

2 August 2012
Analyst

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Market indices and statistics

Indices	Last	Daily chg %	YTD chg %
Malaysia			
FBM KLCI	1,632.5	0.1	6.6
FBM Emas	11,181.8	0.1	6.6
FBM Syariah	11,302.7	0.2	9.7
FBM Small Cap	12,324.7	-0.2	5.6
FBM ACE	4,409.7	-0.2	8.4
Dow Jones	12,971.1	-0.3	6.2
S&P 500	1,375.3	-0.3	9.4
Nasdaq	2,920.2	-0.7	12.1
FTSE	5,712.8	1.4	2.5
Nikkei	8,641.9	-0.6	2.2
Hang Seng	19,820.4	0.1	7.5
Strait Times	3,051.1	0.5	15.3

Market Turnover

Vol (m shrs)	1,354.1
Value (RMm)	1,863.6

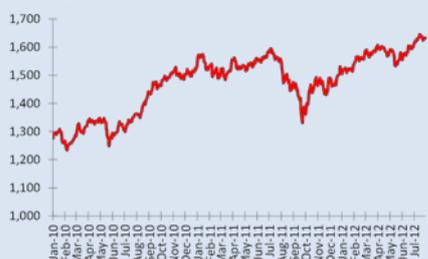
Top 5 value	Last	Daily chg %	Value (RM m)
CIMB Group	7.88	0.4	118.5
Maybank	8.79	0.3	114.7
Sime Darby	9.80	-0.3	110.3
AXIATA Group	5.89	0.5	83.7
Maxis	6.46	0.8	60.8

Currencies

	Last	Daily chg	Daily chg %
RM/USD	3.1135	-0.0110	-0.4
RM/100 Yen	3.9701	-0.0373	-0.9
RM/€	3.8345	-0.0027	-0.1
RM/SGD	2.4998	-0.0097	-0.4
RM/CNY	2.0449	0.0127	0.6

Commodities and futures

	Last	Daily chg	Daily chg %
KLCI (1 st month)	1,633.5	-1.0	-0.1
CPO (3 rd month)	2,945.0	-35.0	-1.2
WTI (1 st month)	88.9	0.8	1.0
Gold (spot)	1,599.5	-14.8	-0.9

FBMKLCI Chart

Market trend

➤ The FBMKLCI opened lower yesterday on weak performances in the western markets but rebounded and closed slightly higher. The FBMKLCI closed 0.75 points or 0.05% higher at 1,632.47 points. The trading range was between 1,626.68 and 1,635.33 points with a relatively higher trading volume. The close near the trading range's high indicated a bullish sentiment but rallies are being resisted by profit taking. Technical indicators generally remained the same with trend indicators indicate a fairly bullish market but momentum indicators indicate a weak uptrend. Momentum indicators like MACD and Bollinger Bands indicate that the FBMKLCI is still in a correction while the RSI indicator remained flat. Once again, expect an uncertain market today and probably lower volume as market players may be a little cautious after looking at a weak performance in the past few days. Trading range expected to be between 1,629 and 1,636 points today. Immediate support and resistance levels remain at 1,605 and 1,650 points respectively.



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Figure 1 : FBMKLCI daily chart



Source: Alliance Research

Figure 2 : Technical reading

MACD	Bearish	Candlesticks Bullish Reversal	No bullish reversal patterns detected in last 3 days
MACD Histogram	Momentum of the trend is weak	Candlesticks Bearish Reversal	No bearish reversal patterns detected in last 3 days
Moving Average (Short Term)	Bullish	Bar Chart Bullish Reversal	No bullish reversal patterns detected in last 3 days
Moving Average (Long Term)	Bullish	Bar chart Bearish Reversal	No bearish reversal patterns detected in last 3 days
Immediate Support	1,605.00	Stochastic	Currently is neutral and is getting higher
Longer Term Support	1,420.00	Average True Range (ATR)	Short term price action is less volatile
Immediate Resistance	1,650.00	Bollinger Bands	Long term price action is less volatile
Longer Term Resistance	1,650.00	Daily On-Balance Volume (OBV)	OBV is increasing, indicating accumulation of shares in the market

Source: Alliance Research



SELLING RECOMMENDATIONS

YTL (Sell/cut loss)

YTL was recommended a short term buy on 16 July after showing a good technical rebound with good volume. However, selling pressure continued and price came down without strong buying support. Yesterday, price broke below the short term support level at RM1.84 and hit the stop loss price at RM1.83 before closing at RM1.82. As bearish pressure continues and price is expected only to find support at RM1.70, we therefore recommend a sell for YTL to cut loss.



SUMMARY OF RECENT TECHNICAL STOCK PICKS

Figure 3: Summary of recent technical stock picks

Stocks	Date Initiated	Title (Recommendation)	Initiation Price RM	Current Price RM	Target Price RM	Cut loss Price RM
WTK (4243)	28 May 2012	Potential rebound after steep sell down (Buy)	1.22	1.20	1.40	1.13
ECM (2143)	12 June 2012	Disposal of IB unit to Kenanga (Buy)	0.84	0.865	0.95	0.79
SUPERMX (7106)	18 June 2012	Spurred by lower latex price (Buy)	1.97	2.18	2.25	1.85
UEMLAND (5148)	20 June 2012	Potentially bottoming (Buy)	2.03	1.99	2.25	1.92
RSAWIT (5113)	11 July 2012	Riding the heat wave (Buy)	1.14	1.08	1.28	1.05
SKPETRO (5218)	19 July 2012	Oil & gas service provider of choice (Buy)	2.34	2.49	2.70	2.22
MRCB (1651)	31 July 2012	Asset injection play (Buy)	1.79	1.81	2.05	1.70
PARKSON (5657)	1 Aug 2012	A regional retail consumption play (Buy)	4.85	4.82	5.40	4.58

Source: Alliance Research



DISCLOSURE

Technical stock rating definitions

Buy	- Expected 3-month total return (including dividends) of 15% or more
Neutral	- Expected 3-month total return between -15% and 15%
Sell	- Expected 3-month total return of -15% or less

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Glossary of technical terms used

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility introduced by Welles Wilder whereby the indicator is the greatest of the following: <ul style="list-style-type: none"> - current high less the current low; - the absolute value of the current high less the previous close; - the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average, developed by John Bollinger.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describe a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.



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