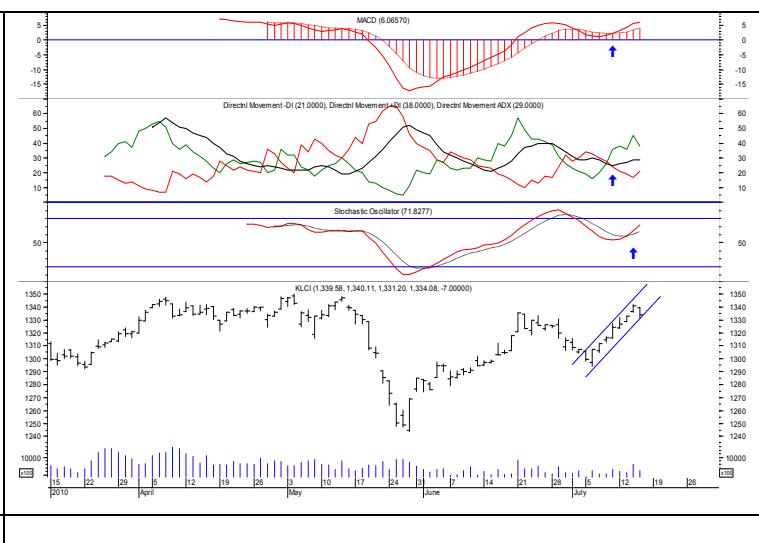


Technical Analysis – Daily FBM KLCI

	15/7/2010	14/7/10
Open	1,339.58	1,336.65
High	1,340.11	1,341.96
Low	1,331.20	1,335.72
Close	1,334.08	1,341.08
Volume	618.7 m	801.6 m
Market Breadth		
Up	242	506
Down	390	194
Unchanged	289	269
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Profit taking activity to continue

Market Commentary :

Feeling uneasy over the strength of economic recovery on Fed's economic report, DJIA had on 14/7/2010 only registered a marginal gain of 3.7 points to close at 10,366.72.

The single-digit gain in Wall Street failed to spark another follow thru buying support to Bursa Malaysia in the opening bell on 15/7/2010, FBM KLCI only traded to a day high of **1,340.11** as traders decided not to play an aggressive buying game after 7 days' of winning streak. In the absence of good buying support to lift the market higher than 1,340.11, profit taking activity rolled in, this pushed stock index down to a low of **1,331.20** before settled at **1,334.08**.

The **fall of 7.0** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Sime Darby (down RM0.03)**, **IOI Corp (down RM0.05)**, **Maybank (down RM0.02)**, **Axiata (down RM0.04)** and **TM (down RM0.01)**.

What was the chart saying

Market did not find follow thru buying interest above 1,340 level yesterday (15/7/2010) after chalking up 801.6 million shares on an up close scenario in the preceding day (14/7/2010). The **drop** in buying interest on 15/7/2010 was a little surprise as the higher market volume on 14/7/2010 indicated that risk taking traders that had missed their buying entries in area of 1,294 on 6/7/2010 were compelled to make the move on 14/7/2010.

With market broke above 1,335.31 (21/6/2010) into 1,340 zone on 14/7/2010, did it mean an end to this market uncertainty ? To the least extent, we saw a market recovering back up above 1,320 level which was violated on the downside on 29/6/2010, this constituted an encouraging sign. Furthermore, the market volume at **801.6** shares on 14/7/2010 was also higher than the 20-day moving average market volume of **614 million** shares. **An end to market**

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uncertainty ? Not sure about that; but, the better buying interest on 14/7/2010 should pave the way for more upside. Unless, the market is approaching a resistance selling area; otherwise, this kind of market volume day should provide another day of follow thru buying support.

Where can we expect to see resistance in this market ? 1,350 level is envisaged as a hurdle for KLCI in the immediate short term. And, given the recent run up for 7 consecutive days, there is a high chance that this market would run into resistance selling pressure in coming 2 days (15/7/2010 & 16/7/2010).

On 12/7/2010, the market hit the downward sloping upper line of the triangle pattern, followed by a higher high the next day (13/7/2010). Given such a friendly market scenario, traders should be induced to buy in early part of trading session today (15/7/2010) before deciding on profit taking in the afternoon session ahead of weekend Apparently, traders did not wait for the market to go closer to 1,350 level on 15/7/2010, they took a portion of their profit on winning trades as soon as market failed to display the necessary strength to push the stock index into higher high.

After a small round of pause (corrective move from low of 1,294 to 1,341), this market would be expected to re-gear itself above 1,350 level.

So, market took a down move on 15/7/2010, how low can the stock index go ? Since this market decided to take an early correction before hitting 1,350 level, the immediate market support level would be 1,320 – 1325 level.

What were the strong hands doing

A check of internal market strength on 15/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 15/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 26% from 18% in the preceding trading day (14/7/2010).

Conclusion :

Market outlook remained friendly in the short term with settlement on 15/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 15/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,340.11.