



Technical Analysis – Daily FBM KLCI

	6/10/2010	5/10/2010	
Open	1,478.32	1,468.02	
High	1,483.25	1,472.32	
Low	1,476.05	1,466.93	
Close	1,479.61	1,472.19	
Volume	954.7 m	985.7 m	
Market Breadth			
Up	443	319	
Down	330	411	
Unchanged	283	290	
Indicators			
MACD	sell	sell	
DM Index	buy	buy	
Stochastics	buy	sell	

Ready to make a crossover of upper channel line

Market Commentary :

Led by a gain in confidence of the strengthening economy and likelihood of Federal Reserve to resume quantitative easing, DJIA had on 6/10/2010 shot up 193.45 points to close at 10,944.72.

The triple-digit rise in Wall Street sent an encouraging signal to Bursa Malaysia in the opening bell on 6/10/2010, FBM gapped up with only a day low of **1,476.05** as traders chose to play a buying game in anticipation of higher market level. Under greater buying support, stock index rose into 1,480 zone to a day high of **1,483.25** before settled at **1,479.61**.

The **rise of 7.42** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **IOI Corp (up RM0.01 to RM5.50)**, **KLK (up RM0.30 to RM17.40)**, **Hong Leong Bank (up RM0.15 to RM9.30)**, **Maybank (up RM0.04 to RM8.98)** and **GenM (up RM0.02 to RM3.55)**.

What was the chart saying

Market traded higher with a crossover of 1,475 level into 1,480 zone under an upside gap scenario yesterday (6/10/2010) following the inside bar in the preceding day (4/10/2010) and positive overnight gain in Wall Street.

There was no much of a surprise to see a higher market on 6/10/2010 as the market did not go lower on 5/10/2010 when it was expected so given the weak down close accompanied by market volume of 1.36 billion shares on 4/10/2010. **What had happened to KLCI on 5/10/2010 ?** Only a small portion of the 1.36 billion shares transacted on 4/10/2010 was actually linked to certain index component stock(s) sell-off, this explained why many traders did not show their interest to play a selling game on 5/10/2010.

The non-follow thru selling pressure on 5/10/2010 somehow gave certain amount of buying confidence to traders to establish stock positions the next day (6/10/2010) under the support of favourable developing external factor(s).

There was an upside breakout of small platform established from 27/9/2010 to 5/10/2010 on 6/10/2010, what would then be the next market play ? The upside breakout on 6/10/2010 carried a significance as it signified a breakaway from the range bound environment and provided a lead to traders to jump out of the usual game play pattern. **This fit into what we said in our earlier market reports** the **non-willingness** on the part of traders to either play up the market or play down the market on a more aggressive basis from 27/9/2010 to 5/10/2010, and the rationale behind the non-aggressive was believed to have something to do with one single word – **PATIENCE**. And, the important part here was that these traders waited for the game to come to them.

Ladies & gentlemen, this was what we called playing the **RIGHT** game. However, market had yet to cross over the upper channel line on 6/10/2010; thus, it would be a matter of time before new attempt(s) being made to lift the stock index higher. **Many traders were believed to have viewed the crossover of the upper line of upward sloping channel as a crucial sign to see stronger upward move ahead.**

The island bottom pattern formed as a result of upside gap scenario on 27/9/2010 remained in place at this juncture.

What were the strong hands doing

A check of internal market strength on 6/10/2010 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 **6/10/2010** was about **101%** more than what was **acquired** between 8/9/2010 and 14/9/2010 compared to **113%** 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 6/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,483.25.