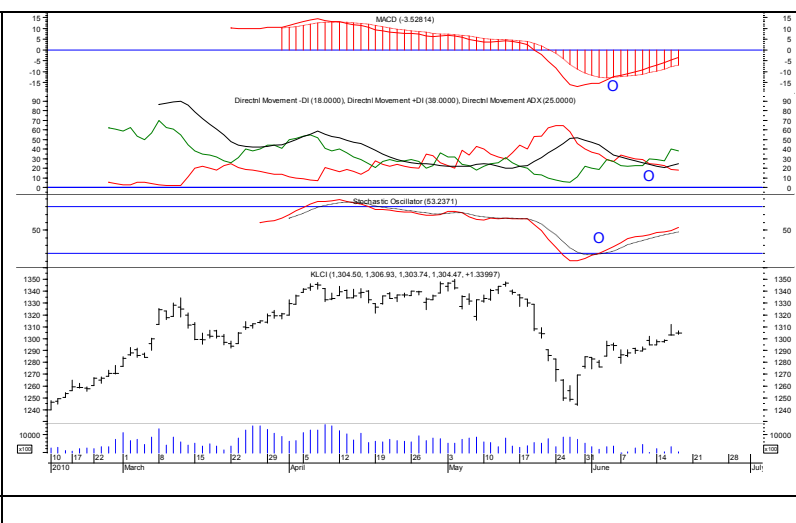


Technical Analysis – Daily FBM KLCI

	17/6/2010	16/6/2010	
Open	1,304.5	1,303.14	
High	1,306.93	1,312.10	
Low	1,303.74	1,303.13	
Close	1,304.47	1,303.13	
Volume	516.4 m	662.8 m	
Market Breadth			
Up	295	494	
Down	277	174	
Unchanged	294	240	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

More buying support needed

Market Commentary :

Supported by news of BP's agreement to put US\$20 billion into a fund for victims of Gulf of Mexico oil spill, DJIA had on 16/6/2010 gained 4.69 points to close at 10,409.46.

The single-digit gain in Wall Street provided a friendly lead to Bursa Malaysia in the opening bell on 17/6/2010, FBM KLCI only traded to a day low of **1,303.74** as some traders chose to play on buying side. In the absence of stronger selling interest, stock index rose to a day high of **1,306.93** before settled at **1,304.47**.

The single-digit **rise** of **1.34** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.04), **Maybank** (up RM0.03), **CIMB** (up RM), **TM** (up RM0.01) and **HL Bank** (up RM0.15).

What was the chart saying

Having been sold down to close at day low after making a day high of 1,312.10 on 16/6/2010, market kept its position above 1,300 level yesterday (17/6/2010) in an attempt to contain the spill over of selling sentiment from 16/6/2010. This supportive move was seen necessary to bring the market sentiment back to a friendly status from bearish pessimism especially when market had just made the step to push the stock index thru 1,300 level on 16/6/2010.

Was this an indication of more buying into today's market (18/6/2010) ? The gapped up scenario on 16/6/2010 was undoubtedly an encouraging sign as it suggested the urgency on the part of traders to establish stock positions. However, the overall market scenario observed in the last 7 days (7/6/2010 – 16/6/2010) basically implied the preferences of many traders to stay sidelines with profit taking activity on winning trades seen capping the market advance on 17/6/2010.

Market trading environment may have still pointed to bearish play; but, the willingness to take a buying risk on 16/6/2010 somehow had helped to change the bearish market picture to a slight friendly environment. Outside market noises may continue to haunt traders' mind in buying stocks; but, we had at least seen something positive happened in the market on 16/6/2010, and that would pave the way.

Why didn't the market trade higher on 17/6/2010 after making to a high of 1,312.10 on 16/6/2010 ? Stock trading has a lot to do with confidence without confidence of seeing a potential market rise, any attempt(s) to push market into higher ground would eventually be proven futile. Market volume on 17/6/2010 was low, this indicated a cautious play, and this could lead other traders to curtail their expectation for stronger upward move.

Can market stay above 1,300 level ? What we saw on chart now was higher highs and higher lows since 31/5/2010 (except 14/6/2010, 15/6/2010 & 17/6/2010) was considered a friendly market development. These market changes are linked up into inter-locking trend structure of various waves of market movement; but, traders must be convinced of greater market participation before parting their monies into stock market.

With the upside breakaway gap created on 16/6/2010, what would likely happen to the market now ? The upside breakaway from the small platform of 1,275 and 1,302 may have tilted a shift towards upside direction; but, sideways still seen prevail with resistance pegged at 1,305 and support 1,290.

What were the strong hands doing

A check of internal market strength on 17/6/2010 showed that buying strength weakened with strong hand(s) seen disposing a small portion of buying positions, the number of stock positions liquidated on 17/6/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 35% from 33% in the preceding trading day (16/6/2010).

Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 17/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,306.93.