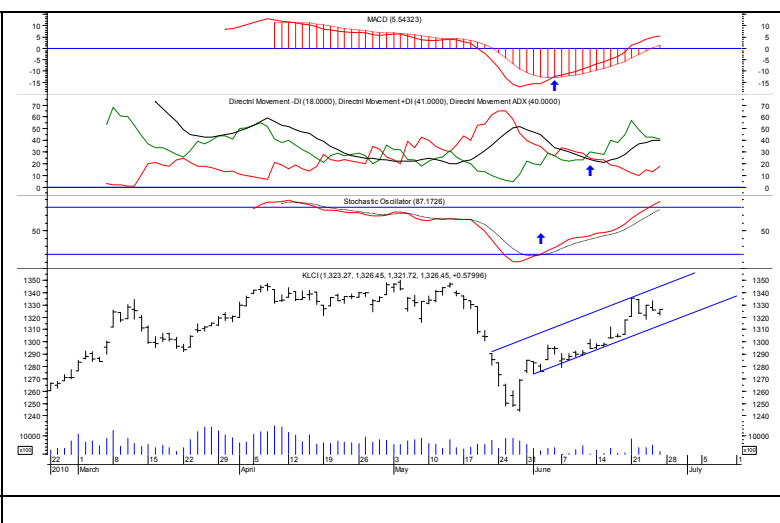


Technical Analysis – Daily FBM KLCI

| | | | |
|-----------------------|-----------|-----------|--|
| | 25/6/2010 | 24/6/2010 |  |
| Open | 1,323.27 | 1,327.69 | |
| High | 1,326.45 | 1,333.49 | |
| Low | 1,321.72 | 1,325.71 | |
| Close | 1,326.45 | 1,325.87 | |
| Volume | 568.3 m | 749.3 m | |
| Market Breadth | | | |
| Up | 251 | 318 | |
| Down | 370 | 332 | |
| Unchanged | 278 | 418 | |
| Indicators | | | |
| MACD | buy | buy | |
| DM Index | buy | buy | |
| Stochastics | buy | buy | |

Neither bulls nor bears wanted to pull trigger

Market Commentary :

Dampened by disappointing forecasts from retailers and a concern over government's financial overhaul package, DJIA had on 24/6/2010 lost 145.64 points to close at 10,152.80.

The triple-digit drop in Wall Street caused another minor dampening impact on Bursa Malaysia in the opening bell on 25/6/2010, FBM KLCI traded lower to a day low of **1,321.72** as some traders chose to further profit take another portion of winning trades. However, weak follow through selling interest in area of **1,321.72** prompted renewed buying support, this lifted stock index to a day high of **1,326.45** before settled at **day high**.

The **marginal rise** of **0.58** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up RM0.04), **Genm** (up RM0.01), **KLK** (up RM0.02), **PetDag** (up RM0.06) and **HL Bank** (up RM0.13).

What was the chart saying

Market came under selling pressure again last Friday (25/6/2010) given the weak market settlement in the preceding day. A lower market scenario on 25/6/2010 was indeed expected as traders had on 24/6/2010 exhibited their selling game pattern; however, what's interesting here was the non-willingness of traders to push the market down below 1,320 level, this somehow showed certain amount of reservation inside bearish traders.

Will this be an indication of more selling today (28/6/2010) ? What happened on 24/6/2010 was another follow thru of profit taking activity, and the marginal up close on 25/6/2010 was again seen as a trading move to neutralize the 32 points rise on 18/6/2010 & 21/6/2010. This basically suggested that the bears were still sceptical about this market potential to go far up.

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 (high of 1,317.69 and low of 1,318.52 on 23/6/2010) was less than a point, and there would still be a possibility of market to close this gap. An unfilled upside gap plus a higher market above 1,336 level would indicate the readiness of this market to gun down the immediate high of 1,349.52 (5/4/2010); however, should market gap down to leave behind a space lower than 1,318.52, bearish traders would be playing a more aggressive game.

At this moment, an evaluation of what happened from 21/6/2010 to 23/6/2010 seemed to point to certain amount of market support keeping 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 25/6/2010 ? Last Friday's market trading environment seemed to be not conducive enough to warrant such a higher high scenario even though there was a sign showing a chance for this market to make a rebound from day low with a higher high at end of trading day (25/6/2010). This market has yet to generate higher level of buying confidence

Nevertheless, 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. A cluster of trading bars in the last 5 days had implied a range bound situation with neither bulls nor bears seen willing to pull the next trigger, both bulls and bears were waiting for the right timing, the answer to a new outcome should be unveiled in next 2 days.

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 25/6/2010 showed that buying strength ***weakened*** with strong hand(s) seen ***disposing a portion of buying positions***, the number of stock positions established on ***25/6/2010*** added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to ***23%*** from ***16%*** in the preceding trading day (24/6/2010).

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 25/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,326.45.