

Technical Analysis – Daily FBM KLCI

	10/5/2010	7/5/2010
Open	1,331.60	1,318.71
High	1,337.20	1,332.89
Low	1,330.96	1,315.63
Close	1,333.97	1,332.89
Volume	805.6m	938.3 m
Market Breadth		
Up	529	205
Down	194	522
Unchanged	217	234
Indicators		
MACD	sell	sell
DM Index	sell	sell
Stochastics	sell	sell

The chart displays the daily price movement of the FBM KLCI index from late 2009 to May 2010. The main chart shows the price with a blue upward-sloping trendline. Key price points are marked: 1,331.60, 1,337.20, 1,330.96, and 1,333.97. The MACD indicator at the top shows a red histogram and a green line, both indicating a 'sell' signal. The Stochastic Oscillator below it also shows a 'sell' signal. The volume bar chart at the bottom shows trading activity, with a notable peak around early May 2010.

Just not ready to give up

Market Commentary :

Worried over Europe’s debt situation to spiral globally, DJIA had on 7/5/2010 fell again with a drop of **139.89** points to close at **10,380.43**.

The triple-digit loss in Wall Street did not seem to have much negative impact on Bursa Malaysia in the opening bell on 10/5/2010, FBM KLCI only traded down a day low of **1,330.96** as traders were seen not in a hurry to play on selling side. In the absence of stronger selling pressure, renewed buying support rolled in, this lifted stock index to a day high of **1,337.20** before settled at **1,333.97**.

The single-digit **rise** of **1.08** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up **RM0.10**), **KLK** (up **RM0.06**), **Tenaga** (up **RM0.12**), **PB Bank** (up **RM0.06**) and **RHB Cap** (up **RM0.05**).

What was the chart saying

We saw a supportive playing role yesterday (10/5/2010) with KLCI continued to hold a firm grip at 1,330 level after the positive rebound from low of 1,315.63 to 1,332.89 last Friday. Bulls did its part again to contain the weak trading sentiment from getting worse, and this can be seen from the market’s ability to keep its position above 1,330 zone.

While it was good to see market trading higher on 10/5/2010; but, it was premature to confirm anything at this juncture even though supportive buying had been observed. This market basically needed times to consolidate the sharp sell-off that occurred last Friday, because the intraday downside break of 1,320 level on 7/10/2010 was something unusual given the earlier supportive game play, it could have signaled that market was losing positive momentum.

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However, a crossover of 1,338 level should provide an initial hint of this market making the next attempt to erase the negativity created on 7/5/2010. This can happen ... for we saw the repeat of history of 19/4/2010 & 28/4/2010 on 7/5/2010, where market rebounded to climb back up into 1,330 zone within the same day. There were still traders playing supportive role to keep the market afloat in spite of much uncertainties around globally, and 1,330 zone had once again been proven as choice of comfort.

Bears won control in the short term; but, the bulls were seen doing its utmost to recover the lost ground again on 10/5/2010.

What were the strong hands doing

A check of internal market strength on 10/5/2010 showed that buying strength ***improved*** with strong hand(s) seen ***acquiring a portion of buying positions***, this brought the number of stock positions established between 23/3/2010 and 10/5/2010 (inclusive dates) up to **90%** from **85%** (23/3/2010 – 7/5/2010) of what was sold from 12/3/2010 to 22/3/2010.

Conclusion :

The short term had begun to turn weak with medium term market outlook still seen favourable.

The analysis of overall daily market action(s) on 10/5/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,337.20.