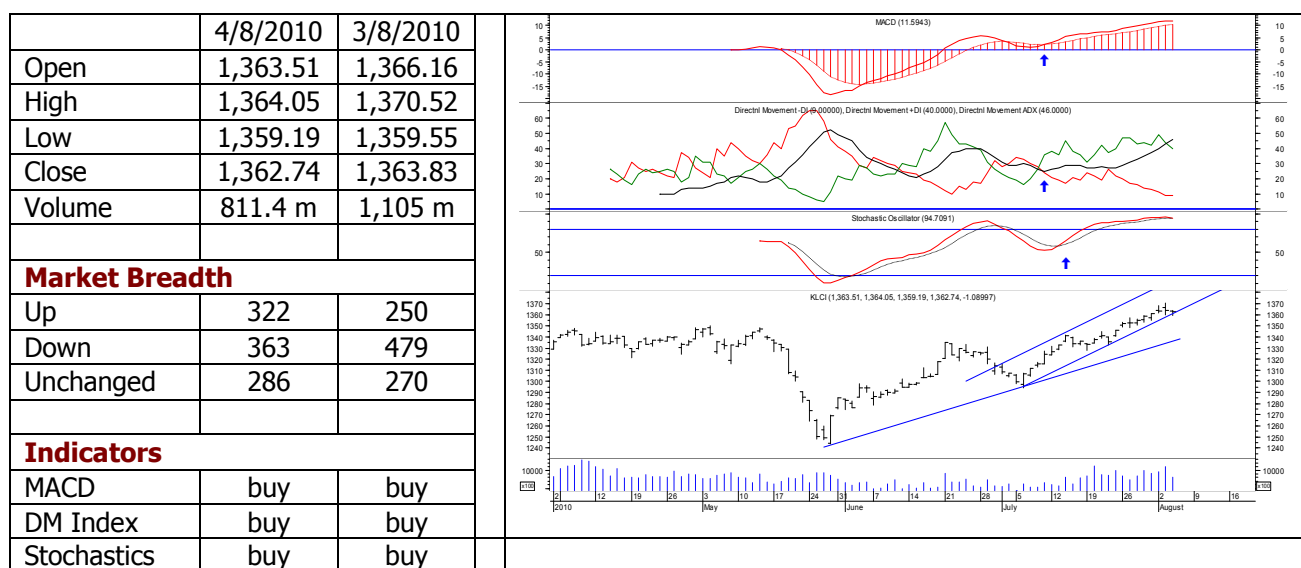


Technical Analysis – Daily FBM KLCI



Selling pressure remained in sight

Market Commentary :

Dampened by below than expected earnings from Procter & Gamble and Dow Chemical Co., and drop in factory orders in June 2010, DJIA had on 3/8/2010 lost 38.00 points to close at 10,636.38

The double-digit loss in Wall Street was viewed negatively by Bursa Malaysia in the opening bell on 4/8/2010, FBM KLCI only traded to an intra-day high of **1,364.05** as traders decided not to play a buying game in anticipation of lower market. In the absence of good buying support near **1,364.05**, profit taking activity rolled in, and this pushed the stock index down below 1,360 level with a day low of **1,359.19** before settled at **1,362.74**.

The **fall** of **1.09** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.06), **Genting** (down RM0.04), **Petgas** (down RM0.02), **GenM** (down RM0.01) and **Sime Darby** (down RM0.02).

What was the chart saying

Having traded higher high with intra-day upside breakout of 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlement above 1,365 level in those 2 days, market could not find the same excitement to go higher on 4/8/2010. There was this attempt to cross over 1,365 level on 4/8/2010 following the marginal up close scenario with 1.10 billion shares in the preceding day (3/8/2010); but, somehow that volume was not seen forceful enough to create a more aggressive follow thru buying.

The inability on the part of stock index to go higher than 1,365 level did not pose a surprise as traders had shown the uneasy sign on 2/8/2010 & 3/8/2010 when market approached 1,370 level.

Market traded lower on 4/8/2010 without a cross over of 1,365 hurdle. So, what would likely to happen next ? In the immediate short term, market found its' top between 1,365 and 1,370 level.

Let's do a recap of recent market happenings.

On 3/8/2010, market went higher to trade into 1,370 zone. **Logically**, traders should have felt the kind of trading excitement at that level and driven by the desire to join in the game. Somehow, we did not get to see the expected hu...ha. This reflected the psychological aspect of trading game, many traders and investors have obviously learnt the market lessons the hard way during the previous downturns. On 2/8/2010, traders displayed the same psychological behaviour as market traded near the high of 1,368.43 where traders also decided to take a portion of profits on winning trades despite the upside gap created. **In shorts, traders adopted a cautious play tactic and were unwilling to buy up stocks for the sake chasing the game.**

On 29/7/2010, the higher low and lower high market move had helped to **clear away** the uncertainty scenario brought by inside day bar on 28/7/2010, the inside day bar on 28/7/2010 was believed to have resulted from cautious play by traders following the market crossover into 1,350 zone.

If you could also recall the market play on 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue, **what happened at the end of that trading day ?** Market ended with a marginal up close, **this indicated the presence of selling pressure in the vicinity of 1,357, and explained the unwillingness on the part of bullish traders to aggressively push the market upward on 28/7/2010.**

And, we had said in our earlier market reports that "With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ? 1,365 level** is envisaged as a hurdle for KLCI in the immediate short term." So, this 1,365 level was taken out during the day on 2/8/2010, **would it mean 1,365 no longer serve a hurdle ? The upside violation of 1,365 level was on intraday basis, and 1,365 level remained a valid hurdle and would continue to act as resistance for a minimum of 3 consecutive days on close basis.**

This market is seen slowly entering a **sideways phase**; however, this does not mean to say that market would not go up anymore from present level, bear in minds there is not such thing as "sure thing" in stock market, and attempt(s) to prop up the market higher nearer to 1,365 level can still be made. **FYI, as day passes by, the resistance point on an upward sloping trendline extended from low of 1,040 (22/6/2009) to connect the other low of 1,224 (9/2/2010) would also be moving higher; thus, range of resistance should now be in between 1,365 and 1,370 level.**

What were the strong hands doing

A check of internal market strength on 4/8/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing another portion of buying positions**, the number of stock positions liquidated from 30/7/2010 to **4/8/2010** was about **3%** more than what was acquired between 22/7/2010 and 29/7/2010.

Conclusion :

Market outlook continued to be friendly with settlement on 4/8/2010 above 50-day moving average. And, the key market level to watch would be 1,350.

The analysis of overall daily market action(s) on 4/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,359.19.