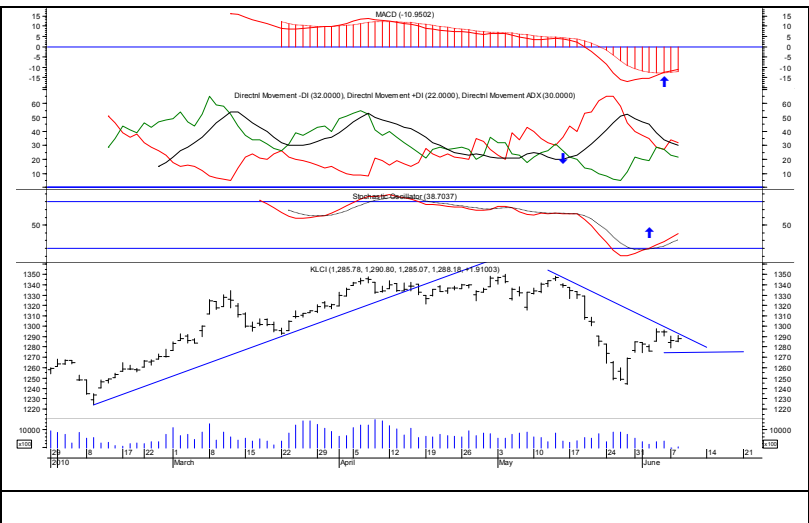


Technical Analysis – Daily FBM KLCI

	8/6/2010	7/6/2010	
Open	1,285.78	1,284.51	
High	1,290.80	1,290.68	
Low	1,285.07	1,278.89	
Close	1,288.18	1,286.27	
Volume	521.0 m	492.9 m	
Market Breadth			
Up	349	151	
Down	271	463	
Unchanged	221	206	
Indicators			
MACD	buy	buy	
DM Index	sell	sell	
Stochastics	buy	buy	

Friendly development seen

Market Commentary :

Continued worries over US disappointing May 2010 jobs report and Europe's economic problems, DJIA had on 7/6/2010 lost 115.48 points to close at 9,816.49.

The triple-digit fall in Wall Street did not send a strong negative signal to Bursa Malaysia in the opening bell on 8/6/2010. FBM KLCI only traded to a day low of **1,285.07** as traders were seen not comfortable to play on selling side. In the absence of stronger selling pressure, light renewed buying support rolled in, this lifted stock index to a day high of **1,290.80** before settled at **1,288.18**.

The single-digit **rise** of **1.91** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Public Bank (up RM0.02)**, **Tenaga Nasional (up RM0.03)**, **Maybank (up RM0.08)**, **Genting (up RM0.10)** and **TM (up RM0.01)**.

What was the chart saying

Market kept its low above 1,280 level (8/6/2010) despite the down close in the preceding day (7/6/2010). It was a little surprise to see non-follow thru selling pressure on 8/6/2010, because the fall to a low of 1,278.89 on 7/6/2010 implied a likelihood of volatile game play. Normally, aggressive bears would see this as an opportunity to initiate another selling pressure; but, there was no sign of such selling interest on 8/6/2010. **Was it an indication of a change in game play from selling to buying ?** It was too early to tell; but, what we saw yesterday was a supportive play.

Why did the market trade higher on 8/6/2010 ? Some traders were believed to have taken certain amount of risk to establish buying positions in anticipation of something friendly to happen even though they may have found themselves a little unsure of market direction on 4/6/2010 & 7/6/2010. In fact, the fall to a day low of 1,278.89 on 7/6/2010 was viewed a technical pullback of stock index after making 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.

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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 8/6/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, the number of stock positions established on 8/6/2010 helped to improve the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **32%** from **40%** in the preceding trading day (7/6/2010).

Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 8/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,290.80.