

Technical Analysis – Daily FBM KLCI

	13/9/2010	9/9/2010	
Open	1,439.26	1,433.60	
High	1,456.96	1,438.32	
Low	1,439.26	1,433.60	
Close	1,456.96	1,437.78	
Volume	843.1 m	449.6 m	
Market Breadth			
Up	542	402	
Down	218	162	
Unchanged	254	280	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	sell	

An eye to 1,500 level after 1,460 hurdle

Market Commentary :

Supported by new found optimism about the economy on improving confidence in consumers and labour market, DJIA had on 13/9/2010 gained 47.53 points to close at 10,462.77.

The double-digit gain in Wall Street sent a positive signal to Bursa Malaysia in the opening bell on 13/9/2010, FBM gapped up with a day low of **1,439.26** as traders chose to play on buying side in anticipation of higher market. Under greater buying pressure, stock index rose above immediate high of 1,441.80 to reach highest high of **1,456.96** since 18/1/2008 before settled at **day high** on last minute buying of selected blue chip stock(s).

The **rise of 19.18** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **IOI Corp (up RM0.13 to RM5.63)**, **Topglove (up RM0.32 to RM6.00)**, **PB Bank (up RM0.02 to RM12.30)**, **Maybank (up RM0.09 to RM8.51)** and **CIMB (up RM0.15 to RM8.05)**.

What was the chart saying

Market traded higher with an intra-day crossover of 1,450 level yesterday (13/9/2010) following the up close scenario in preceding trading day (9/9/2010) and overnight gains in Wall Street. And, the gapped up scenario created on 13/9/2010 indicated the urgency on the part of traders to establish stock positions. Higher market play on 13/9/2010 was not a surprise given the ability on the part of stock index to protect its position in area of 1,430 level on 8/9/2010 and 9/9/2010; furthermore, the lower market volumes on 8/9/2010 and 9/9/2010 showed no aggressive selling action to push the market down, this gave rise an opportunity to risk taking traders to buy stocks at cheaper level. Those who missed the buying on 9/9/2010 were seen willing to pay up higher to get some of the stock trades done on 13/9/2010.

What would this higher market on 13/9/2010 imply in coming days ? The market play pattern on 8/9/2010 and continued supportive buying to keep the stock index above 1,430 level on 9/9/2010 suggested the **"intention"** on the part of certain traders to hold up as much as they could at this juncture from making lower in attempt to contain the trading sentiment on friendly side **instead of** turning the market sentiment into negative by **"allowing"** the stock index to get lower under the present corrective mode.

The crossover into 1,450 zone on 13/9/2010 was a good attempt made to disassociate the early thought(s) of market going into "bearish" mode, and it had also helped to generate a new wave of market optimism with an eye to 1,500 level after a small hurdle at 1,460 level. Moreover, the bigger market volume at **843.1** million shares should be adequate to provide a convincing power in seeing a more sustainable market upward move to 1,500 level.

While there may be traders who were still looking for additional technical evidence to jump into the market; but, the degree of corrective move down to 1,428.66 (8/9/2010) from 1,441.80 (2/9/2010) was viewed "acceptable" given the way this market carried itself on 13/9/2010, this helped to resolve the overbought scenario created under the 14 up close days and only 1 down close day over a span of 15 trading days from 13/8/2010 to 2/9/2010.

Ladies & gentlemen, the up close at 1,437.78 on 9/9/2010 had given an indication that bearish traders were not playing an aggressive selling game, more buying was noted instead on 9/9/2010 compared to that of 8/9/2010. The immediate market support could thus now be pegged at 1,428 level instead of 1,420 – 1,425 level expected earlier.

What were the strong hands doing

A check of internal market strength on 13/9/2010 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 9/9/2010 to **13/9/2010** was about **70%** of what was disposed between 2/9/2010 and 8/9/2010 compared to **3%** 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 1,395; but, 1,428 level should act as immediate support.

The analysis of overall daily market action(s) on 13/9/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,456.96.