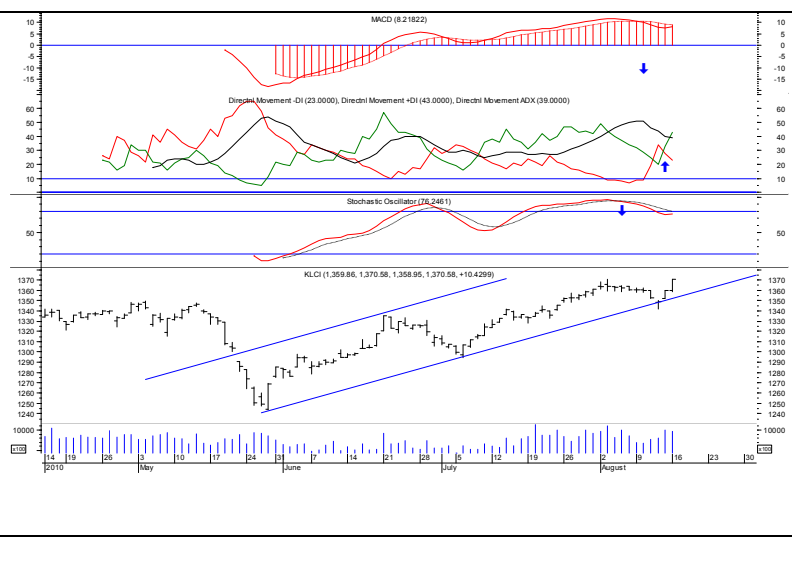


Technical Analysis – Daily FBM KLCI

	16/8/2010	13/8/2010	
Open	1,359.86	1,351.80	
High	1,370.58	1,360.15	
Low	1,358.95	1,351.80	
Close	1,370.58	1,360.15	
Volume	973.5 m	996.0 m	
Market Breadth			
Up	405	502	
Down	320	228	
Unchanged	261	269	
Indicators			
MACD	sell	sell	
DM Index	buy	buy	
Stochastics	sell	sell	

Immediate high of 1,370.52 broken upside

Market Commentary :

Dampened by a mixed slate of economic data showing higher consumer prices and retail sales in July 2010 and slightly better consumer temperament in August, DJIA had on 13/8/2010 shed 16.80 points to close at 10,303.15.

The double-digit drop in Wall Street caused a minimal knee-jerk reaction to Bursa Malaysia in the opening bell on 16/8/2010, FBM KLCI only traded to an intra-low of **1,358.95** as traders chose **NOT** to be aggressive in selling. In the absence of stronger selling pressure in area of **1,358.95**, renewed buying support rolled in, this lifted stock index back up to above 1,370 level with a day high of **1,370.58** before settled at **day high**.

The **rise** of **10.43** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM (up RM0.01)**, **Sime Darby (up RM0.03)**, **KLK (up RM0.04)**, **Maybank (up RM0.22)** and **Genting (up RM0.54)**.

What was the chart saying

Market continued to go higher with a crossover of immediate high of 1,370.52 on 14/8/2010 following the gapped up scenario on 13/8/2010 under a higher market volume. The re-entry into 1,370 zone yesterday was not a surprise because the market had in preceding market day (13/8/2010) made a good recovery to close comfortably strong after dipping to a day low of 1,342.07 on 12/8/2010. Moreover, the market had also been holding well above 1,350 level since 26/7/2010, and certain base should have been established to cushion a fall below this level.

That explained what we said in our market report written on 12/8/2010 for 13/8/2010, it remained **premature to make a confirmed judgement that we would not**

see this market to trade above 1,350 level again as the we need to see at least a settlement below 1,350 level for 3 days in a row.

So, market managed to recover its lost ground above 1,350 level on 13/8/2010, did it mean a return of bullish play ? To do this, let's put a few things together in an attempt to establish what these market rebounds on 12/8/2010 and 13/8/2010 mean for the coming market play(s). Firstly, market could not break its way thru resistance between 1,365 and 1,370 level, and traders were not keen to play an aggressive buying game. We subsequently saw the market trading sideways in the vicinity of 1,360 level before greater wave of selling pressure pulled the stock index farther away to 1,342.07 on 11/8/2010 and 12/8/2010 **the sell-off ? We said in our market report for 12/8/2010 that** the market pull down on 11/8/2010 may have increased the market risk exposure to go downward (FYI: market traded down to a day low of 1,342.07 on 12/8/2010). Bears, having struggled to win the battle on 10/8/2010 managed to win by a bigger margin on 11/8/2010. The lower low on 11/8/2010 suggested that market was looking for a wider stabilization base despite the earlier small base between 1,358.52 and 1,364.82 levels (5/8/2010 – 10/8/2010).

The wider base can be viewed negatively, because the breakaway from existing small trading range signified stronger pressure to sell However, on a friendly context, the breakaway can also be interpreted as a way to flush out weak hands.

The rebound from day low of 1,342.07 to day high of 1,350.22 on 12/8/2010 had put this market back into the upward sloping channel (drawn on chart), this carried certain amount of good "info" inside, and this friendly "info" would likely be the supportive force to keep the stock index to the upside within the channel at this juncture.

The crossover into 1,370 zone would pave the way for stock index to next high of 1,380 – 1,420 level. And, this upside target seen attainable given the return of same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions in the period between 5/8/2010 and 10/8/2010.

What were the strong hands doing

A check of internal market strength on 16/8/2010 showed that buying strength improved with strong hand(s) seen acquiring another portion of buying positions, and the net number of stock positions established from 30/7/2010 to 16/8/2010 was about 117% more than what was bought between 22/7/2010 and 29/7/2010.

Conclusion :

Market outlook turned friendly following the crossover of downside penetration of 20-day MA on 16/8/2010 with key market support level to remain at 1,350.

The analysis of overall daily market action(s) on 16/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,370.58.