

Sino Hua-An rebound set to pick up pace

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Taking Stock

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SHARE prices on Bursa Malaysia rebounded within the post-Budget consolidation window last week. The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) continued to stay above its critical support of 1,250 points when it closed at 1,260.70 last Friday.

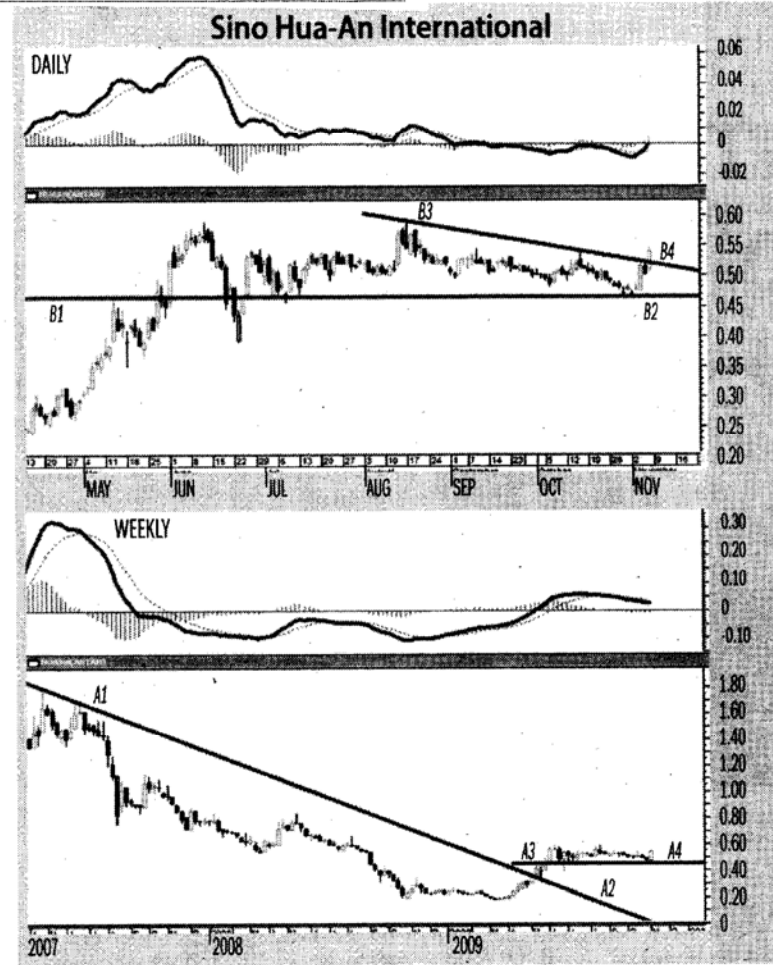
The FBM KLCI rebounded from its intra-week low of 1,233.45 on Monday to its intra-week high of 1,263.03 points on Friday, giving an intra-week trading range of 29.58 points.

The benchmark index posted a week-on-week gain of 17.47 points, or 1.41 per cent.

Among other indices, the FTSE Bursa Malaysia Small Cap Index gained 155.84 points, or 1.55 per cent, to close at 10,229.55 while the FTSE Bursa Malaysia ACE Index jumped 381.96 points, or 8.87 per cent, to 4,687.65.

On the foreign markets, renewed technical rebounds on Wall Street continued to see the Dow Jones Industrial Average staying above its major psychological support of 10,000 points. The Dow average closed lower at 10,023.42 on Friday, posting a week-on-week increase of 310.69 points, or 3.20 per cent.

The tech stock heavy Nasdaq In-



dex continued to stay above its critical support of 2,100 points last week. It closed at 2,112.44 on Friday, recording a week-on-week gain of 67.33 points, or 3.29 per cent.

In Tokyo, the stock market fell

below its support of 10,000 points last week. The Nikkei 225 Index closed at 9,789.35 on Friday, giving a week-on-week loss of 245.39 points, or 2.45 per cent.

The Hong Kong stock market, meanwhile, continued to stay below

the support of its major psychological resistance level of 22,000 points last week. The Hang Seng Index closed at 21,829.72 on Friday, giving a week-on-week jump of 76.85 points, or 0.35 per cent.

On Bursa Malaysia, Sino Hua-An International Bhd paused to catch a breather last week. Its daily price trend rebounded to close at 54 sen last Friday, posting a week-on-week gain of 6.5 sen, or 13.68 per cent.

The following are the readings of some of its technical indicators:

Moving Averages: Sino Hua-An's daily price trend stayed above its 10-, 20-, 30-, 50-, 100- and 200-day moving averages.

Momentum Index: Its short-term momentum index stayed above the support of its neutral reference line last Friday.

On Balance Volume (OBV): Its short-term OBV trend stayed above its 10-day moving average last Friday.

Relative Strength Index (RSI): Its 14-day RSI stayed above the 50 level. Its technical reading stood at the 64.24 per cent level at the market close last Friday.

Technical outlook

Last Friday, trading activities on Bursa Malaysia saw the emergence of the conceptual plays in China-related stocks. Sino Hua-An is one of such stocks.

Chartwise, Sino Hua-An's monthly price trend bottomed out in March 2009. Since then, it had rallied to its recent high of 59 sen in

June 2009.

Its weekly price trend continued to stay above its short-term support (see Sino Hua-An's weekly chart A3:A4). Earlier, it stepped out of its intermediate-term downtrend (A1:A2).

Its daily price trend staged a technical breakout of its short-term downtrend (see Sino Hua-An's daily chart B3:B4) last Friday. It staged a successful re-test of the support of its immediate downside support (B1:B2).

Sino Hua-An's daily and monthly fast Moving Average Convergence Divergence indicators (MACDs) continued to stay above their respective slow MACDs last week. Its weekly fast MACD continued to stay below its weekly slow MACD.

Its 14-day Relative Strength Index (RSI) stood at the 64.24 per cent level last Friday. Its 14-week and 14-month RSIs were at the 61.17 and 52.85 per cent levels respectively.

Technically, Sino Hua-An daily price trend had just shifted out of its recent congestion trend when it stepped out of its short-term downtrend.

Sino Hua-An's daily price trend is at the critical stage of breaking out of its intermediate-term base-building phase. A decisive of its recent resistance high is likely to place its short-term trend into its next uptrend phase.

The subject expressed above is based purely on technical analysis and opinions of the writer. It is not a solicitation to buy or sell.