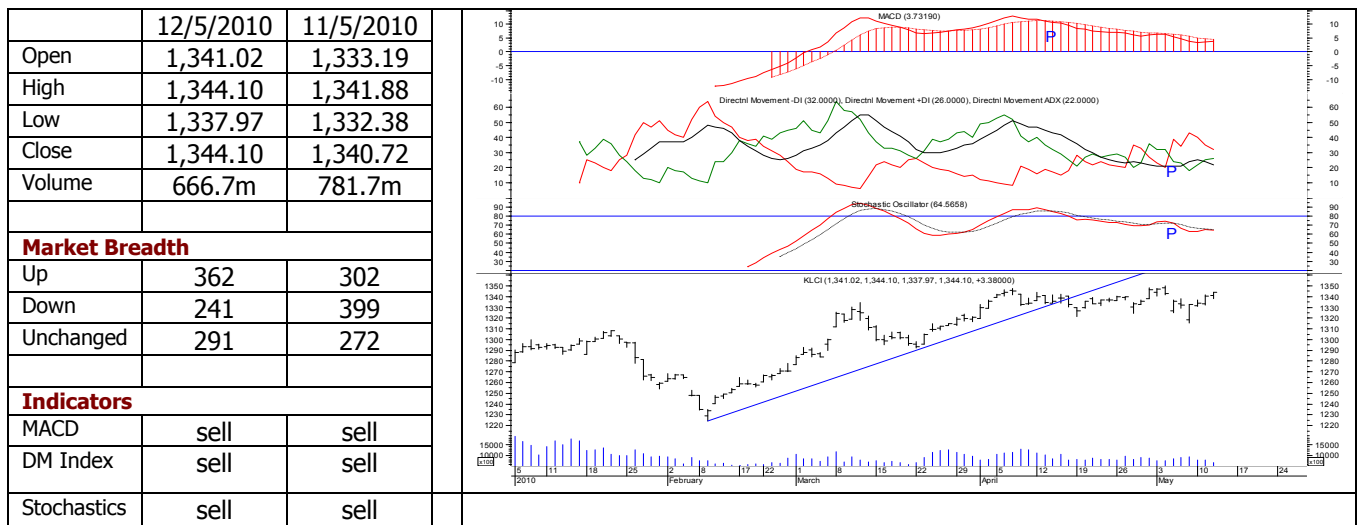


Technical Analysis – Daily FBM KLCI



Downside gap left on 5/5/2010 filled.....

Market Commentary :

Supported by the plan of US\$1 trillion agreed by EU and IMF to contain Europe’s debt crisis, DJIA had on 11/5/2010 fell **36.88** points to close at **10,748.26**.

The double-digit loss in Wall Street did not affect Bursa Malaysia in the opening bell on 11/5/2010, FBM KLCI only traded down a day low of **1,337.97** as some traders decided to profit take a portion of their stock positions. However, weak follow thru selling pressure in area of **1,337.97** prompted renewed buying support, this lifted stock index back up above 1,340 level to fill the downside gap left behind on 5/5/2010 with a high of **1,344.10** before settled at **day high**.

The single-digit **rise** of **3.38** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB (up RM0.08)**, **Maybank (up RM0.05)**, **Sime (up RM0.02)**, **KL Kepong (up RM0.70)** and **Genting (up RM0.06)**.

What was the chart saying

We saw a higher high market yesterday (12/5/2010) with KLCI continued to hold a firm grip at 1,330 level after the positive close in the preceding day. Bulls were again seen playing its part to contain the weak trading sentiment after propping up the market nicely into 1,340 zone on 11/5/2010 in an effort to instil renewed buying confidence.

Ladies & gentlemen, it was still premature to confirm a return of bull even though supportive buying continued been observed for 4 consecutive days (7/5/2010 – 12/5/2010), because the intraday downside break of 1,320 level on 7/10/2010 was something unusual given the earlier supportive game play, certain amount of market consolidation was still needed to neutralize the sharp sell-off that occurred last Friday, and the negativity effect left behind on 5/5/2010.

The crossover of 1,338 level on 11/5/2010 could have served a hint of readiness on the part of market pave the way for market to go upward with an eye to re-test immediate high of 1,349.92 (4/5/2010). Do not forget, 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, this suggested a supportive playing role to keep the market afloat in spite of much uncertainties around globally, and 1,330 zone had once again been proven as intended protective zone.

Bears won control in the short term; but, the bulls were seen doing its utmost to recover the lost ground again on 12/5/2010.

What were the strong hands doing

A check of internal market strength on 12/5/2010 showed that buying strength ***weakened*** with strong hand(s) seen ***disposing a portion of buying positions***, this brought the number of stock positions established between 23/3/2010 and 12/5/2010 (inclusive dates) down to ***101%*** from ***116%*** (23/3/2010 – 11/5/2010) of what was sold from 12/3/2010 to 22/3/2010.

To put it in a simple term, strong hands bought into market to see its peak on 11/3/2010, then the buying pattern of strong hands had stayed below this peak between 12/3/2010 – 10/5/2010; but, something had changed in the past 3 days (7/5/2010 – 11/5/2010) with this buying pattern seen trending upward. **What did it tell us ?** This basically indicated that strong hands were confident to see this market to trade above 1,349.92; however, a small amount of profit taking activity was seen on 12/5/2010 ahead of expected resistance selling at 1,350 level.

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 12/5/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,337.97 after making attempt to go higher than 1,344.10.