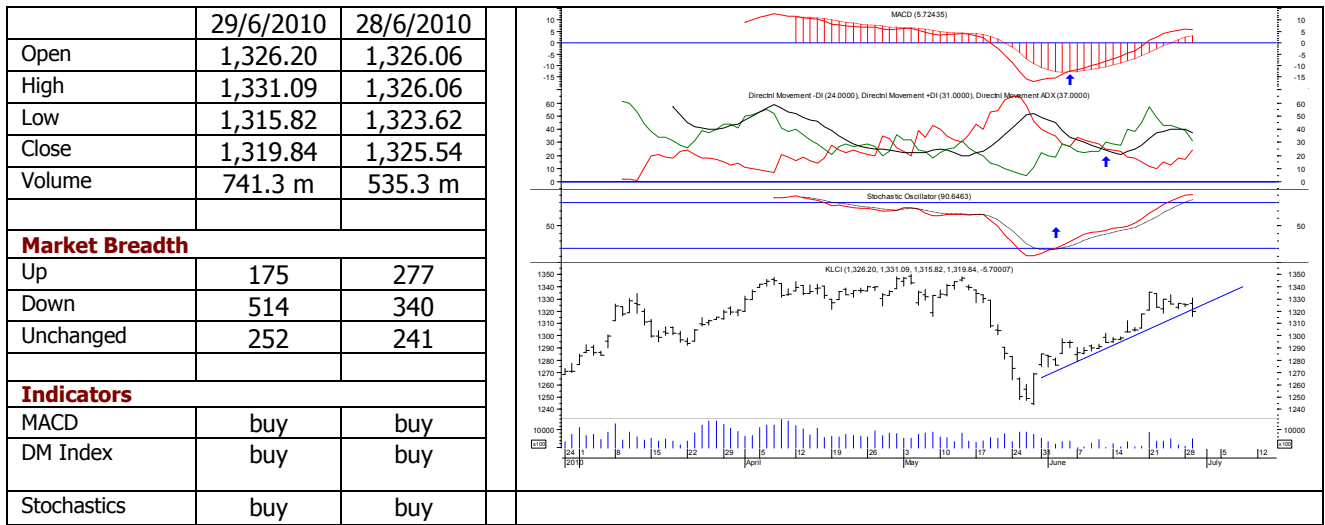


Technical Analysis – Daily FBM KLCI



1,320 level was pierced down

Market Commentary :

Growing pessimism over US economy and news of Commerce Department on more savings than spending in May 2010 kept many investors at sideline, DJIA had on 28/6/2010 shed 5.29 points to close at 10,138.52

The single-digit drop in Wall Street did not create dampening effect on Bursa Malaysia in the opening bell on 29/6/2010, FBM KLCI traded into 1,330 zone with a day high of **1,331.09** as some traders chose to play on buying side. However, non-follow thru buying support in area of 1,331.09 prompted renewed selling interest to roll in, this pushed stock index down to break below 1,320 level to a day low of **1,315.82** before settled at **1,319.84**.

The **fall of 5.70** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB (down RM0.01)**, **Tenaga Nasional (down RM0.04)**, **IOI Corp (down RM0.03)**, **HL Bank (down RM0.05)** and **Sime Darby (down RM0.08)**.

What was the chart saying

Market broke below 1,320 level after pulling above 1,327 level into 1,330 zone yesterday (29/6/2010). The downside violation of 1,320 level on 29/6/2010 was not much of a surprise, because the creation of inside day bar on 28/6/2010 had indicated indecisive game among the traders, market could go either way, up or down. [Like what we had said in our marker report on 29/6/2010](#), this market would not look "healthy" if the stock index were to continue to drag its feet in such a lacklustre manner as this would create a higher tendency for traders to play a selling game.

Will this be an indication of more selling today (30/6/2010) ? What happened on 25/6/2010 was an attempt to keep the market afloat; however, the down **close** on 29/6/2010 had apparently

“knocked” down the market defence at 1,320 level. The down close on 29/6/2010 was again seen another move to neutralize the 32 points rise on 18/6/2010 & 21/6/2010.

The upside gap left behind on 21/6/2010 was finally filled on 29/6/2010. The bulls that took the market to a day high of 1,335.31 (21/6/2010) were feeling good about what they had accomplished would have to surrender their market control to the bears until such time market take another reversal turn to carry the stock index above 1,336 level.

Why did the market trade higher on 29/6/2010 ? Market made the attempt to “breakaway”; but, it was a mere test to gauge the availability of buying power to the upside, and the higher high to 1,331.09 on 29/6/2010 turned out to be an opportunity for bears to unload.

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 29/6/2010 showed that buying strength *improved* with strong hand(s) seen acquiring a small portion of buying positions, the number of stock positions established on 29/6/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 40% from 45% in the preceding trading day (28/6/2010).

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 29/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,315.82.