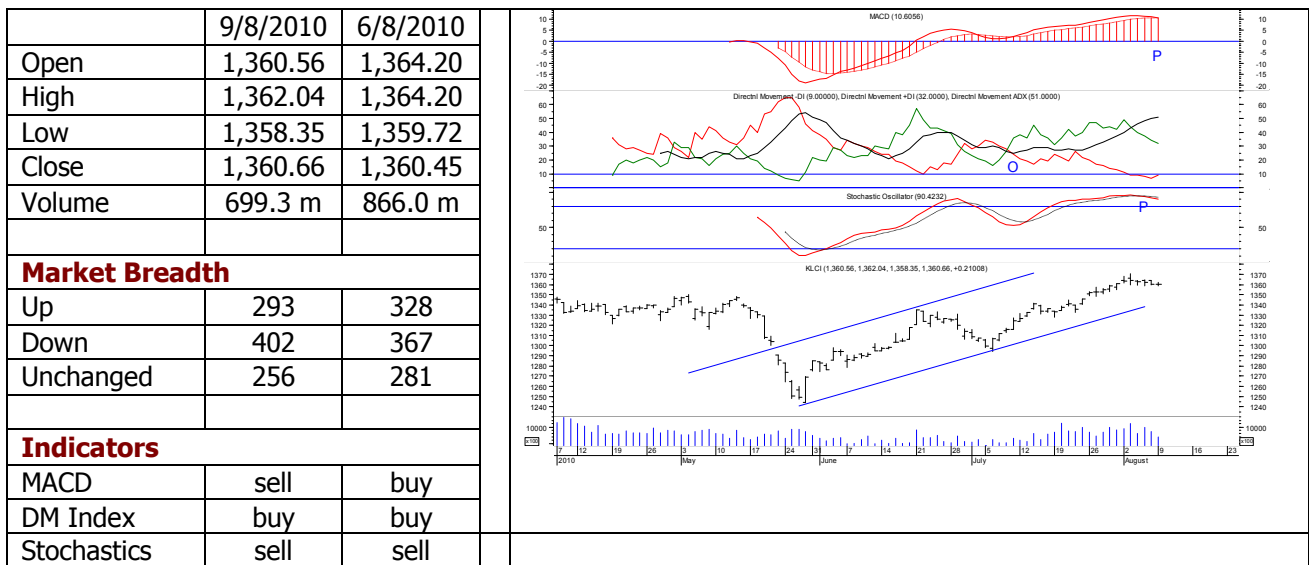


Technical Analysis – Daily FBM KLCI



1,350 level seen "hard" to crack at this juncture.....

Market Commentary :

Dampened by a decline of 0.7% in consumer credit amid increased saving by American Households in June 2010, DJIA had on 6/8/2010 shed 21.42 points to close at 10,653.56.

The double-digit drop in Wall Street affected the trading sentiment at Bursa Malaysia in the opening bell on 9/8/2010, FBM KLCI only traded to an intra-day high of **1,362.04** as traders were seen reluctant to play a buying game. In the absence of stronger buying support in area of **1,362.04**, renewed selling interest rolled in, and this pushed the stock index down below 1,360 level with a day low of **1,358.35** before settled at **1,360.66**.

The **rise of 0.21** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby (up RM0.09)**, **KLK (up RM0.02)**, **Maybank (up RM0.01)**, **IJM Plantation (up RM0.06)** and **IOI Corp (up RM0.02)**.

What was the chart saying

Market did not make the attempt to test 1,365 level on 9/8/2010, this was not something unexpected as the market had earlier traded above 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level followed by unsuccessful attempts to go higher than 1,365 level in subsequent days (4/8/2010 – 9/8/2010). It was simply due to the fact that traders could not find the same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions.

The inability on the part of stock index to make a higher high on 9/8/2010 did not pose much of a surprise as traders had shown the uneasy sign on 2/8/2010 & 3/8/2010 when market approached 1,370 level. And, it was obvious to have been noted that **the way market carried itself in the past 4 days (4/8/2010 - 9/8/2010) had undeniably shown the "intention" on the part of certain traders to keep the stock index afloat. Can stock index continue to hold in the**

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vicinity of 1,360 ? Nobody can rule out this possibility. Market traded its day lows below 1,360 for 4 consecutive days (4/8/2010 – 9/8/2010) without a cross over of 1,365 hurdle, this implied a market top between 1,365 and 1,370 level in the immediate short term.

Let's do a recap of recent market happenings.

On 3/8/2010, market went higher to trade into 1,370 zone. **Logically**, traders should have felt the kind of trading excitement at that level and driven by the desire to join in the game. Somehow, we did not get to see the expected hu...ha. This reflected the psychological aspect of trading game, many traders and investors have obviously learnt the market lessons the hard way during the previous downturns.

On 2/8/2010, traders displayed the same psychological behaviour as market traded near the high of 1,368.43 where traders also decided to take a portion of profits on winning trades despite the upside gap created. **In shorts, traders adopted a cautious play tactic and were unwilling to buy up stocks for the sake chasing the game.**

Ladies & gentlemen, we had mentioned in our earlier market reports that "With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ? 1,365 level** is envisaged as a hurdle for KLCI in the immediate short term." So, this 1,365 level was taken out during the day on 2/8/2010, **would it mean 1,365 no longer serve a hurdle ? The upside violation of 1,365 level was on intraday basis, and 1,365 level remained a valid hurdle and would continue to act as resistance for a minimum of 3 consecutive days on close basis. FYI, as day passes by, the resistance point on an upward sloping trendline extended from low of 1,040 (22/6/2009) to connect the other low of 1,224 (9/2/2010) would also be moving higher; thus, range of resistance should now be in between 1,365 and 1,370 level.**

A study of market trading pattern from 3/8/2010 to 9/8/2010 shows that market is entering a **sideways phase. When can this sideways phase be expected to end ?** This is **NOT** easy to answer as nobody can really predict what the market will do next. However, **for those who are looking for a reference, here is what the market likely to do this market should stabilize its position between 1,350 and 1,365 level in next 3 to 5 days before seeing next buying attempt(s).**

What were the strong hands doing

A check of internal market strength on 9/8/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing another portion of buying positions**, *the number of stock positions liquidated from 30/7/2010 to 9/8/2010 was about 129% more than what was acquired between 22/7/2010 and 29/7/2010. In other word, strong hands were also selling stock positions established before 22/7/2010.*

Conclusion :

Market outlook may be beginning to turn negative in the immediate short term on 9/8/2010; but, the key market support level to watch would be 1,350.

The analysis of overall daily market action(s) on 9/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,358.35.