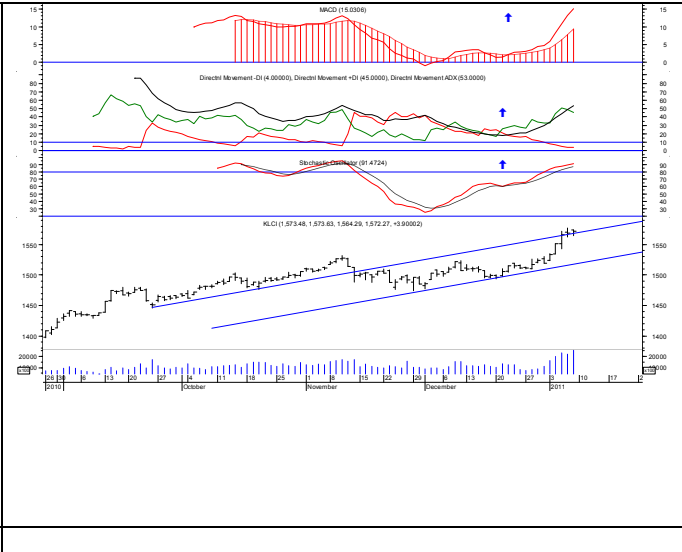


## Technical Analysis – Daily FBM KLCI

	7/1/2011	6/1/2011	
Open	1,573.48	1,570.53	
High	1,573.63	1,576.95	
Low	1,564.29	1,562.75	
Close	1,572.21	1,568.37	
Volume	2.53 b	2.20 b	
<b>Market Breadth</b>			
Up	526	570	
Down	324	295	
Unchanged	301	284	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

### Fought Hard To Stay Up .....

#### Market Commentary :

Dampened by report of an increase in applications for unemployment benefits last week, DJIA had on 6/1/2011 shed **25.58** points to close at **11,697.31**.

The double-digit drop in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on 7/1/2011, FBM KLCI traded to a day high of **1,573.63** as some traders were seen comfortable to play on buying game. However, pre-weekend profit taking activity to roll in, and this put a pressure on stock index down to a day low of **1,564.29** before recovered to settle at **1,572.21**.

The **rise** of **3.84** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.17** to **RM3.73**), **Public Bank** (up **RM0.08** to **RM13.54**), **GenM** (up **RM0.02** to **RM3.54**), **Topglove** (up **RM0.02** to **RM5.42**) and **Gamuda** (up **RM0.05** to **RM4.25**).

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

Market took a pause last Friday (7/1/2011) after making record highs for 4 days in a row (from 3/1/2011 to 6/1/2011) with latest peak at **1,576.95** (6/1/2011) despite the up close scenario in the preceding day (6/1/2011).

The lower high market level on 7/1/2011 was not something totally unexpected even though there was a strong buying power on 6/1/2011 with stock index managed to hit another new high on the back of 2.20 billion shares. **Why a day of lower high market on 7/1/2011 ?** Like we said in our market report written on 6/1/2011 for 7/1/2011, the **settlement values** of KLCI on 5/1/2010 and 6/1/2010 sat on the upper line of the upward sloping channel, and this indicated that traders respected the upper band of the channel even though the market trading mood was bullish.

**Ladies & gentlemen**, the market turnaround on 3/1/2011 had provided us the hint on what was in traders' mind. **Would the high of 1,573.63 on 7/1/2011 be pointing to a lower market today (10/1/2011) ?** Technically, we should begin to see a pull back after the recent strong run up, and the market momentum was also seen to have been tapered off. **Wasn't 1,563 level being broken on 5/1/2011 accompanied by 2 subsequent up closes on 6/1/2011 and 7/1/2011 ? The 3 up closes above 1,563 level on 5/1/2011, 6/1/2011 and 7/1/2011 were encouraging and should lead to higher market level; but, an internal market weakness was seen to be shaping up in the same time.**

Market volume was **2.53** billion shares on 7/1/2011 compared to **2.20** billion shares on 6/1/2011. **What can be said about that ?** The **increase** in market volume indicated more buying participation in the game play; but, the ratio of advancers/decliners was **526/324** on 7/1/2011 as compared to 570 vs 295 on 6/1/2011 and 547 vs 320 on 5/1/2011. **A tug of war was going on between the old and new traders.**

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

A check of internal market strength on 7/1/2011 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **acquired** from **17/12/2010 to 7/1/2011** was about **140% more than** what was **liquidated** between 9/12/2010 and 16/12/2010 compared to **81%** in the preceding day.

### **Conclusion :**

**Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,500.**

**The analysis of overall daily market action(s) on 7/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,564.29 after making attempt to go higher than 1,573.63.**