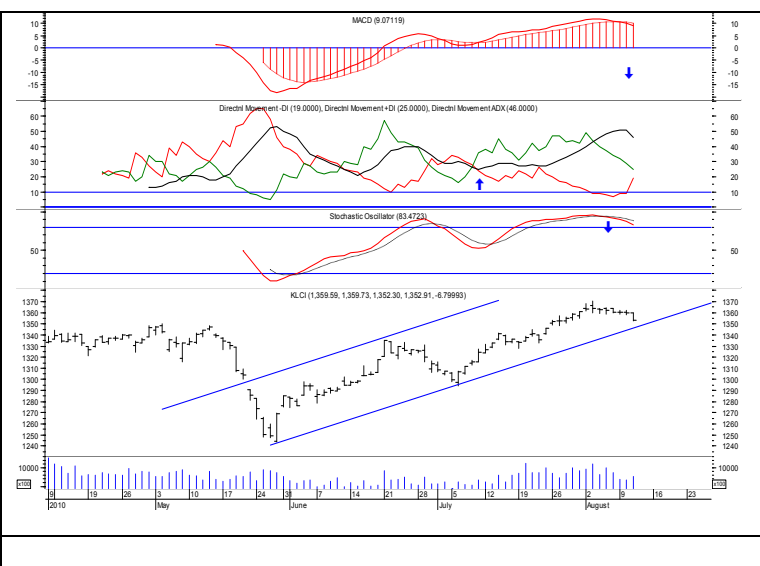


## Technical Analysis – Daily FBM KLCI

	11/8/2010	10/8/2010	
Open	1,359.59	1,360.65	
High	1,359.73	1,362.24	
Low	1,349.50	1,357.95	
Close	1,352.91	1,359.71	
Volume	769.8 m	675.9 m	
<b>Market Breadth</b>			
Up	207	255	
Down	464	409	
Unchanged	279	281	
<b>Indicators</b>			
MACD	sell	sell	
DM Index	buy	buy	
Stochastics	sell	sell	

### 1,350 support level remained in force .....

### Market Commentary :

Dampened by announcement of Federal Reserve to take small steps to stimulate the economy, DJIA had on 10/8/2010 lost 54.50 points to close at 10,644.25.

The double-digit drop in Wall Street affected the trading sentiment at Bursa Malaysia in the opening bell on 11/8/2010, FBM KLCI only traded to an intra-day high of **1,359.73** as traders were seen unwilling to play a buying game in anticipation of lower market. In the absence of stronger buying support in area of **1,359.73**, renewed selling interest rolled in, and this pushed stock index below 1,350 level to a day low of **1,349.50** before settled at **1,352.91**.

The **drop** of **6.80** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.01), **Sime Darby** (down RM0.01), **HL Bank** (down RM0.11), **Maybank** (down RM0.03) and **GenM** (down RM0.02).

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

Market did not trade above 1,360 level on 11/8/2010, this was **NOT** something unexpected as the market had earlier crossed over 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level, and was followed by unsuccessful attempts to go higher than 1,365 level in subsequent days (4/8/2010 – 9/8/2010). This showed that traders had yet found the same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions in the period between 5/8/2010 and 10/8/2010.

Bears, having struggled to win the battle on 10/8/2010 had managed to win by a bigger margin on 11/8/2010. The lower low on 11/8/2010 suggested that market was looking for a wider stabilization base despite the earlier small base between 1,358.52 and 1,364.82 levels (5/8/2010 – 10/8/2010). The wider base can be viewed negatively, because the breakaway from existing small trading range

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signified stronger pressure to sell ..... However, on a friendly context, the breakaway can also be interpreted as a way to flush out weak hands.

### **Let's do a recap of recent market happenings.**

On 2/8/2010, market traded near the high of 1,368.43; but, traders decided to take a portion of profits on winning trades despite the upside gap created. 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 had obviously learnt the market lessons the hard way during the previous downturns.

### **In other words, 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 10/8/2010 showed that market was seen 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 would do next. However, **for those who are looking for hint(s), here is what the market likely to do ..... this market should stabilize its position between 1,350 and 1,365 level in next 3 days before seeing next buying attempt(s).**

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

A check of internal market strength on 11/8/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the net number of stock positions liquidated from 30/7/2010 to **11/8/2010** was thus about **147%** more than what was bought between 22/7/2010 and 29/7/2010, this number **rose** compared to **108%** on 10/8/2010..

### **Conclusion :**

**Market outlook may have begun to turn negative in the immediate short term on 4/8/2010; but, the key market support level to watch remained at 1,350.**

**The analysis of overall daily market action(s) on 11/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,349.50.**