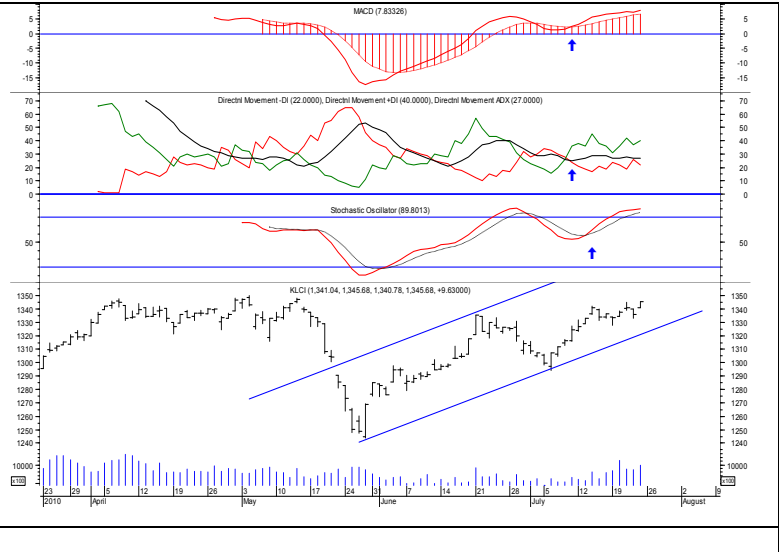


## Technical Analysis – Daily FBM KLCI

	23/7/2010	22/7/2010	
Open	1,341.04	1,339.98	
High	1,345.68	1,339.98	
Low	1,340.78	1,332.92	
Close	1,345.68	1,336.05	
Volume	993.3 m	872.8 m	
<b>Market Breadth</b>			
Up	491	318	
Down	268	388	
Unchanged	285	251	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

### Renewed buying interest in .....

#### Market Commentary :

Led by better than expected corporate earnings in UPS Inc., Microsoft Corp., and friendly outlook forecast by Caterpillar in 2<sup>nd</sup> half 2010, DJIA had on 22/7/2010 gained 201.77 points to close at 10,322.30.

The triple-digit gains in Wall Street lifted trading sentiment in Bursa Malaysia in the opening bell on 23/7/2010, FBM KLCI gapped up with a day low of **1,340.78** as traders chose not to stage an immediate follow through selling pressure in anticipation of higher market. In the absence of stronger selling pressure, renewed buying activity rolled in, and this lifted the market to a high of **1,345.68** before settled at **day high**.

The **rise** of **9.63** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up RM0.01), **Genting** (up RM0.07), **CIMB** (up RM0.06), **HL Bank** (up RM0.17) and **KLK** (up RM0.06).

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

Market received an external bolster to trade higher last Friday (23/7/2010) with a creep above 1,340 level despite the down close scenario in the preceding day (22/7/2010). The quick market turnaround on 23/7/2010 did pose a little surprise as this market was generally perceived to be taking a dip first before making a comeback ..... **A dip first, why ?** Because there was quite a strong stock liquidation pressure on 22/7/2010 ..... **A comeback later, why ?** Due to the positive settlement on 21/7/2010 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 happened last Friday (23/7/2010) was exactly like we had said in our market report dated 23/7/2010** ..... "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).” **Thus, the overnight triple-digit rise of 201 points in Wall Street came in the right time to provide the necessary trigger, and that was what our local market was looking for in order to create a more convincing power among traders and investors to establish stock positions.**

**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, 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 23/7/2010 showed that buying strength ***improved*** with strong hand(s) seen ***acquiring a portion of buying positions***, the number of stock positions established on ***23/7/2010*** reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to ***38%*** from ***42%*** in the preceding trading day (22/7/2010).

## **Conclusion :**

**Market outlook remained friendly in the short term with settlement on 23/7/2010 above 50-day moving average.**

**The analysis of overall daily market action(s) on 23/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,345.68.**