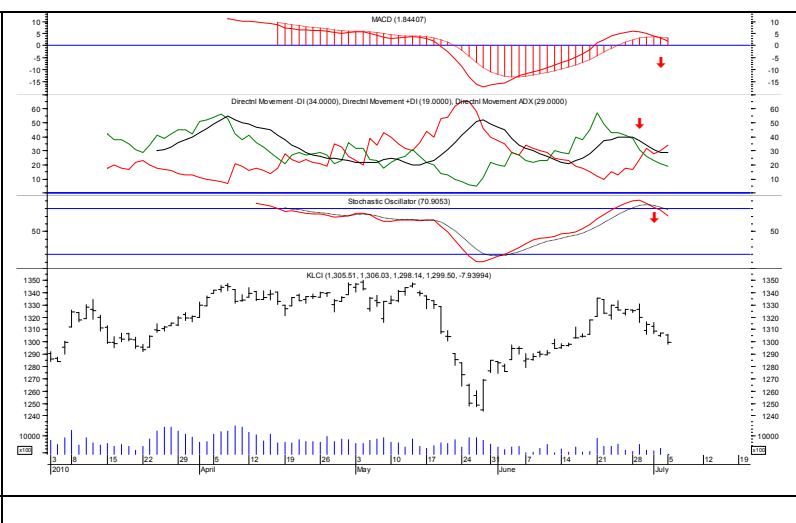


## Technical Analysis – Daily FBM KLCI

	5/7/10	2/7/2010	
Open	1,305.51	1,305.22	
High	1,306.03	1,307.44	
Low	1,298.14	1304.09	
Close	1,299.50	1307.44	
Volume	449.5 m	626.1 m	
<b>Market Breadth</b>			
Up	182	286	
Down	425	300	
Unchanged	270	263	
<b>Indicators</b>			
MACD	sell	buy	
DM Index	sell	sell	
Stochastics	sell	sell	



### Market lost its fort at 1,300 .....

#### Market Commentary :

Dampened by the disappointing job report impact on economic recovery momentum, DJIA had on 5/7/2010 lost 46.05 points to close below 10,000 level for 4<sup>th</sup> consecutive day at 9,686.48.

The double-digit drop in Wall Street sent another dampening effect on Bursa Malaysia in the opening bell on 5/7/2010, FBM KLCI only traded to a day high of **1,306.03** as traders were seen not comfortable to play on buying side. In the absence of stronger buying pressure in area of **1,306.03**, renewed selling interest rolled in, this pushed stock index below 1,300 level to a day low of **1,298.14** before settled at **1,299.5**.

The **fall** of **7.94** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.07), **HL Bank** (down RM0.02), **Maybank** (down RM0.04), **Genm** (down RM0.01) and **Sime Darby** (down RM0.20).

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

Market came under another round of selling attack to break below 1,300 level yesterday; but, selling steam remained cautious on fear of a snap market rebound with traders still seen unwilling to jump into the game to establish stock positions yet.

The sell down to **1,298.14** on 5/7/2010 was not a surprise, because the downside violation of 1,320 level on 29/6/2010 had already indicated higher degree of selling pressure in the market, and the external negative factor helped to expedite the selling pace to lower level. [Like what we had said in our marker report on 29/6/2010](#), this market would not look "healthy" if the stock index were to continue to drag its feet in such a lacklustre manner as this would create a higher tendency for traders to play a selling game.

**Will this be an indication of more selling today (6/7/2010) ?** What happened on 29/6/2010 was basically the result of inability on the part of traders to prop up the market higher than 1,336 level (24/6/2010) prior to the inside day bar pattern on 28/6/2010. Of course, bearish traders' scepticism about the market potential to go very far up, and also the 32 points sharp rise on 18/6/2010 & 21/6/2010 had also played their roles in capping the market to the upside. [In view of how the market carried itself on 5/7/2010, renewed selling interest should be observed.](#)

**Why didn't the market trade higher on 5/7/2010 ?** It was nothing more than expectation of a weakening market. Furthermore, the market attempt to "breakaway" to the up on 29/6/2010 ended with greater selling pressure continued to work in traders' mind psychologically.

**With market traded down to a day low of 1,298.14 on 5/7/2010, what would likely happen to the market now ?** The lower low market scenario on 30/6/2010 was indeed not a friendly sign ..... resistance pegged at 1,320 level with new market support expected at between 1,275 and 1,285. [Market volume was lower yesterday compared to that of preceding day \(2/7/2010\) with only 182 advancers against 425 decliners. Decliners overwhelmed advancers on the downside breakout, and there wasn't any bull around the corner to gain an immediate control here.](#)

**Can we possibly be bullish again about the market ?** The market has a higher inclination to fall further with support at between 1,275 and 1,285 level. At this moment, there is nothing out there to change what is taking place .....

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

A check of internal market strength on 5/7/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a small portion of buying positions**, the number of stock positions established on **5/7/2010** added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **50%** from **48%** in the preceding trading day (2/7/2010).

## Conclusion :

The **short term** market outlook turned negative with **medium term** remained fragile.

**The analysis of overall daily market action(s) on 5/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,298.14.**