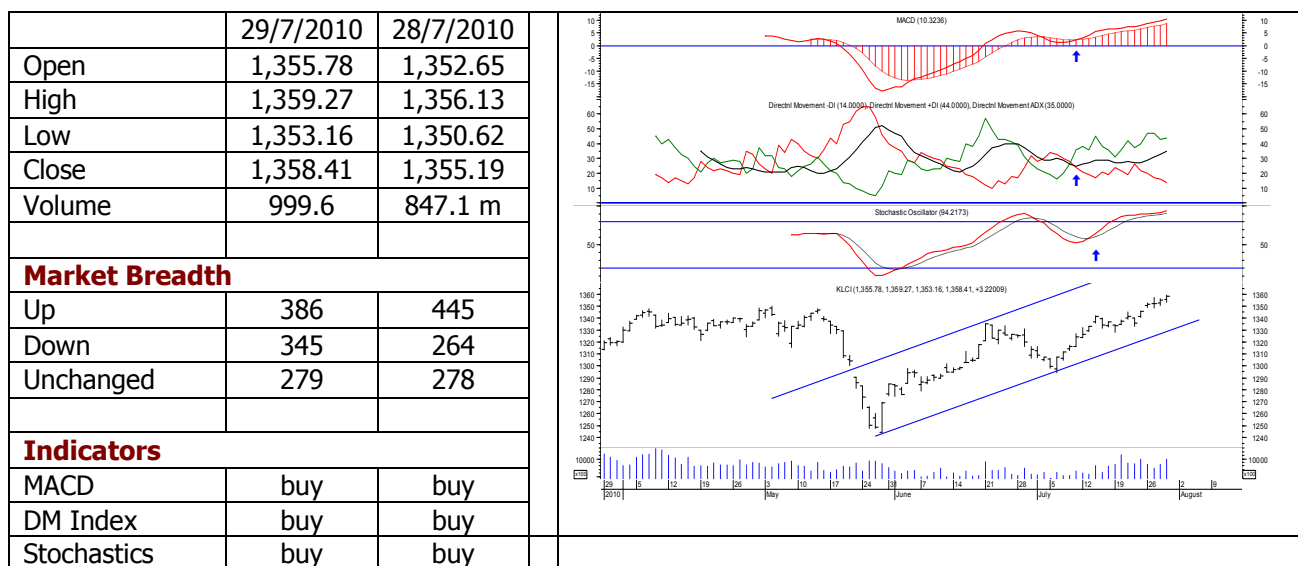


Technical Analysis – Daily FBM KLCI



Continued to inch higher

Market Commentary :

Dampened by the release of Federal Reserve's report confirming a slowing economic recovery, investors decided to cash in some of their recent gains, DJIA had on 28/7/2010 lost 39.81 points to close at 10,497.88.

The small double-digit loss in Wall Street did not send negative trading signal to Bursa Malaysia in the opening bell on 29/7/2010, FBM KLCI only traded to a day low of **1,353.16** as traders chose to play a buying game. Under greater buying support, stock index rose higher than immediate high of 1,357.23 (27/7/2010) to reach highest high of **1,359.27** since 3/3/2008, market kept its position well near the high end throughout the trading sessions before settled at **1,358.41**.

The **rise** of **3.22** point in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Genting** (up RM0.05), **TM** (up RM0.04), **HL Bank** (up RM0.02), **GenM** (up RM0.03) and **Proton** (up RM0.06).

What was the chart saying

Market continued to see supportive buying interest above 1,350 level yesterday (29/7/2010) with a crossover of 1,357.23 (27/7/2010) on the back of up close plus higher market volume in the preceding day (28/7/2010). The higher low and lower high market move on 29/7/2010 had helped to **clear away** the uncertainty scenario brought by inside day bar on 28/7/2010, the inside day bar on 28/7/2010 was believed to have resulted from cautious play by traders following the market crossover into 1,350 zone. Or to put it simply, for a stock market to come up this high since 3/3/2008 without a strong **consistent** market volume backing above 1 billion shares, certain amount of uneasy feelings or fear of imminent market fall would have been developed in traders' mind.

However, the reluctance on the part of market to go below 1,350 level since 26/7/2010 on settlement basis had also prompted some risk taking traders to trade in the upward direction of market.

On 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue; but, market ended with a marginal up close, this probably explained strong selling pressure in the vicinity of 1,357, and unwillingness on the part of bullish traders to aggressively push the market upward on 28/7/2010.

While this market is seen slowly entering a sideways phase; but, this does not mean to say that market would not go up anymore from present level, bear in minds there is not such thing as "sure thing" in stock market, and attempt(s) to prop up the market higher nearer to 1,365 level can still be made. FYI, as day passes by, the resistance point on an upward sloping trendline extended from low of 1,040 (22/6/2009) to connect the other low of 1,224 (9/2/2010) would also be moving higher; thus, range of resistance should be in between 1,365 and 1,370 level.

Ladies & gentlemen, we had said in our earlier market reports that "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 29/7/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 29/7/2010 reduced the overall selling pressure that took place between 12/7/2010 and 22/7/2010 to 13% from 49% in the preceding trading day (28/7/2010).

Conclusion :

Market outlook remained friendly in the short & medium term with settlement on 29/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 29/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,359.27.