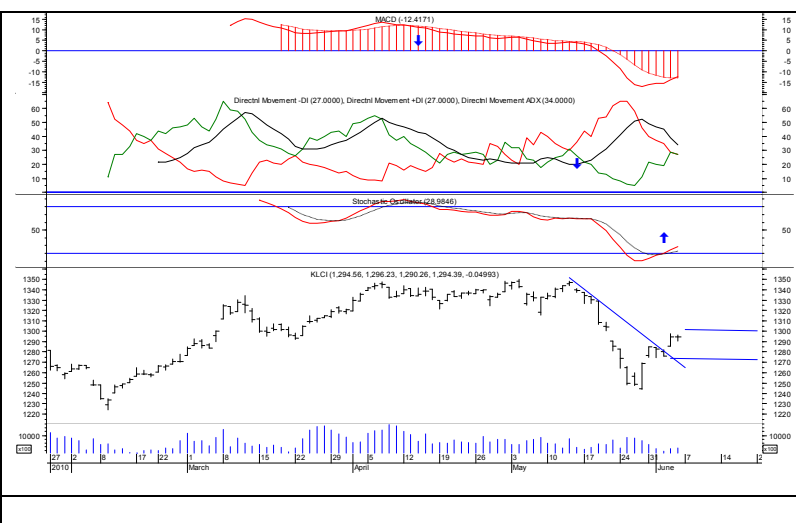


## Technical Analysis – Daily FBM KLCI

	4/6/2010	3/6/2010	
Open	1,294.56	1,285.85	
High	1,296.23	1,297.75	
Low	1,290.26	1,285.54	
Close	1,294.39	1,294.44	
Volume	674.1 m	655.2 m	
<b>Market Breadth</b>			
Up	313	542	
Down	274	154	
Unchanged	278	244	
<b>Indicators</b>			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	buy	buy	

### Psychological hurdle at 1,300 level .....

#### Market Commentary :

Supported by reports that number of people seeking first time jobless claims slipped for a second week, DJIA had on 3/6/2010 gained 5.74 points to close at 10,255.28.

The single-digit rise in Wall Street did not render a helping hand to Bursa Malaysia in the opening bell on 4/6/2010. FBM KLCI only traded to a day high of **1,296.23** as traders were seen not willing to stage an immediate follow through buying support. In the absence of greater buying interest, pre-weekend profit taking activity rolled in, this pushed stock index down to a day low of **1,290.26** before settled at **1,294.39**.

The single-digit **drop** of **0.05** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB (down RM0.01)**, **IOI Corp (down RM0.04)**, **Genting (down RM0.02)**, **Genting M'sia (down RM0.04)** and **TM (down RM0.01)**.

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

Market did not continue to push its way up further into 1,290 zone last Friday (4/6/2010) in spite of the day high at 1,297.75 in the preceding day (3/6/2010). From a logical point of view, it was a little surprise to see market not making a higher high on 4/6/2010, because the market set up on 3/6/2010 was pointing to higher ground for 4/6/2010.

**Why market did not trade higher on 4/6/2010 ?** A closer look at the market performance on 3/6/2010 showed nothing on the negative side; but, a friendly development. Yet, market did not find better buying interest to push the stock index higher when the upside gaps created on 31/5/2010 and 3/6/2010 remained unfilled. **Why ?** There can be many reasons for it either fundamentally or sentimentally; but, there was one good reliable point to explain what happened on 4/6/2010. .... **retacement** .....

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As we can see from the chart above, this market had been climbing upward quite steadily since the turnaround on 27/5/2010. On 27/5/2010, the stock index first made lowest low of **1,243.86** since 11/2/2010 before reversed its position to go upward with a positive closing on the same day. The initial positive sign had then been emitted, market rose to a day high of 1,285.02 the next day on 31/5/2010, where some traders began to think this rise as an "overreacted" situation, market came back down a little bit; but, recharged itself into a day high of 1,297.75 on 3/6/2010.

**Ladies & gentlemen**, we had said in our market report dated 1/6/2010 that " ... **How far can this minor rally go ?** The upside violation of 1,280 level on 31/5/2010 was certainly a positive thing to happen, and the market was believed to be gearing up towards 1,295 - 1,300 level."

**Again, on 2/6/2010, we continued to say that " ....With market traded downward on 1/6/2010, can the 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. *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 for a 50% retracement calculation.*"

**From a retracement perspective**, market had made a 50% retracement measuring from high of 1,349 to low of 1,243 on 3/6/2010. In other words, stock index was at a cross road whether to continue higher or to turn back down to resume its near term downward direction.

Market had come up this high .... it may seem an easy meat for stock index to cross over 1,300 level as the gap between 1,300 and the day high of 1,297.75 was merely 2.25 points. **But**, we must remember that 1,300 level had been a psychological hurdle all this while in the eyes of traders and investors. Moreover, the phenomenon of downside breakout of 1,300 level on 21/5/2010 with lower low bar on 21/5/2010, and the unfilled downside gap left behind on 21/5/2010 would continue to haunt traders' mind.

**So, would this market go up or down ?** It has been always been a difficult task to divine what the market will do next as we are dealing with human decisions. **At this juncture**, the bears would likely be making attempt(s) to fill the upside gap left behind on 3/6/2010 with an eye to pull down the market to 1,276 level, because the overall market sentiment remained on the weak side with bears seen in the upper hand.

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

A check of internal market strength on 4/6/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the number of stock positions liquidated was **32%** of what was acquired from 26/5/2010 – 3/6/2010. (FYI, between 26/5/2010 and 3/6/2010 (inclusive dates), the number calculated on 3/6/2010 showed that total number of stock positions acquired by strong hands had exceeded the total amount disposed between 12/5/2010 and 25/5/2010 by 1%.)

*The 1% extra may be seen a plus point to indicate the stock buying direction of strong hands; but, it could also be a standard error of variables in a mathematical equation. So, to put it in a simple straightforward explanation, the market rise of 54 points from 1,243 to 1,297 could also indicate that strong hands had "used up" the monies from the sale of stock positions started from 1,348 to 1,243 (fall of 105 points). **Imagined one going up the slope and coming down the slope, one has to use twice amount of energy to do the running up compared to running down.***

*In short, in order for the market to go into higher ground, strong hands would have to find "new" monies to establish fresh stock positions.*

## **Conclusion :**

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

**The analysis of overall daily market action(s) on 4/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,290.26.**