

Technical Analysis – Daily FBM KLCI

	21/9/2010	20/9/2010	
Open	1,471.15	1,470.73	
High	1,479.59	1,472.31	
Low	1,471.03	1,465.03	
Close	1,475.99	1,469.69	
Volume	1,049.6 m	850.7 m	
Market Breadth			
Up	368	316	
Down	345	417	
Unchanged	319	269	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	sell	sell	

Found support above upper channel line

Market Commentary :

Led by growing hopes of more action by Fed Reserve to prop up the economy, DJIA had on 20/9/2010 gained 145.77 points to close at 10,753.62.

The double-digit rise in Wall Street had again sent another friendly signal to Bursa Malaysia in the opening bell on 21/9/2010, FBM tested its immediate high of **1,479.59** (17/9/2010) as some traders took the chance to play a buying game in anticipation of higher market. However, non-follow through buying support in area of **1,479.59** prompted renewed selling pressure to roll in, this pushed stock index down to **1,471.03** before rebounded to settle at **1,475.99**.

The **rise** of **6.30** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **KLK** (up RM0.18 to RM17.16), **GenM** (up RM0.18 to RM10.36), **RHB Cap** (up RM0.01 to RM7.01), **GenM** (up RM0.41 to RM3.64) and **Bursa Malaysia** (up RM0.01 to RM7.70).

What was the chart saying

Market traded higher yesterday (21/9/2010) with an attempt to break above the immediate high of 1,479.59 (17/9/2010) following the up close scenario in preceding day (20/9/2010); but, the buying interest that pushed the stock index upward was not really aggressive enough to see the market trading higher than 1,479.59 level at this juncture. The higher high on 21/9/2010 was **not** something unexpected, because the rebound towards the day end trading on 20/9/2010 indicated there were certain traders wanted to keep this market on the upper range despite the inside day bar on 15/9/2010.

What would be the one thing in traders' mind right now after making to a high of 1,474.44 on 14/9/2010 ? Well, the rally to **1,474.44** had certainly made many investors happy again; but, one thing for sure the market run up would raise the **question** of whether this was a

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sustainable rally or just as another move to the top of a trading range (1,500 – 1,530). The answer would be to approach the market with caution despite the bullish trading sentiment.

So, the higher market to 1,479.59 on 17/9/2010 followed by weak down close was a sign of seeing a continuing higher level on 20/9/2010 then with another day high of 1,479.59 on 21/9/2010 ? The way market acted on 17/9/2010 implied the emergence of selling pressure, and the buying strength was not really being felt after 14/9/2010. A consolidation was seen made in an effort to neutralise the imbalance demand-supply relationship created in recent run up, for the stock index had shot up 45 points since the day low of 1,428.66 on 8/9/2010.

The attempt made to break thru 1,479.59 level on 21/9/2010 was good, and it quite a convincing one, and those who had started the ball rolling on 21/9/2010 would likely be making a similar attempt to pull the stock index up again on 22/9/2010.

What were the strong hands doing

A check of internal market strength on 21/9/2010 showed that buying strength weakened with strong hand(s) seen disposing another portion of buying positions, and the net number of stock positions acquired from 9/9/2010 to 21/9/2010 was about 75% of what was disposed between 2/9/2010 and 8/9/2010 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 1,395; but, 1,450 level should act as immediate support.

The analysis of overall daily market action(s) on 21/9/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,479.59.