

Technical Analysis – Daily FBM KLCI

	28/9/2010	27/9/2010	
Open	1,463.41	1,458.73	
High	1,465.47	1,467.18	
Low	1,457.80	1,456.30	
Close	1,459.64	1,464.71	
Volume	976.9 m	1,158.4 m	
Market Breadth			
Up	244	469	
Down	493	292	
Unchanged	289	276	
Indicators			
MACD	sell	sell	
DM Index	buy	buy	
Stochastics	sell	sell	

A move beyond upper line of channel necessary

Market Commentary :

Concerned about the health of Europe's banking sector over the excitement in corporate deal making, DJIA had on 27/9/2010 shed 48.22 points to close at 10,812.04.

The double-digit drop in Wall Street affected the trading sentiment at Bursa Malaysia in the opening bell on 28/9/2010, FBM traded only to a day high of **1,465.47** as traders decided to down play the game on buying side. In the absence of stronger buying support in area of **1,465.47**, renewed selling interest rolled in, this put a pressure on stock index to a day low of **1,457.80** before settled at **1,459.64**.

The **drop** of **5.07** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **KLK** (down **RM0.02** to **RM16.90**), **PB Bank** (down **RM0.04** to **RM12.52**), **CIMB** (down **RM0.02** to **RM8.23**), **GenM** (down **RM0.04** to **RM3.41**) and **Tenaga Nasional** (down **RM0.12** to **RM8.88**).

What was the chart saying

Market did not trade higher yesterday (28/9/2010) despite the gapped up scenario in the preceding day (27/9/2010). Those traders that had lifted the stock index on 27/9/2010 were seen not in a hurry to stage an immediate follow thru buying interest the next day (28/9/2010), **why ?** Trying to find out what were actually in traders minds can never be easy; but, what can be figured out here was believed to have something to do with one single word – **PATIENCE**. These traders were not chasing the game, and they were simply waiting for the game to come to them. They knew how to play the game **RIGHT**.

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 have confidence in the market.

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.

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 28/9/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions disposed from 15/9/2010 to 28/9/2010 was about 138% more than what was acquired between 8/9/2010 and 14/9/2010 compared to 111% 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 28/9/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,457.80.