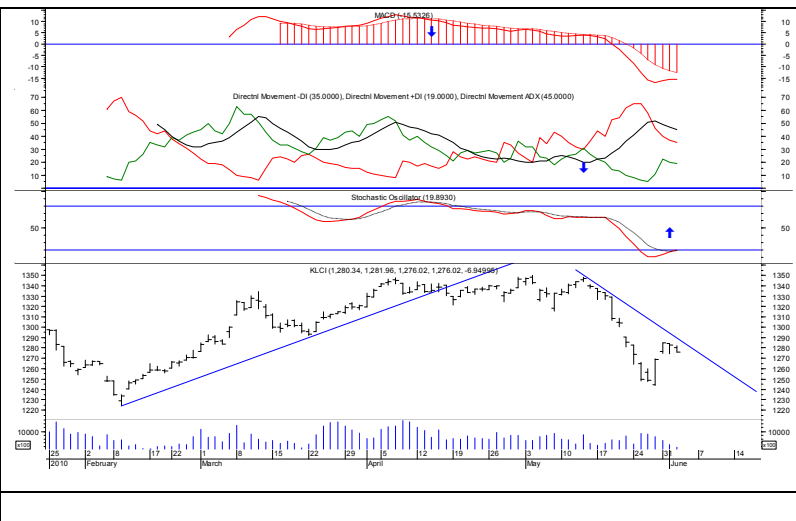


Technical Analysis – Daily FBM KLCI

	2/6/2010	1/6/2010	
Open	1,280.34	1,284.25	
High	1,281.96	1,284.25	
Low	1,276.02	1,274.56	
Close	1,276.02	1,282.97	
Volume	585.3 m	653.2 m	
Market Breadth			
Up	287	200	
Down	294	487	
Unchanged	269	214	
Indicators			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	buy	sell	

Battle between buyers and sellers continued.....

Market Commentary :

Affected by announcement by US Attorney General to start criminal and civil investigations into the Gulf of Mexico oil spill, DJIA had on 1/6/2010 dropped 112.61 points to close at 10,024.02.

The triple-digit fall in Wall Street sent a dampening sentiment onto Bursa Malaysia in the opening bell. FBM KLCI only traded to a day high of 1,281.96 as traders were seen not keen to play on the upside. In the absence of stronger buying support in area of 1,281, profit taking activity rolled in, this pushed stock index down to a day low of 1,276.02 before settled at **day low**.

The single-digit **fall** of **6.95** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Gamuda** (down RM0.08), **Maybank** (down RM0.13), **Tenaga Nasional** (down RM0.01), **HL Bank** (down RM0.04) and **Genting M'sia** (down RM0.08).

What was the chart saying

Market traded in a small range yesterday (2/6/2010) in spite of the last minute near day high closing at 1,282.97 in the preceding day (1/6/2010). It was a little surprise to see market not making a lower low yesterday as the market was seen setting up to test lower ground on 2/6/2010.

Why market did not trade lower on 2/6/2010 ? There must be something in the market that had held up the stock index yesterday (2/6/2010). A closer look at the market performance in the past 4 days that could give rise the reason behind was the upside gap created on 31/5/2010.

Firstly, the market went down to lowest low of 1,243.86 since 11/2/2010 on 27/5/2010, this was subsequently followed by a near day high closing to form a bottom key reversal pattern. Traders were basically thrilled by the turnaround of market on 27/5/2010 after making a losing streak for 9 consecutive days (14/5/2010 to 26/5/2010). Secondly, the gapped up scenario on 31/5/2010 indicated the urgency on the part of traders to acquire stock positions.

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As for the small trading range on 2/6/2010, the sharp rise of 42 points from low of 1,243 (27/5/2010) to high of 1,285 (31/5/2010) may have been viewed as overreacted in the eyes of traders, and market did not warrant such an immediate pull up.

The other reason could be the way market carried itself on 27/5/2010 and 31/5/2010, which was seen only a **technical rebound** to the sharp fall to 1,243.86 as the bottoming base formation was not strong enough to encourage serious buying interest; moreover, the phenomenon of downside breakout of 1,300 level on 21/5/2010 following the lower low bar with a down close on 21/5/2010, and the downside gap left behind on 21/5/2010 would continue to haunt traders' mind..

With market trading in a small range on 2/6/2010, can this market go up again ? In fact, the market was expected to find resistance in area of 1,280 level before moving higher on 31/5/2010; but, somehow there was "additional" risk-taking buying interest on 31/5/2010 to lift the market higher. *The rise of 42 points represented about 40% retracement from high of 1,349 to 1,243; thus, this market could still make attempt(s) to test 1,296 level on a 50% retracement calculation.*

What were the strong hands doing

A check of internal market strength on 2/6/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring another portion of buying positions**, the number of stock positions acquired from 26/5/2010 – 2/6/2010 was about **84%** of what was liquidated from 12/5/2010 to 25/5/2010 as **compared 68% in the preceding day**.

Conclusion :

The **short and medium term** market outlook remained weak.

The analysis of overall daily market action(s) on 2/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,276.02.