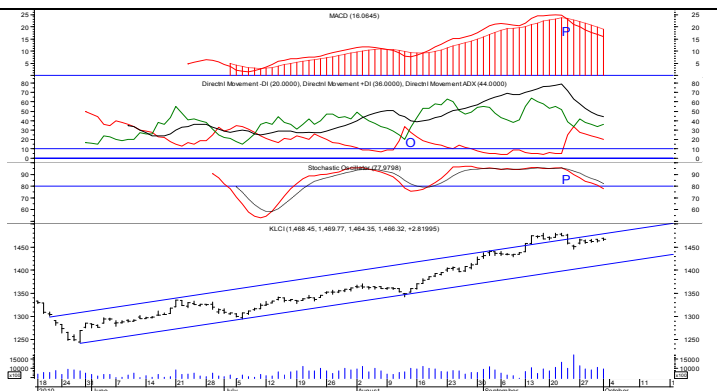


Technical Analysis – Daily FBM KLCI

	1/10/2010	30/9/2010
Open	1,468.45	1,465.84
High	1,469.77	1,466.21
Low	1,464.35	1,461.20
Close	1,466.32	1,463.50
Volume	973.8 m	1,051.7 m
Market Breadth		
Up	422	329
Down	327	399
Unchanged	267	280
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



Attempt to breakaway made

Market Commentary :

Held back by the conclusion of the market's strongest September in 71 years, DJIA had on 30/9/2010 shed 47.23 points to close at 10,788.05.

The double-digit drop in Wall Street again did not send an immediate dampening effect onto Bursa Malaysia in the opening bell on 1/10/2010, FBM traded higher to a day high of **1,469.77** as some traders took the chance to play on buying side. However, weak follow thru buying support in area of **1,469.77** prompted pre-weekend profit taking activity to roll in, this put a pressure on stock index to go down to a day low of **1,464.35** before settled at **1,466.32**.

The **gain** of **2.82** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.02** to **RM3.44**), **MayBank** (up **RM0.01** to **RM8.81**), **Hong Leong Bank** (up **RM0.04** to **RM9.15**), **Genting** (up **RM0.04** to **RM9.96**) and **KLK** (up **RM0.02** to **RM17.02**).

What was the chart saying

Market traded higher last Friday (1/10/2010) following the up close scenario in the preceding day (30/9/2010). Those traders that had played up the stock index on 30/9/2010 lifted the stock index above the high of 1,467.18 (27/9/2010), a possibly indication of seeing new attempt(s) to break away from the small platform established since 27/9/2010. We may have not seen a real breakaway yet; but, what we saw on 1/10/2010 at least was a "change" of the usual game play in the past 4 days (27/9/2010 – 30/9/2010). The usual game play here meant the **non-willingness** on the part of traders to either play up the market or play down the market on a more aggressive basis, and the rationale behind the non-aggressive was believed to have something to do with one single word – **PATIENCE**. In short, these traders were simply waiting for the game to come to them, and they knew how to play the game **RIGHT**.

Like what we said in our earlier reports : this market was looking for some forms of stability in an attempt to contain the positive trading sentiment that had been created lately. Market stability has always been viewed an important element in keeping the buying confidence, market would not go up if traders and investors do not find the right amount of confidence in the market. This can be seen from the trading range in the past 4 days (27/9/2010 – 30/9/2010) where the upside gap created on 27/9/2010 remained unfilled.

Ladies & gentlemen, what can be said about the market move on 27/9/2010 ? Firstly, a high portion of stock positions being liquidated on 24/9/2010, this can be seen from high market volume traded on that day. Secondly, the overnight gains of 197.84 points in Wall Street on 24/9/2010 prompted aggressive traders to establish stock positions on 27/9/2010, the sudden reversal game play on 27/9/2010 created an island bottom pattern indicating a possible change of downward move to a new upward move.

An interesting point to note here was the buying forces to keep the stock index from filling up the upside gap left behind on 27/9/2010. This gave an indication that market would have a greater tendency to go up north.

Would this reversal play be sustainable ? Well, the 13.52 points up on 27/9/2010 was undoubtedly very tempting for any traders to reconsider stepping back into the ring again; but, more technical evidence (*i.e. a return move above the upper line of upward sloping channel*) was needed as the corrective move started since 22/9/2010 was believed still in force. Thus, a small platform to consolidate the market fluctuation between 1,440 and 1,470 levels should be formed to neutralize the imbalance demand-supply relationships created earlier.

What were the strong hands doing

A check of internal market strength on 1/10/2010 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 15/9/2010 to 1/10/2010 was about 97% more than what was acquired between 8/9/2010 and 14/9/2010 compared to 101% in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level to remain at 1,400; but, 1,440 – 1,450 level should act as immediate support.

The analysis of overall daily market action(s) on 1/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,464.35.