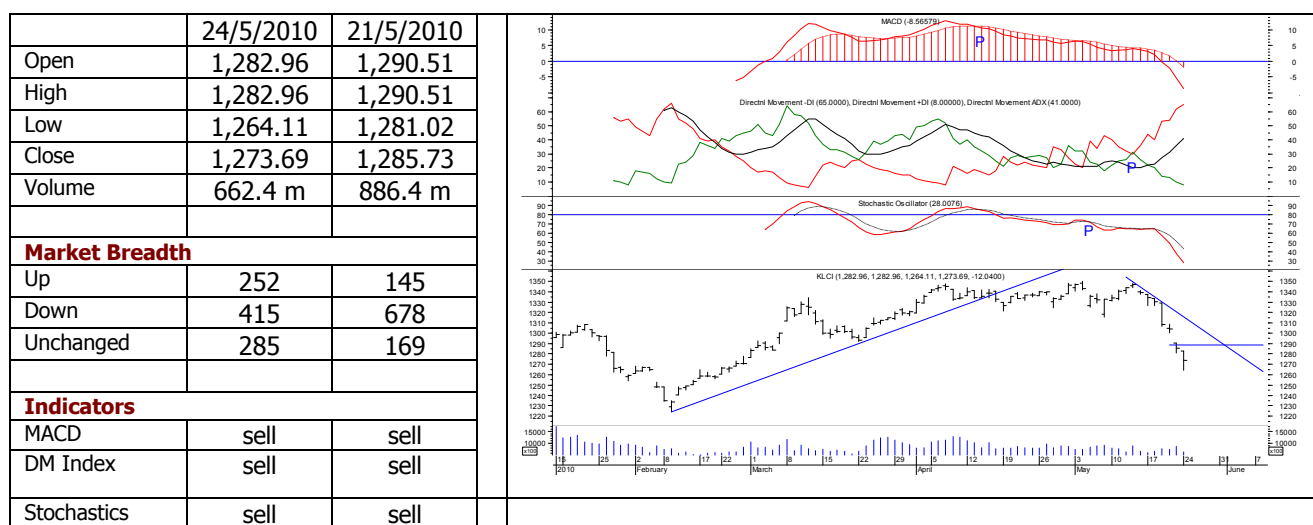


## Technical Analysis – Daily FBM KLCI



### In search of a base for technical rebound .....

#### Market Commentary :

In spite of worries about the health of global economy and possible effect of Europe's financial crisis on America economy, DJIA had on 21/5/2010 gained **125.38** points to close at **10,193.39**.

The double-digit gain in Wall Street did not provide any helping hand to Bursa Malaysia in the opening bell on 24/5/2010. FBM KLCI fell below 1,270 psychological level to reach lowest low of **1,264.11** since 24/2/2010 as traders rushed to unload another portion of their stock positions. However, light bargain hunting support rolled in, this pulled stock index off day low to settle at **1,273.69**.

The double-digit **drop** of **12.04** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Sime Darby** (down RM0.27), **Maybank** (down RM0.07), **CIMB** (down RM0.04), **TM** (down RM0.03) and **IOI Corp** (down RM0.09).

#### What was the chart saying .....

Market continued to come under selling pressure yesterday (24/5/2010) after the downside breakout of 1,300 level last Friday (21/5/2010) following the lower low bar with a down close on 21/5/2010 and the downside gap left behind on 21/5/2010.

The market slide to lowest low of 1,264.11 since 24/2/2010 on 24/5/2010 showed greater selling pressure, many traders were basically not comfortable to hold many stock positions in anticipation of weaker market ahead. **Can a technical rebound be expected soon ?** KLCI had lost 84 points in the last 7 days from the recent high of 1,348 on 13/5/2010. And, in term of Fibonacci retracement, this market had retraced **67%** from low of 1,224.37 (9/2/2010) connecting the other high of 1,349.92 (4/5/2010). **Theoretically**, we should have seen a technical rebound at 50% retracement or 1,285 level (day low of 21/5/2010 = 1,281.02); but, somehow traders were believed to have expected higher retracement level instead of 50%. **This meant to say, 61.8% retracement**

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**level should now be observed, and there would be attempts on the part of market to find a stable footing at 1,264 level.**

**Ladies & gentlemen**, the market sell-off from 19/5/2001 to 24/5/2010 was not something to be reversed overnight, and market needed times to consolidate the severe decline suffered during this period. **While it was impossible to tell the exact market turning point after the recent fall; but, a closer look at the past market performance in early 2010 indicated that market could extend its decline beyond 1,264 to 1,255 level before stronger renewed buying support showed up.** Renewed buying confidence must be re-established before we can see good upward move.

## **What were the strong hands doing .....**

A check of internal market strength on 24/5/2010 showed that buying strength ***weakened*** with strong hand(s) seen **disposing another portion of buying positions**, the number of stock positions liquidated from 12/5/2010 – 24/5/2010 had exceeded the amount of stock acquired from 19/4/2010 to 11/5/2010 by **49% compared 37% in the preceding day.**

## **Conclusion :**

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

**The analysis of overall daily market action(s) on 24/5/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,264.11.**