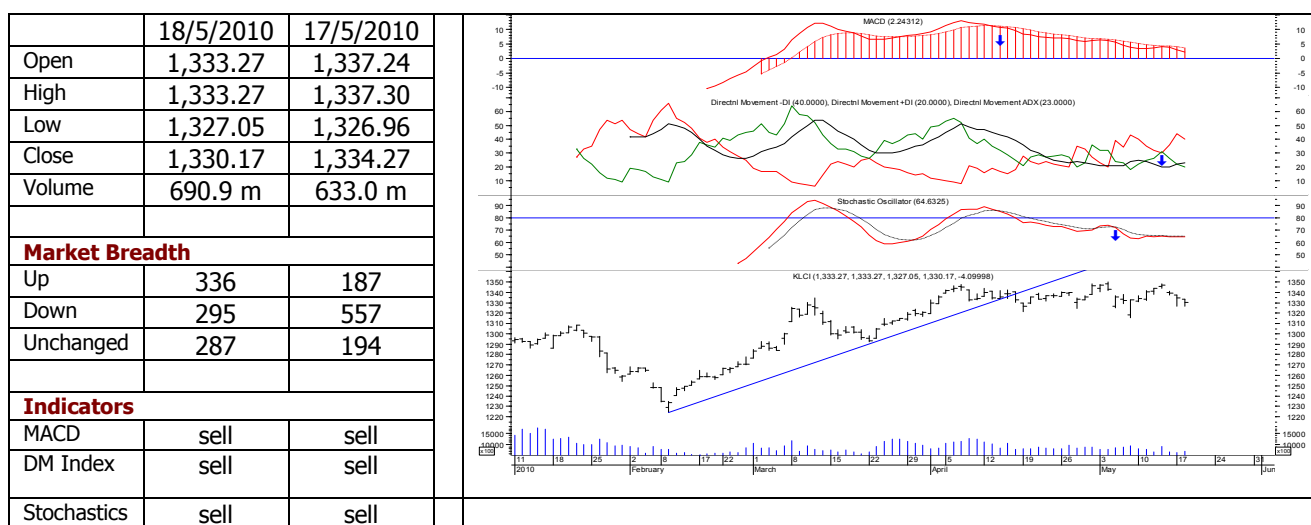


Technical Analysis – Daily FBM KLCI



Continued to stay supportive at 1,330 level

Market Commentary :

In spite of worries over the possibility spread of Europe's economic problems to the US, DJIA had on 17/5/2010 gained **5.67** points to close at **10,625.83**.

The single-digit gain in Wall Street did not seem to provide a friendly helping hand to Bursa Malaysia in the opening bell on 18/5/2010, FBM KLCI only traded to a day high of **1,333.27** as traders were seen reluctant to play on buying side. In the absence of supportive buying interest, renewed selling pressure rolled in, this pushed stock index down to a low of **1,327.05** before settled at **1,330.17**.

The single-digit **drop** of **4.10** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down **RM0.08**), **Maybank** (down **RM0.10**), **IOI Corp** (down **RM0.03**), **Bursa M'sia** (down **RM0.07**) and **RHB Cap** (down **RM0.07**).

What was the chart saying

Market broke below 1,330 level yesterday (18/5/2010) on intra-day basis following the negative market closing under a gapped down scenario in the preceding day. FBM KLCI was again seen struggling to keep its position near the day high in the early morning session, and this had somehow provided an easy way for the market to break downward. **Where was the bull that had been 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 ?** Those bulls were traders. They traded for profits and were not obligated to support market daily to keep everyone happy

As we had said earlier, the supportive buying from 7/5/2010 – 13/5/2010 had helped to improve the bullishness ranking; but, it was still premature to confirm a return of bull on reason of unimpressive market volume. High market volume was essential for a higher high market on 12/5/2010, because

the intraday downside break of 1,320 level on 7/10/2010 was something unusual, many traders/investors had become wary about the market.

So, market protected its fort at 1,330 level on 18/5/2010 after making an intra-day downside breakout, can market trade above 1,349.92 level ? The second consecutive downside gap created on 17/5/2010 again indicated the urgency on the part of traders to unload. On this note, bullish traders were believed to be looking at lower market, and supporting play(s) would emerge only when market timing to appear "right".

Judging from the way market carried itself on 17/5/2010 and 18/5/2010, the earlier intended protected level of 1,330 level may still intact; but, 1,315 – 1,320 level should now act as a more comfortable support level in the eyes of traders.

What were the strong hands doing

A check of internal market strength on 18/5/2010 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 18/5/2010 (inclusive dates) down to ***32%*** from ***55%*** (23/3/2010 – 17/5/2010) of what was sold from 12/3/2010 to 22/3/2010.

So, what would these strong hands be doing next after the unloading on 18/5/2010 ? On 18/5/2010, those strong hands were seen comfortably locking in another portion of their profits, and they are expected to continue with profit taking action on Wednesday (19/5/2010) given the relative smaller amount of stock acquisition on 12/5/2010 compared to the amount of stock disposal on 11/5/2010. **Given the behavioural pattern, market would thus be likely to come under pressure to go downward on 19/5/2010.**

Conclusion :

The short term remained weak with medium term market outlook still favourable.

The analysis of overall daily market action(s) on 18/5/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,327.05 after making attempt to go higher than 1,333.27.