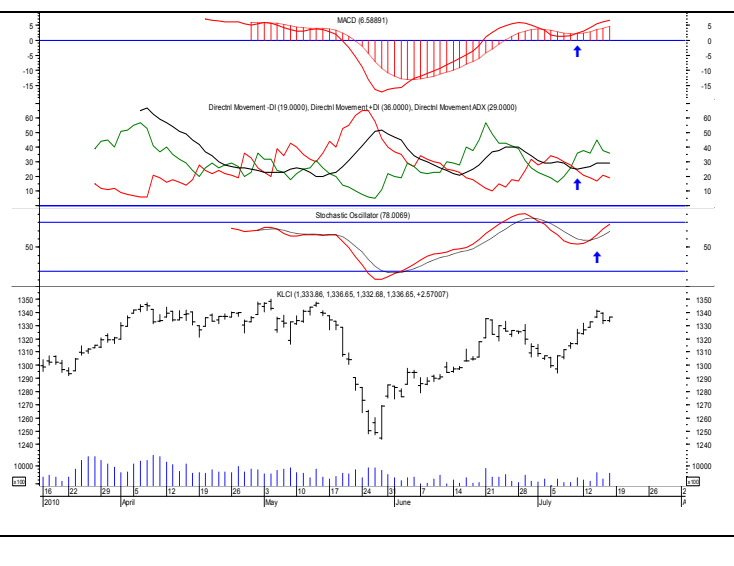


Technical Analysis – Daily FBM KLCI

	16/7/2010	15/7/2010
Open	1,333.86	1,339.58
High	1,336.65	1,340.11
Low	1,332.68	1,331.20
Close	1,336.65	1,334.08
Volume	793.6 m	618.7 m
Market Breadth		
Up	476	242
Down	206	390
Unchanged	263	289
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Risk Taking Buying Interest Made A Comeback

Market Commentary :

Dampened by uncertainty over Goldman Sachs' settlement on its civil fraud charges, DJIA had on 15/7/2010 lost 7.41 points to close at 10,3359.31.

The single-digit loss in Wall Street did not spark another round of selling pressure to Bursa Malaysia in the opening bell on 16/7/2010, FBM KLCI only traded to a day low of **1,332.68** as traders chose not to play on selling game. In the absence of stronger selling pressure to push the market lower than **1,332.68**, renewed buying interest rolled in, this lifted stock index to a high of **1,336.65** before settled at **day high**.

The **rise** of **2.57** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.01), **Tanjong** (up RM0.22), **Genting** (up RM0.12), **Maybank** (up RM0.01) and **GenM** (up RM0.02).

What was the chart saying

Market saw no follow thru selling interest with day low above 1,330 level yesterday (16/7/2010) after the weak down close in the preceding day (15/7/2010). The **increase** in buying interest on 16/7/2010 was a little surprise as market was expected to undergo another round of selling pressure given the winning streak for 7 days (except 15/7/2010) since 6/7/2010.

The higher market volume on 16/7/2010 seemed to have indicated a return of bargain buying interest from those risk taking traders that had missed their buying entries in area of 1,294 on 6/7/2010 after making their buying presence 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 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.**

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.

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 on 15/7/2010.**

After a small round of pause (corrective move from low of 1,294.37 on 6/7/2010 to high of 1,341.96 on 14/7/2010), 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 on 15/7/2010, the immediate market support level would be 1,320 – 1325 level. **However,** if this market were to hold its position above 1,324 level in next 2 days (19/7/2010 & 20/7/2010), then we would likely to see a faster buying pace to push this market higher than 1,350 level.

What were the strong hands doing

A check of internal market strength on 16/7/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions,** the number of stock positions established on **16/7/2010** added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **32%** from **26%** in the preceding trading day (15/7/2010).

Conclusion :

Market outlook remained friendly in the short term with settlement on 16/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 16/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,336.65.