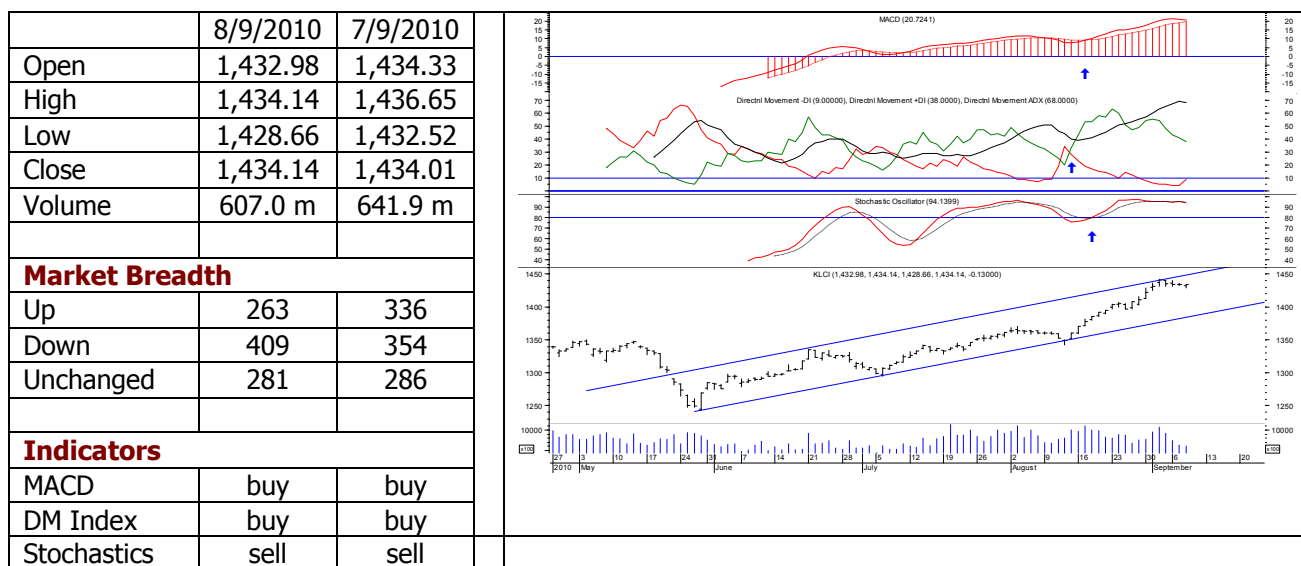


Technical Analysis – Daily FBM KLCI



Tried hard to stay above 1,430 level

Market Commentary :

Concerned over Europe’s debt problems about reports on banks in Europe likely to have more risky government debt on their books than was disclosed during “stress tests”, DJIA had on 7/9/2010 shed 107.24 points to close at 10,340.69.

The triple-digit loss in Wall Street dampened the trading sentiment to Bursa Malaysia in the opening bell on 8/9/2010, FBM traded below 1,430 to a day low of **1,428.66** as traders were seen not interested to play on buying side in anticipation of lower market. In the absence of stronger buying pressure, stock index kept its position on the low end throughout most of the trading sessions before rebounded to settle at day high of **1,434.14 on last minute buying**.

The **fall of 0.13** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **PetDag** (down RM0.30 to RM11.20), **Topglove** (down RM0.26 to RM5.58), **CIMB** (down RM0.05 to RM7.95), **Maybank** (down RM0.01 to RM8.41) and **AMMB** (down RM0.10 to RM5.83).

What was the chart saying

Market traded lower than previous day low of 1,432.52 yesterday (8/9/2010) given the down close scenario in preceding day (7/9/2010) and 107 points loss overnight loss in DJIA. The lower low market play on 8/9/2010 was not much of a surprise given a lower 640 million shares traded on 7/9/2010; moreover, the higher market volume above 1 billion shares on 2/9/2010 which was supposed to lift the market in a more convincing manner had also not been successful in carrying out the “expectation” the next market day (3/9/2010). These 2 unfavourable factors had made many traders to stay sidelines.

So, what would likely happen to the market next after 3/9/2010 ? The inability on the part of stock index to go higher than 1,441.80 on 3/9/2010 may be dampening the bullish mood that had been created this while; but, we must also recognized the fact that this market had broken above 1,420 hurdle on 30/8/2010 to come up this high of 1,441.80 (2/9/2010) without any notable profit taking activity. There was buying interest in the market from 6/9/2010 to /9/2010 except that they were not strong enough to overcome the selling interest in a more convincing manner, this capped stock index from climbing higher.

Can KLCI make a comeback to test 1,450 level ? At a day high of 1,441.80 (2/9/2010), KLCI was only 8.20 points away from the anticipated upside target of 1,450 level; furthermore, the market run-up of **99.73** points from low of 1,342.07 (12/8/2010) to a high of **1,441.80** (2/9/2010) in **15** days was believed to be viewed over-extended in the eyes of many traders especially with 14 up close days and only 1 down close day. In fact, this market was supposedly due for a corrective move to go downward if it were not because of the unusual market force that continued to keep the up play in the game from 26/8/2010 to 2/9/2010. Thus, **any comeback up would depend on the degree of market correction.**

The way market carried itself in the past 2 days (6/9/2010 - 7/9/2010) seemed to suggest that bearish traders were unwilling to initiate a more aggressive selling game play, and they chose to be conservative at this juncture. However, more traders seen to have taken the initiative to sell first on 8/9/2010 with an eye to see this market to fall to 1,420 – 1,425 levels in next 2 – 3 days.

What were the strong hands doing

A check of internal market strength on 8/9/2010 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 3/9/2010 to *8/9/2010* was about *36%* more than what was acquired between 26/8/2010 and 2/9/2010.

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, 1,420 level should act as immediate support.

The analysis of overall daily market action(s) on 8/9/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,428.66.