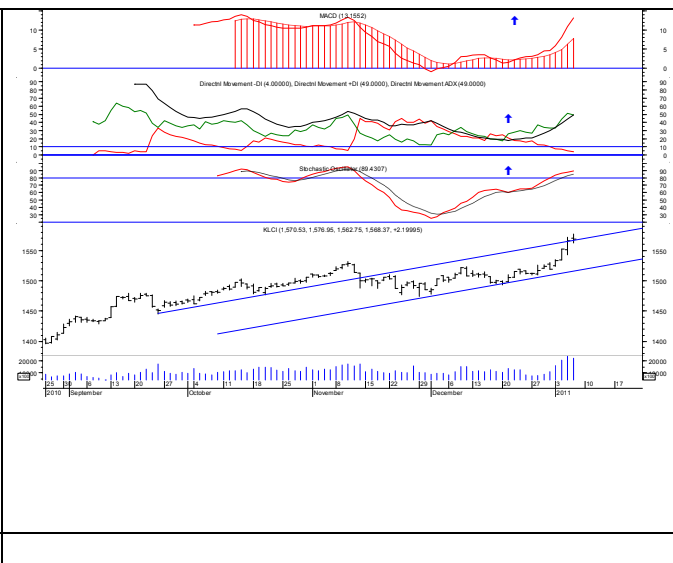


Technical Analysis – Daily FBM KLCI

	6/1/2011	5/1/2011
Open	1,570.53	1,551.59
High	1,576.95	1,571.85
Low	1,562.75	1,542.95
Close	1,568.37	1,566.17
Volume	2.20 b	2.34 b
Market Breadth		
Up	570	547
Down	295	320
Unchanged	284	273
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Within the channel

Market Commentary :

Supported by creation of 3 times as many private sector jobs as expected, DJIA had on 5/1/2011 gained **31.71** points to close at **11,722.89**.

The double-digit rise in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 6/1/2011, FBM KLCI traded higher into 1,570 zone to a day high of **1,576.95** as traders continue to play on buying game in anticipation of higher market. However, weak follow thru buying support in area of **1,576.95** prompted profit taking activity to roll in, and this pushed the stock index down to a low of **1,562.75** before settled at **1,568.37**.

The **rise** of **2.20** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.02 to RM9.40), **Public Bank** (up RM0.04 to RM13.46), **Affin** (up RM0.29 to RM3.47), **Topglove** (up RM0.21 to RM5.40) and **Boustead** (up RM0.21 to RM5.67).

What was the chart saying

Market continued its momentum to record another new high at **1,576.95** yesterday (6/1/2011) following the up close scenario in the preceding day (5/1/2011) and favourable overnight external market performance. The higher market level on 6/1/2011 was again expected as there was a strong buying power on 5/1/2011 with stock index managed to hit another new high on the back of 2.34 billion shares. **Why another day of higher market on 6/1/2011 ?** Like we said earlier, what we saw on 5/1/2011 was more of a mental slate kind of thing, traders were excited about the double-digit up close on 3/1/2011, 4/1/2011 and 5/1/2011, and there was basically a friendly spill over effect.

Ladies & gentlemen, the market turnaround on 3/1/2011 had provided us the hint on what was in traders' mind. **Would the high of 1,576.95 on 6/1/2011 continue to point to a higher**

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market today (7/1/2011) ? Technically, market should continue to trade higher based on Newton's First Law of Motion, and chances are high to see a higher level on 7/1/2011; however, the market momentum seen to have been tapered off after 4-day (3/1/2011, 4/1/2011, 5/1/2011 & 6/1/2011) run up with an overhead resistance at 1,563 level . **Wasn't 1,563 level being broken on 5/1/2011 ? We saw 2 up closes above 1,563 level on 5/1/2011 and 6/1/2011, and we shall see whether the market could do the same today (7/1/2011).**

Take a close look at the upward sloping channel drawn in the chart above, one can see that the up closes on 5/1/2011 and 6/1/2011 were actually **settled on the upper line of the channel.** This meant to say traders respected this channel.

Market volume was **2.20** billion shares on 6/1/2011 compared to **2.34** billion shares on 5/1/2011. **What can be said about that ?** The decrease in market volume indicated less buying participation in the game play; but, the ratio of advancers/decliners rose to **570/295** on 6/1/2011 as compared to 547 vs 320 on 5/1/2011 and 637 vs 233 on 4/1/2011.

Given what happened on 6/1/2011, what would the market do next ? The higher market on 6/1/2011 was encouraging as traders would likely be riding on this positive sentiment to play an upward game.

What were the strong hands doing

A check of internal market strength on 6/1/2011 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 5/1/2011** was about **81% more than** what was **liquidated** between 9/12/2010 and 16/12/2010 compared to **63%** 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 6/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,562.75.