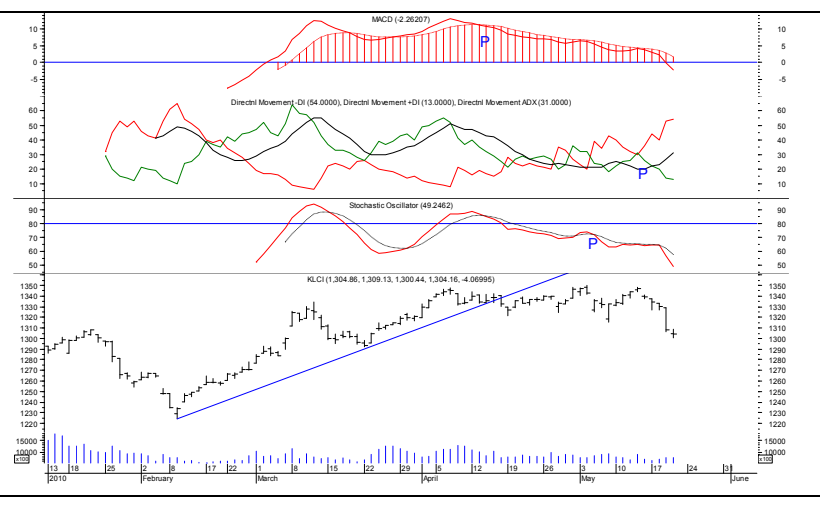


Technical Analysis – Daily FBM KLCI

	20/5/2010	19/5/2010
Open	1,304.86	1,329.05
High	1,309.13	1,329.05
Low	1,300.44	1,306.66
Close	1,304.16	1,308.23
Volume	765.4 m	781.5 m
Market Breadth		
Up	250	135
Down	449	689
Unchanged	274	175
Indicators		
MACD	sell	sell
DM Index	sell	sell
Stochastics	sell	sell



1,300 level being viewed psychological support

Market Commentary :

Dampened by growing fears that Europe has no quick fix for its debt crisis, DJIA had on 19/5/2010 dropped **66.58** points to close at **10,444.37**.

The double-digit loss in Wall Street continued to affect the market sentiment of Bursa Malaysia in the opening bell on 20/5/2010; but, to a lesser extent. FBM KLCI traded lower to reach lowest low of **1,300.44** since 24/3/2010 as traders were seen not comfortable to play on buying side. However, weak follow thru selling pressure in area of **1,300.44** prompted light hunting bargain activity to roll in, this lifted stock index to a high of **1,309.13** before settled at **1,304.16**.

The single-digit **drop** of **4.07** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down RM0.12), **Maybank** (down RM0.01), **TM** (down RM0.10), **HL Bank** (down RM0.02) and **Tenaga Nasional** (down RM0.06).

What was the chart saying

Market went lower again yesterday (20/5/2010) following the sharp drop to a day low of 1,306.66 in preceding day plus the downside gap left behind on 17/5/2010.

Having broken downward at 1,326 level to a low of 1,306.66 on 19/5/2010, stock index "found" a supportive footing at 1,300 level with a day low of **1,300.44**. **Was it a sign of market bottoming out ?** What we saw yesterday (20/5/2010) was believed to be certain kind of reaction to the market sell-off on 19/5/2010, and there was no good tested support level been found at this juncture except on psychological basis. Market basically needed times to heal the "deep wound" suffered in the past 2 days (18/5/2010 & 19/5/2010), renewed buying confidence must be re-established before we can see good upward move.

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. Furthermore, the intraday downside break of 1,320 level on 7/5/2010 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 would continue be seen as bearish yardstick of the market as it 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.

Taking about the "right" timing ? The doji bar that showed up yesterday (20/5/2010) indicated a good possibility of this market turning around soon for the short term. Moreover, 1,300 level had been a psychological level in the eyes of traders.

Judging from the way market carried itself from 17/5/2010 to 20/5/2010, the earlier intended protected level of 1,330 level may have lost its fort; but, it can be a good thing to upcoming market development, because the repeated rebounds from day low to close into 1,330 level for 5 occasions (28/4/2010, 5/5/2010, 7/5/2010, 17/5/2010 and 18/5/2010) had been giving other traders/investors an impression of artificial supportive level. Many traders / investors were not seen comfortable with it, and this had indeed made stock trading very uneasy all this while. Thus, the "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 20/5/2010 showed that buying strength ***weakened*** with strong hand(s) seen ***disposing a portion of buying positions***, the number of stock positions liquidated from 12/5/2010 – 20/5/2010 had exceeded the amount of stock acquired from 19/4/2010 to 11/5/2010 by ***24% compared 20% in the preceding day (note: change of percentage on 19/5/2010 shown was due to different net buying numbers being applied at different point of time that was used in earlier reports)***. And, the rate of selling on 20/5/2010 had reduced substantially compared to that of 19/5/2010.

Conclusion :

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

The analysis of overall daily market action(s) on 20/5/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,309.13.