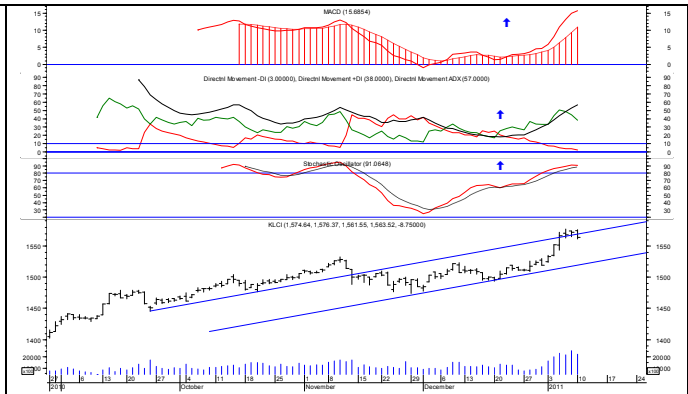




Technical Analysis – Daily FBM KLCI

	10/1/2011	7/1/2011
Open	1,574.64	1,573.48
High	1,576.37	1,573.63
Low	1,561.55	1,564.29
Close	1,563.52	1,572.21
Volume	2.22 b	2.53 b
Market Breadth		
Up	427	526
Down	478	324
Unchanged	233	301
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Pullback on card

Market Commentary :

Dampened by a lacklustre jobs report and a court ruling in a key foreclosure case, DJIA had on 7/1/2011 **shed 22.55** points to close at **11,674.76**.

The double-digit **drop** in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on **10/1/2011**, FBM KLCI traded higher in an attempt to beat record high of 1,576.95 (6/1/2011) as some traders chose to play a buying game; but, it fell short by a marginal 0.58 point with a day high of **1,576.37**. The non-follow thru buying support to go higher than **1,576.37** prompted profit taking activity to roll in, and this put a pressure on stock index down to a day low of **1,561.37** before settled **1,563.52**.

The **drop** of **8.69** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **TM (down RM0.09 to RM3.64)**, **Public Bank (down RM0.12 to RM13.42)**, **GenM (down RM0.01 to RM3.52)**, **Topglove (down RM0.02 to RM5.40)** and **IOI Corp (down RM0.02 to RM5.99)**.

What was the chart saying

Market made another good endeavour to test its peak of 1,576.95 yesterday (10/1/2011) following the up close scenario last Friday; but, market **could not** garner enough ammunition to push the stock index thru this high point with only 0.58 point short.

The lower high market level on 10/1/2011 was not something unexpected even though there was a strong buying power on 7/1/2011 with stock index managed to close near day high on the back of 2.53 billion shares. **Why a day of lower high market on 10/1/2011 ? Like we had said in our market report written on 6/1/2011 for 7/1/2011**, the **settlement values** of KLCI on 5/1/2011 and 6/1/2011 sat on the upper line of the upward sloping channel, and this indicated that traders respected the upper band of the channel even though the market trading mood was bullish.

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Ladies & gentlemen, the market turnaround on 3/1/2011 had provided us the hint on what was in traders' mind. **Would the high of 1,573.63 on 7/1/2011 be pointing to a lower market today (10/1/2011) ?** Technically, we should begin to see a pull back after the recent strong run up, and the market momentum was also seen to have been tapered off. **Wasn't 1,563 level being broken on 5/1/2011 accompanied by 2 subsequent up closes on 6/1/2011 and 7/1/2011 ? The 3 up closes above 1,563 level on 5/1/2011, 6/1/2011 and 7/1/2011 were encouraging and should lead to higher market level; but, an internal market weakness was seen to be shaping up in the same time.**

Market volume was 2.22 billion shares on 10/1/2011 compared to 2.53 billion shares on 7/1/2011. **What can be said about that ?** The decrease in market volume indicated less buying participation in the game play; but, the ratio of advancers/decliners was 427/478 on 10/1/2011 as compared to 526/324 on 7/1/2011 and 570/295 on 6/1/2011.

Given what happened on 10/1/2011, what would the market do next ? The lower high market on 10/1/2011 was not friendly, a lower market level on 11/1/2011 can be expected as more traders would likely be choosing to lock in their profits on winning trades in anticipation of a more pullback after failing to cross over resistance at 1,577 level in the past 3 trading days (6/1/2011 – 10/1/2011).

What were the strong hands doing

A check of internal market strength on 10/1/2011 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions acquired from 17/12/2010 to 10/1/2011 was about 100% more than what was liquidated between 9/12/2010 and 16/12/2010 compared to 140% in the preceding trading day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,500.

The analysis of overall daily market action(s) on 10/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,561.55.