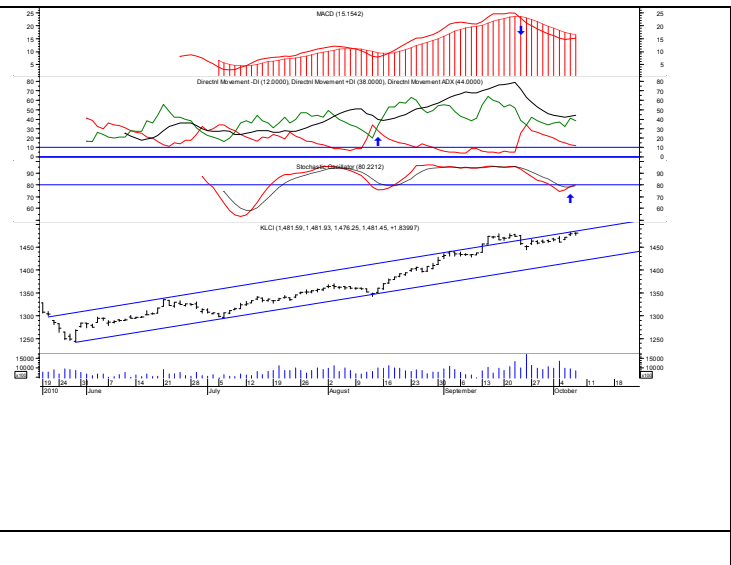


Technical Analysis – Daily FBM KLCI

	7/10/2010	6/10/2010	
Open	1,481.59	1,478.32	
High	1,481.93	1,483.25	
Low	1,476.25	1,476.05	
Close	1,481.45	1,479.61	
Volume	841.8 m	954.7 m	
Market Breadth			
Up	299	443	
Down	410	330	
Unchanged	303	283	
Indicators			
MACD	Sell	sell	
DM Index	Buy	buy	
Stochastics	Buy	buy	

Eyes on upper channel line

Market Commentary :

Due to renewed concern caused by a disappointing report on the jobs market, DJIA had on 6/10/2010 gained 22.93 points to close at 10,967.65.

The double-digit rise in Wall Street did not send strong signal to Bursa Malaysia in the opening bell on 7/10/2010, FBM only traded to a day high of **1,481.93** as traders decided not to chase the market into higher level in an over geared manner on concern of market overheating problem. In the absence of good buying support, light profit taking activity rolled in, this put a pressure on stock index down to **1,476.25** before rebounded to settle at **1,481.45** on selective buying of blue chip stock(s) in last few minutes. .

The **rise** of **1.84** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenP** (up **RM0.06** to **RM7.90**), **CIMB** (up **RM0.06** to **RM8.19**), **Hong Leong Bank** (up **RM0.01** to **RM9.31**), **Proton** (up **RM0.05** to **RM4.91**) and **GenM** (up **RM0.01** to **RM3.56**).

What was the chart saying

Market did not go higher on 7/10/2010 despite the crossover of 1,475 level into 1,480 zone with an upside gap scenario in the preceding day (6/10/2010). A lower high on 7/10/2010 was not something expected given the impressive upward move on 6/10/2010, for traders were seen rather aggressive in buying stocks. **What can be said about the lower high scenario on 7/10/2010 ?** Traders simply did not want to push the market up so fast for fear of running the stock index into overbought zone as the market had just done its pull back from 1,479.55 (17/9/2010) to 1,445.33 (24/9/2010), a small platform was subsequent formed to neutralize the demand-supply relationship created during the run up from 1,428.66 (8/9/2010) to 1,479.55 (17/9/2010).

Also, by not pushing the market harder to the upside yesterday gave an opportunity to some traders to further accumulate stocks before ramping up the market again. Bear in minds, the non-follow thru selling pressure on 5/10/2010 somehow already provided 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). **Moreover, there was an upside breakout of small platform established from 27/9/2010 to 5/10/2010 on 6/10/2010.**

The upside breakout on 6/10/2010 carried a significance as it led traders 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, these traders just knew how to play a **RIGHT** game, they had the **PATIENCE** and they waited for the game to come to them. **These 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.**

One last thing, the island bottom pattern formed as a result of upside gap scenario on 27/9/2010 remained in place at this juncture. All these friendly factors mentioned should give you a hint of the market behaviour on 7/10/2010.

What were the strong hands doing

A check of internal market strength on 7/10/2010 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 29/9/2010 to **7/10/2010** was about **28%** of what was **disposed** between 14/9/2010 and 28/9/2010 compared to **26%** 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 7/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,476.25 after making attempt to go higher than 1,481.93.