0.04 to RM8.19) and **KLK** (up RM0.06 to RM19.56).

### What was the chart saying .....

Market continued to charge its way into 1,500 zone on 28/10/2010 following the up close scenario in the preceding trading day (27/10/2010). **Was it a surprise ?** No, there was no surprise to see a higher market yesterday (28/10/2010) even the market volume transacted on 27/10/2010 was smaller than that of the day earlier, because the stock index closing on 27/10/2010 was less than a point away from making its presence felt again above 1,500 level. 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 another up thrust into 1,500 zone on 28/10/2010 for 2 days in a row 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**

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game and traders who were hopeful of seeing a higher market continued to absorb the stock selling positions.

**Why can't the stock index sustain its position above 1,500 level on 28/10/2010 ?** The reluctance on the part of stock index to keep its footing above 1,500 level in the last 2 days was not something totally unexpected, because we had been **highlighting** this possibility **consistently** earlier in our market reports that .... "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 would it imply for today's market (29/10/2010) ?** There was again no fierce follow thru buying on 28/10/2010 after the crossover of 1,500 level, as the intra-day crossover was another test to gauge the response of what other traders thought about the 1,500 level upside breakout. **Stock index can be expected to make a re-test of 1,500 psychological level on 29/10/2010.**

**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.

**However, 1,475 level must be protected** even though the attempt to break above 1,500 level were to fail this round, for a downside breakout of 1,475 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.

### **What were the strong hands doing .....**

A check of internal market strength on 28/10/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **disposed** from 26/10/2010 to **28/10/2010** was about **33% of** what was **acquired** between 18/10/2010 and 25/10/2010.

### **Conclusion :**

**Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,440; but, 1,475 level should act as immediate support.**

**The analysis of overall daily market action(s) on 28/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,495.55 after making attempt to go higher than 1,501.57 .**