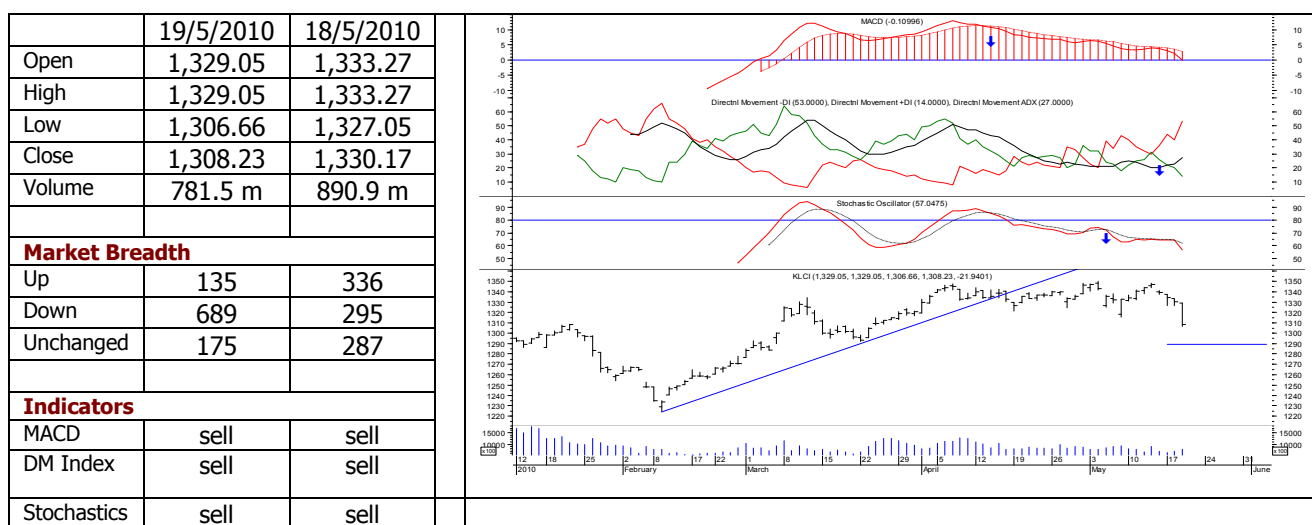


Technical Analysis – Daily FBM KLCI



A technical rebound likely today

Market Commentary :

Dampened by falling euro currency in 4-year low and news of German regulator's plan to limit some kinds of short selling activity, DJIA had on 18/5/2010 dropped **114.88** points to close at **10,510.95**.

The triple-digit loss in Wall Street affected the market sentiment of Bursa Malaysia in the opening bell on 19/5/2010, FBM KLCI only traded to a day high of **1,329.05** as traders were seen reluctant to play on buying side. In the absence of supportive buying interest in area of **1,329.05**, renewed selling pressure rolled in, this pushed stock index down to a low of **1,306.66** before settled at **1,308.23**.

The double-digit **drop** of **21.94** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down RM0.12), **Maybank** (down RM0.09), **TM** (down RM0.06), **Bursa M'sia** (down RM0.11) and **Tenaga Nasional** (down RM0.07).

What was the chart saying

Market broke below 1,320 level again yesterday (19/5/2010) following the negative market closing in preceding day plus the downside gap left behind on 17/5/2010. FBM KLCI finally could not hold itself up against the selling pressure at 1,326 level, it went down to a day low of **1,306.66**. **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

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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 lost its fort at 1,330 level on 19/5/2010, what would the market do next ?

The second consecutive downside gap created on 17/5/2010 again indicated the urgency on the part of traders to unload. On this note, traders were believed to be looking at lower market, and supporting play(s) would emerge only when market timing to appear "right" as bears won big control over the bulls on 19/5/2010.

Judging from the way market carried itself from 17/5/2010 to 19/5/2010, the earlier intended protected level of 1,330 level had finally made way for market to consolidate lower, there was nothing to be surprise of as 1.330 level had been given other traders/investors an impression of artificial supportive level, and this had indeed made stock trading very uneasy all this while. Thus, a surrender of 1,330 level would in turn help clear the mental block. 1,290 – 1,300 level should now act as a more comfortable support level with the downside penetration of 1,320 level.

What were the strong hands doing

A check of internal market strength on 19/5/2010 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 19/5/2010 (inclusive dates) down to **-12%** from **32%** (23/3/2010 – 18/5/2010) of what was sold from 12/3/2010 to 22/3/2010. **What did it mean ? This meant strong hands had even liquidated some "old" stock positions that were established earlier (prior to stock acquisitions that took place between 23/3/2010 and 6/4/2010).**

So, what would these strong hands be doing next after the unloading on 19/5/2010 ? On 19/5/2010, those strong hands were seen comfortably locking in another portion of their profits, and they are expected to continue with profit taking action on Thursday (20/5/2010) 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 20/5/2010.**

Conclusion :

The **short and medium term** market outlook had turned weak.

The analysis of overall daily market action(s) on 19/5/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,306.66.