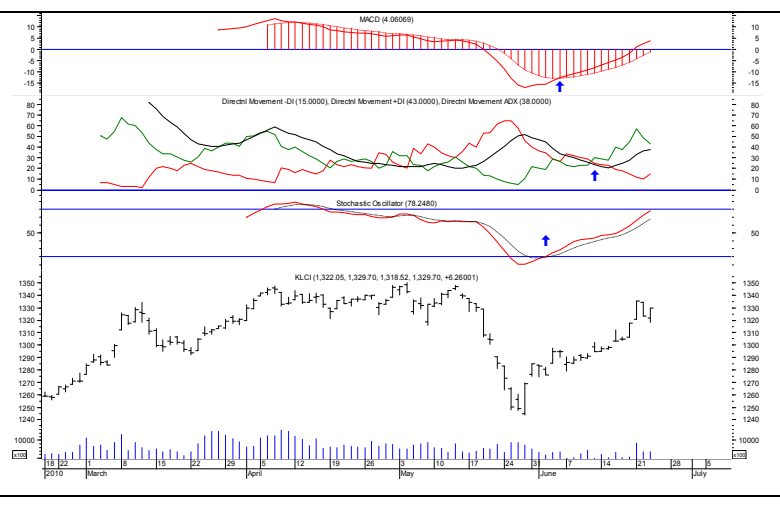


## Technical Analysis – Daily FBM KLCI

	23/6/2010	22/6/2010	
Open	1,322.05	1,334.20	
High	1,329.70	1,334.20	
Low	1,318.52	1,323.44	
Close	1,329.70	1,323.44	
Volume	684.9 m	672.6 m	
<b>Market Breadth</b>			
Up	360	226	
Down	275	434	
Unchanged	271	255	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Upside gap unfilled .....**

### Market Commentary :

Dampened by the report of US National Association of Realtors on a 2.2% drop in home sales for May 2010, DJIA had on 22/6/2010 lost 148.89 points to close at 10,293.52.

The triple-digit drop in Wall Street had its impact felt on Bursa Malaysia in the opening bell on 23/6/2010, FBM KLCI went below 1320 level to a day low of **1,318.52** as some traders chose to further lock in another portion of their winning trades after the weak closing on 22/6/2010. However, weak follow thru selling pressure in area of 1,318.52 prompted light renewed buying interest to roll in, this lifted stock index to a day high of **1,329.7** before settled at **day high**.

The **rise** of **6.26** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.13), **Tenaga** (up RM0.06), **CIMB** (up RM0.02), **Genting** (up RM0.04) and **HL Bank** (up RM0.19).

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

Market continued to come under selling pressure yesterday (23/6/2010) with a lower low scenario on another round of profit taking activity. The follow thru selling pressure in early session on 23/6/2010 did not pose a surprise at all as the weak closing in the preceding day indicated the willingness on the part of traders to put monies into pockets rather than keeping their winning trades in term of floating profit.

**Was this an indication of more selling today (24/6/2010) ?** What happened on 23/6/2010 was another follow thru of profit taking activity, and the selling was seen merely as a trading move to neutralize the 32 points rise on 18/6/2010 & 21/6/2010. Investors had the tendency to sell their old stocks when they see sharp rise in market without the backing of additional good fundamental evidence.

The upside gap left behind on 21/6/2010 remained unfilled at this moment despite a lower low scenario on 23/6/2010. **Will this upside gap be filled ?** The unfilled gap between high of 1,317.69 and low of 1,318.52 is only less than 1 point away, and the possibility cannot be ruled out as the bears did not buy the story of the market potential to go very far up.

However, an evaluation of what happened in the past 3 trading days (21/6/2010 – 23/6/2010) seemed to have indicated the availability of certain amount of market support to keep the market from severe decline, because the bulls that took the market to 1,335.31 (21/6/2010) were feeling good about what they had accomplished so far and would want to protect it as “hard” as possible.

**Why didn't the market trade higher on 23/6/2010 ?** Technically, the market should be making a lower low instead of higher high yesterday (23/6/2010), and many traders had yet to fully recover from the selling on 22/6/2010. What we need to see here would be a change of human trading decision from sell to buy .....

Well, the shift in market psychology that took place on 18/6/2010 would likely to stay on as this kind of shift was not easy especially when bears had earlier on pushed the market down to a low of 1,243.86 on 27/5/2010. In other words, an unwinding of negative sentiment was seen in the making.

**With the market traded higher than 1,313.88 to 1,332.50 on 21/6/2010, what would likely happen to the market now ?** The higher high market scenario on 21/6/2010 was indeed a positive move to indicate something good to follow ..... resistance pegged at 1,350 level with support at 1,310.

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

A check of internal market strength on 23/6/2010 showed that buying strength *improved* with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 23/6/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 17% from 18% in the preceding trading day (22/6/2010).

## Conclusion :

The short term market outlook turned positive with medium term remained fragile; but, on improving scale.

The analysis of overall daily market action(s) on 23/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,329.70.