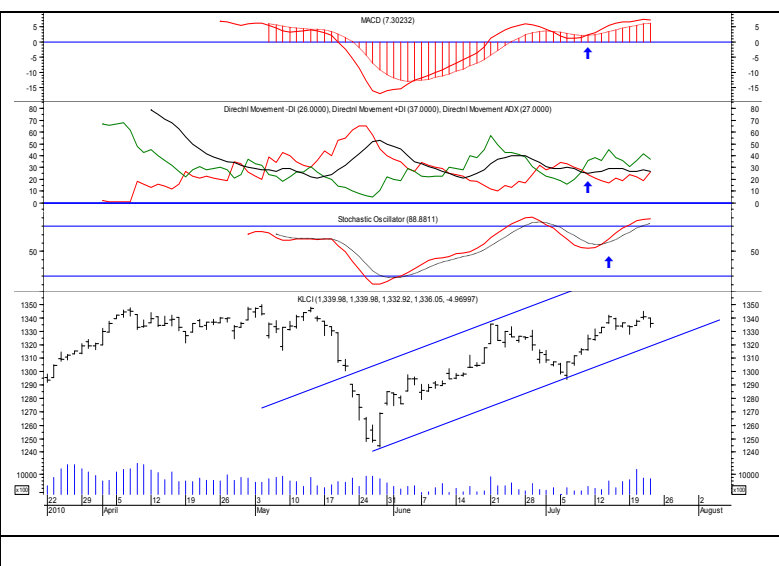


Technical Analysis – Daily FBM KLCI

	22/7/2010	21/7/2010
Open	1,339.98	1,340.38
High	1,339.98	1,344.96
Low	1,332.92	1,338.83
Close	1,336.05	1,341.02
Volume	872.8 m	874.8 m
Market Breadth		
Up	318	442
Down	388	298
Unchanged	251	277
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Waiting for a positive trigger

Market Commentary :

Dampened by confirmation from Ben Bernanke (Fed Reserve Chairman) on the weakened economy, DJIA had on 21/7/2010 lost 109.43 points to close at 10,120.53.

The triple-digit loss in Wall Street sent a negative signal to Bursa Malaysia in the opening bell on 22/7/2010, FBM KLCI only traded to a day high of **1,339.98** as traders decided not to stage an immediate follow through buying in anticipation of lower market. In the absence of good buying support, profit taking activity rolled in, this pushed the market down to a low of **1,332.92** before settled at **1,336.05**.

The **drop** of **4.97** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.07), **Genting** (down RM0.07), **CIMB** (down RM0.03), **Maybank** (down RM0.01) and **KLK** (down RM0.16).

What was the chart saying

Market could not find another scoop of buying support to trade higher yesterday (21/7/2010); but, continued to stay above 1,330 level given the up close scenario in the preceding day (21/7/2010). It was a little surprise to see this market **NOT** making a higher high on 22/7/2010 as the positive settlement on 21/7/2010 was a friendly sign in addition to the ability on the part of stock index to stay above 1,324 level on 19/7/2010 and 20/7/2010. **What had happened here ?** In general, traders don't like to play an aggressive buying game especially when there is no good news around to lend them a helping hand. Instead of bulldozing the market to the upside, traders will choose to unleash the tightened rope temporarily to release another portion of emotional buying pressure (weak hands).

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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 million** 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. **Now**, with this market holding its position above 1,324 level on 19/7/2010 & 20/7/2010, a renewed buying force to push this market higher than 1,350 level remained on the card.

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 22/7/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the number of stock positions established on **22/7/2010** added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **42%** from **41%** in the preceding trading day (21/7/2010).

Conclusion :

Market outlook remained friendly in the short term with settlement on 22/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 22/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,332.92.