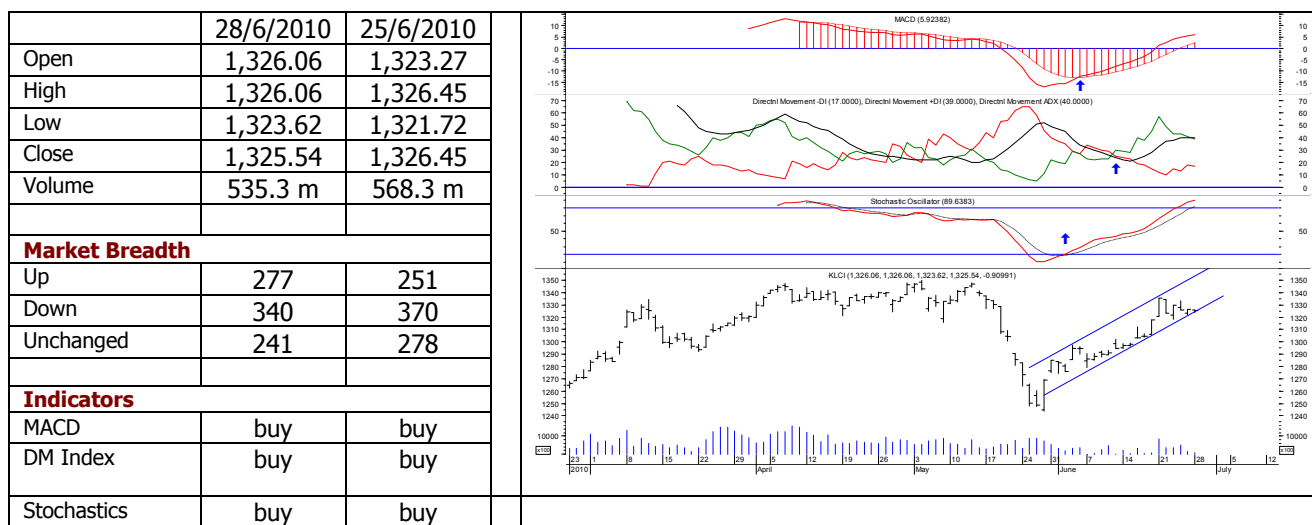


Technical Analysis – Daily FBM KLCI



Indecisive game play

Market Commentary :

Relieved by the agreement on financial regulation bill in assuring new rules would not devastate financial companies' profits, DJIA had on 25/6/2010 shed 8.99 points to close at 10,143.81.

The single-digit drop in Wall Street cast a minor dampening effect on Bursa Malaysia in the opening bell on 28/6/2010, FBM KLCI only traded to a day high of **1,326.06** as traders were seen not keen to play on buying side. In the absence of stronger buying support, profit taking activity rolled in, this pushed stock index down to a day low of **1,323.62** before settled near day high at **1,325.54**.

The **drop** of **0.91** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.01), **TM** (down RM0.02), **IOI** (down RM0.01), **Tanjong** (down RM0.04) and **Bursa Malaysia** (down RM0.08).

What was the chart saying

Market confined its trading activity in a small range yesterday (28/6/2010) following a smaller volume on a day high closing last Friday. The lower high market scenario on 28/6/2010 was not much expected as traders had on 25/6/2010 exhibited certain amount of intention to pull the market higher the next day (28/6/2010), this had created an inside day bar. An inside day bar reflected a balance between buyers and sellers with both types of player reluctant to engage in a more aggressive trading style.

Will this be an indication of more selling today (29/6/2010) ? What happened on 25/6/2010 was an attempt to keep the market afloat, and the marginal **down close** on 28/6/2010 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, on the contrary, should market gap down to leave behind a space lower than 1,318.52, bearish traders would be expected to play a more aggressive selling game.

While the earlier 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 a 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; but, this market would not look "healthy" if the stock index were to continue to drag its feet in such a manner as there would create a higher tendency for traders to play a selling game.

Why didn't the market trade higher on 28/6/2010 ? It still boiled down to buying confidence At this juncture, 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.

And, the cluster of trading bars in the last 6 days (21/6/2010 – 28/6/2010) had implied a range bound situation with neither bulls nor bears seen willing to pull the next trigger, both bulls and bears were seen waiting for the right timing to act, the answer should be unveiled today. And, a surrender of 1,320 level would open up the room for market to trade lower.

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 28/6/2010 showed that buying strength ***weakened*** with strong hand(s) seen ***disposing a portion of buying positions***, *the number of stock positions established on 28/6/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 45% from 23% in the preceding trading day (25/6/2010).*

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 28/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,323.62.