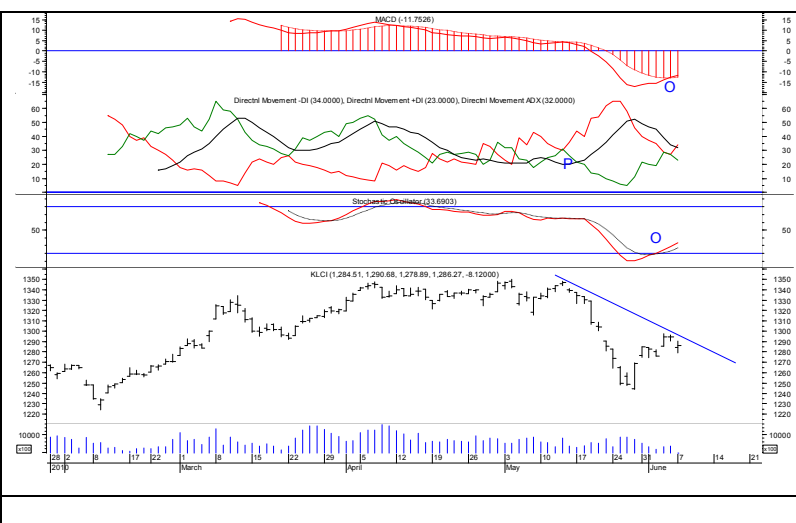


## Technical Analysis – Daily FBM KLCI

	7/6/2010	4/6/2010	
Open	1,284.51	1,294.56	
High	1,290.68	1,296.23	
Low	1,278.89	1,290.26	
Close	1,286.27	1,294.39	
Volume	492.9 m	674.1 m	
<b>Market Breadth</b>			
Up	151	313	
Down	463	274	
Unchanged	206	278	
<b>Indicators</b>			
MACD	buy	sell	
DM Index	sell	sell	
Stochastics	buy	buy	

### Sideways market .....

### Market Commentary :

Worried over US disappointing jobs report and possible default by Hungary, DJIA had on 4/6/2010 lost 323.31 points to close at 9,931.97.

The triple-digit fall in Wall Street sent a strong negative signal to Bursa Malaysia in the opening bell on 7/6/2010. FBM KLCI filled the upside gap left behind on 3/6/2010 with a day high of **1,290.68** as traders were seen reluctant to play on buying side in anticipation of lower market. In the absence of good buying support, renewed selling pressure rolled in, this pushed stock index down to a day low of **1,278.89** before settled at **1,286.27**.

The single-digit **drop** of **8.12** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.03), **Sime Darby** (down RM0.03), **Genting** (down RM0.15), **Genting M'sia** (down RM0.03) and **TM** (down RM0.01).

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

Market broke below 1,280 level (7/6/2010) following the marginal down close in the preceding day (4/6/2010). The selling on 7/6/2010 may have posed a surprise to many; but, the inside day bar on 4/6/2010 had somehow indicated an indecisive game play with buyers and sellers seen in balance situation.

**Why did the market trade lower on 7/6/2010 ?** Traders basically found themselves a little unsure of market direction on 4/6/2010, and the external market performance added the downward pressure on stock index to go lower on 7/6/2010. Moreover, the 50% retracement move at 1,296 level measuring on 2/6/2010 from high of 1,349 to low of 1,243 on 3/6/2010 followed by lower high on 3/6/2010 had also hastened the selling pace to trade lower on 7/6/2010.

**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.*”

Market had come up this high (1,297.75 on 3/6/2010) .... 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. Furthermore, 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.

**With the upside gap created on 3/6/2010 filled on 7/6/2010, what would likely happen to the market now ?** A sideways market should be shaping up while waiting for next breakout with resistance pegged at 1,300 and support 1,270.

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

A check of internal market strength on 7/6/2010 showed that buying strength *weakened* with strong hand(s) seen *disposing a portion of buying positions*, the number of stock positions liquidated was *40%* of what was acquired from 26/5/2010 – 3/6/2010 compared to *32%* in the preceding trading day.

## Conclusion :

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

**The analysis of overall daily market action(s) on 7/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,277.89 after making attempt to go higher than 1,290.68.**