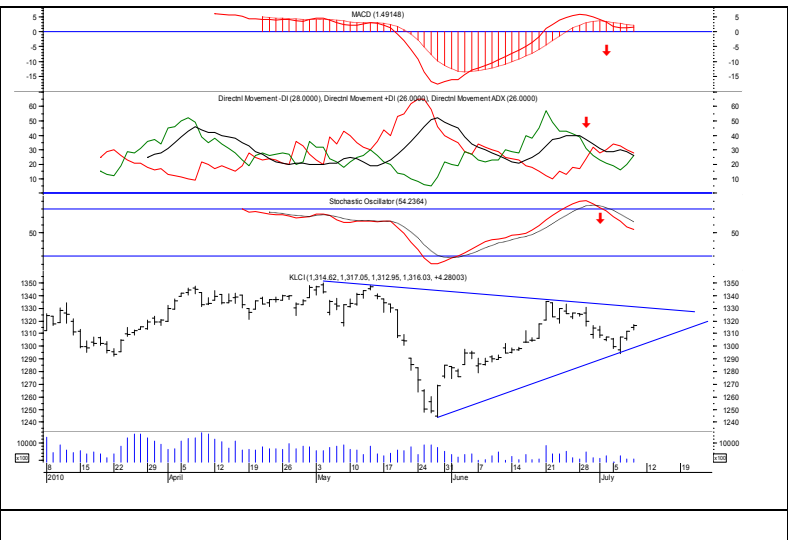


Technical Analysis – Daily FBM KLCI

	8/7/10	7/7/10	
Open	1,314.62	1,305.97	
High	1,317.05	1,311.83	
Low	1,312.95	1,304.61	
Close	1,316.03	1,311.75	
Volume	532.6 m	539.6 m	
Market Breadth			
Up	365	275	
Down	242	307	
Unchanged	275	272	
Indicators			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	sell	sell	

Re-test of 1,335 in the making

Market Commentary :

Led by bargain hunting activity in anticipation of better earnings season after two weeks of heavy selling to put the market below 10,000 psychological level, DJIA had on 7/7/2010 crossed back up into this 10,000 level to gain 274.66 points with a close at 10,018.28.

The triple-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 8/7/2010, FBM KLCI only traded to a day low of **1,312.95** as some traders chose to profit take a portion of their winning trades. However, weak follow thru selling pressure in area of **1,312.95** prompted renewed buying interest to roll in, this lifted stock index to a day high of **1,317.05** before settled at **1,316.03**.

The **rise** of **4.28** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **KLK** (up RM0.02), **CIMB** (up RM0.05), **Maybank** (up RM0.02), **Sime Darby** (up RM0.08) and **Genting** (up RM0.04).

What was the chart saying

Market found a another little follow thru buying interest above 1,300 level yesterday (8/7/2010) on 2nd consecutive day after the strong close in the previous day (6/7/2010). The weaker buying on 8/7/2010 was somehow expected as many traders were seen not convinced of the 1,300 level cross over that occurred on 6/7/2010 in addition to small market advance on 7/7/2010 while trying to analyse the truth behind the downside violation of 1,300 level on 5/7/2010. **Traders were beginning to get a little confuse of the market directionthis can be seen from lower market volume on an up close day (8/7/2010).**

Well, it is hard to make a confirmation of where this market will be heading given such a mixed market scenario

Time is obviously needed here to carve out a chart picture for a trading lead.

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A game change to sideways was believed to have taken place on 6/7/2010, because bearish traders were not seen taking advantage of the weak market situation on 5/7/2010 to aggressively press the stock index down in the following day on 6/7/2010 when they had the upper hand to do so. But, somehow these bearish traders were held up for certain reason(s) which they themselves knew best this could thus be interpreted as a signal to other traders **NOT** to get overly bearish about the market at this juncture.

When can we see an end to this market uncertainty ? Firstly, 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 (day low of 1,294.37 on 6/7/2010). Secondly, this market must re-establish itself above 1,300 level with good supportive play in coming days. **More importantly**, the negative image of market earlier attempt to "breakaway" to the upside on 29/6/2010 ended with greater selling pressure must be cleared mentally and to follow by a higher market than 1,336 level.

The way market carried itself on 6/7/2010 suggested that the 32 points sharp rise on 18/6/2010 & 21/6/2010 had more or less been "corrected", and there is a high chance of seeing this market to test higher ground. Of course, bearish traders' would still be sceptical about the market potential to go very far up.

Ladies & gentlemen, market trading environment may be clouded by negative sentiment with many traders had chosen to stay sidelines; but, the higher lows and higher highs in the past 2 days (8/7/2010 and 7/7/2010) indicated a market with upward bias. **How high can this market go ?** The market is moving towards the upper downward sloping line of a converging triangle pattern as drawn on the chart above. A consolidation is shaping up with resistance pegged at 1,336 level and market support at 1,294.

What were the strong hands doing

A check of internal market strength on 8/7/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 8/7/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 32% from 37% in the preceding trading day (7/7/2010).

Conclusion :

Market outlook got friendlier in the short term with settlement on 8/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 8/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,317.05