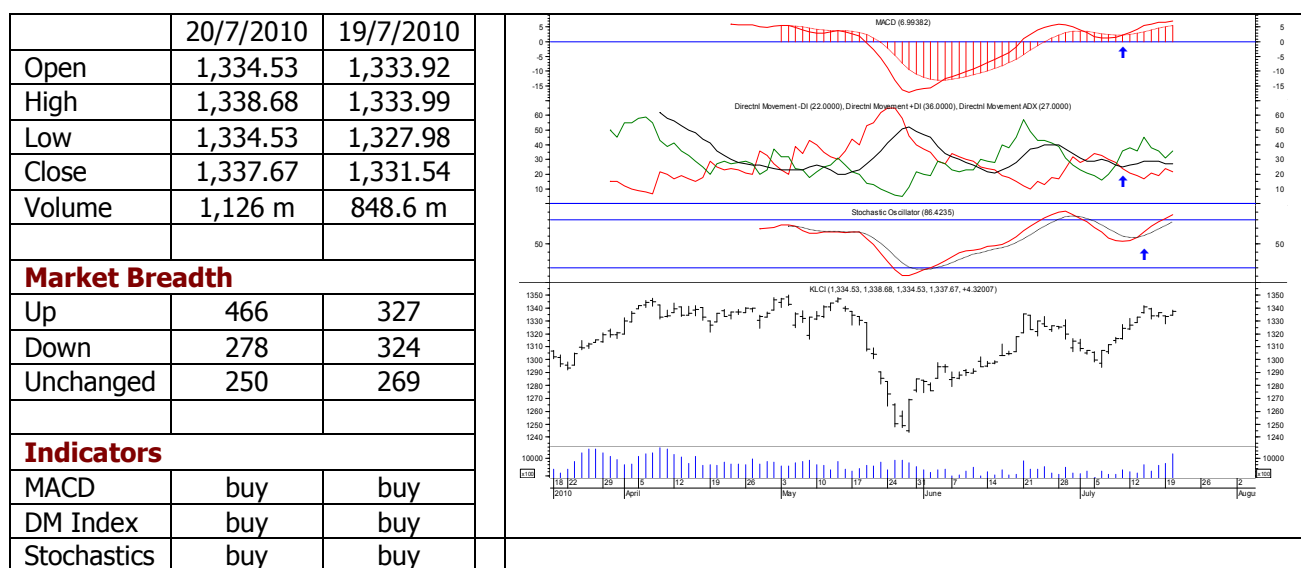


## Technical Analysis – Daily FBM KLCI



**Gearing up to go above 1,350 level .....**

### Market Commentary :

Led by regained optimism about 2Q corporate earnings, DJIA had on 16/7/2010 gained 56.53 points to close at 10,154.43.

The double-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 20/7/2010, FBM KLCI traded down to a day low of **1,334.53** as traders chose **NOT** to play on selling game in anticipation of higher market. In the absence of stronger selling pressure to push the market lower than **1,334.53**, renewed buying interest rolled in, and this lifted stock index to a day high of **1,338.68** before settled at **1,337.67**.

The **rise** of **4.23** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.08), **Genting** (up RM0.08), **CIMB** (up RM0.03), **Public Bank** (up RM0.10) and **IOI Corp** (up RM0.04).

### What was the chart saying .....

Market saw follow thru buying interest with day low above 1,330 level yesterday (20/7/2010) despite a down close scenario in the preceding day (19/7/2010). It was no surprise to see this market making a higher high on 20/7/2010 as the ability to stay above 1,324 level on 19/7/2010 indicated the presence of some buying support even though the market was expected to undergo selling pressure after the winning streak for 7 days (6/7/2010 – 14/7/2010). And, the selling pressure that showed up on 19/7/2010 was believed to be a portion of liquidated stock positions which was purchased on 16/7/2010.

**With market broke above 1,335.31 (21/6/2010) into 1,340 zone on 14/7/2001, 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.

**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.

**How supportive can this 1,324 level be in keeping this market afloat ?** Well, the lows in the past 2 days (19/7/2010 —20/7/2010) were not lower than 1,324 despite the weak external market performance, this somehow gave an indication that there was a general friendly expectation at 1,324. **The ability to bounce off 1,324 plus a higher high under greater market volume should reinforce what had taken place on 14/7/2010. Moreover, the retreat from 1,341 to 1,327 (19/7/2010) helped to alleviate the uncomfortable emotional pressure that had built up from low of 1,294 (6/7/2010) to 1,341 (14/7/2010).**

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.

### **What were the strong hands doing .....**

A check of internal market strength on 20/7/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, the number of stock positions established on **20/7/2010** reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **38%** from **41%** in the preceding trading day (19/7/2010).

### **Conclusion :**

**Market outlook remained friendly in the short term with settlement on 20/7/2010 above 50-day moving average.**

**The analysis of overall daily market action(s) on 20/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,338.68.**