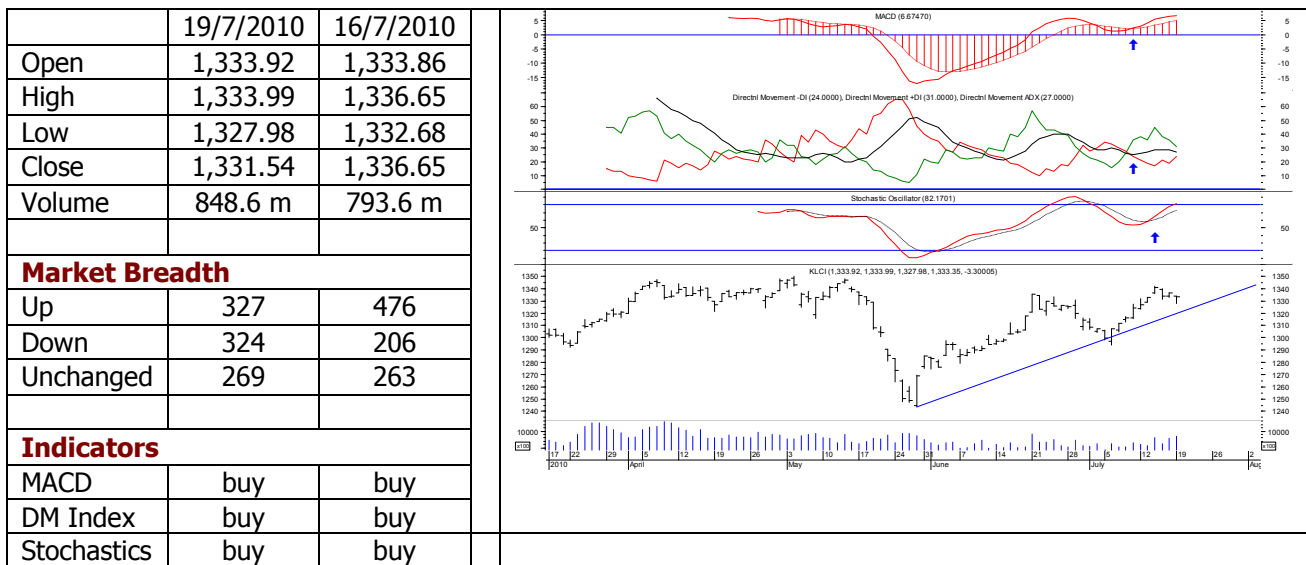


Technical Analysis – Daily FBM KLCI



Trying hard to stay above 1,324 level

Market Commentary :

Worried over a lower estimate of US economic growth by Federal Reserve and report from University of Michigan showing a drop in consumer confidence last Friday, DJIA had on 16/7/2010 lost 261.41 points to close at 10,097.90.

The triple-digit loss in Wall Street triggered another round of selling pressure to Bursa Malaysia in the opening bell on 19/7/2010, FBM KLCI traded down to a day low of **1,327.98** as traders chose to play on selling game in anticipation of lower market. However, in the absence of stronger selling pressure to push the market lower than **1,327.98**, renewed buying interest rolled in, and this lifted stock index back up to settle near day high at **1,333.35**.

The **fall** of **3.30** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.05), **Sime Darby** (down RM0.06), **CIMB** (down RM0.01), **Maybank** (down RM0.01) and **GenM** (down RM0.03).

What was the chart saying

Market saw follow thru selling interest with day low below 1,330 level yesterday (19/7/2010) despite an up close scenario last Friday (16/7/2010). It was not much of a surprise to see this market making a lower low on 19/7/2010 as market has already been expected to undergo selling pressure earlier given the winning streak for 7 days (6/7/2010 – 14/7/2010). And, the buying support that showed up on 16/7/2010 was believed to have come 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 expected strength to push the stock index into higher high on 15/7/2010.**

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 19/7/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions,** the number of stock positions established on **19/7/2010** added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **41%** from **32%** in the preceding trading day (16/7/2010).

Conclusion :

Market outlook remained friendly in the short term with settlement on 19/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 19/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,327.98 after making attempt to go higher than 1,333.99.