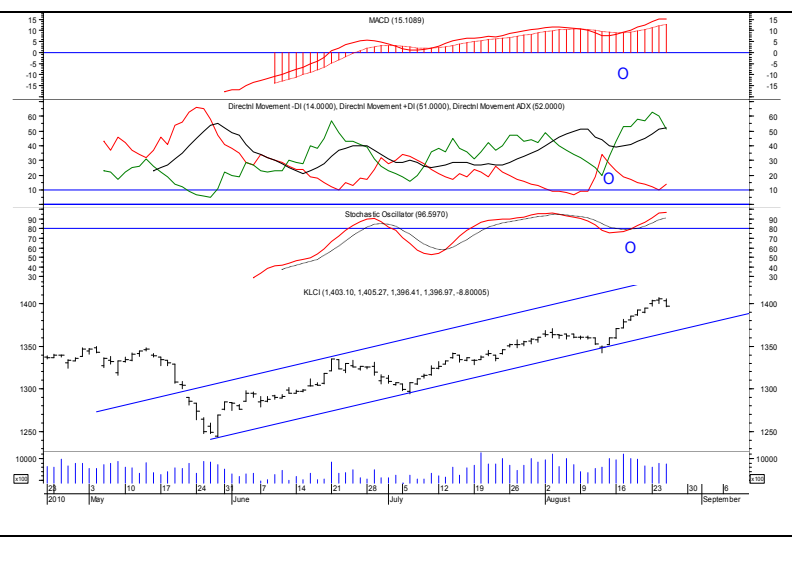


## Technical Analysis – Daily FBM KLCI

	25/8/2010	24/8/2010	
Open	1,403.1	1,404.22	
High	1,405.27	1,406.95	
Low	1,396.41	1,399.77	
Close	1,396.97	1,405.77	
Volume	873.0 m	894.4 m	
<b>Market Breadth</b>			
Up	186	206	
Down	585	585	
Unchanged	268	241	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Downward pressure to continue .....**

### Market Commentary :

Worried over a disappointing report on housing to deepen economic recovery, DJIA had on 24/8/2010 lost 133.96 points to close at 10,040.45.

The triple-digit drop in Wall Street created a negative sentiment to Bursa Malaysia in the opening bell on 25/8/2010, FBM KLCI only traded to a high of **1,405.27** as traders decided not to stage a follow thru buying support in anticipation of lower market despite making highest high of 1,406.95 since 22/2/2008 on 24/8/2010. In the absence of stronger buying interest in area of **1,405.27**, profit taking activity rolled in, this put a pressure on stock index to go down to **1,396.41** before settled at **1,396.97**.

The **drop** of **8.80** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **IJM** (down RM0.07 to RM4.95), **Sime Darby** (down RM0.11 to RM7.76), **IOI Corp** (down RM0.09 to RM5.16), **GenM** (down RM0.04 to RM3.03) and **Gamuda** (down RM0.03 to RM3.35).

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

Market did not trade higher on 25/8/2010 despite an up close under higher volume scenario. The lower high market play on 25/8/2010 was a little surprise as those traders that had played up this market to the high of 1,406.95 (24/8/2010) could have done it; but, the failed higher high attempt on 25/8/2010 would serve as a visible sign to indicate a weakening market.

**Did it mean 1,406.95 level a market top for KLCI ? Yes, in the immediate short term.** Firstly, market gapped up into 1,400 zone on 23/8/2010 and was followed by higher levels; but, the speed to the up north direction was not impressive to provide better buying confidence. Market managed to steal a closing above 1,400 level despite intra-day dips below 1,400 level on 23/8/2010

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and 24/8/2010; however, the lower high on 25/8/2010 somehow prompted traders with winning trades to lock in a portion of their stock positions. The market was seen struggling to go much higher after the 1,400 level crossover on 24/8/2010, this undoubtedly indicated an imminent market correction. **A downside violation of 1,400 level would likely see the stock index to go down to 1,380 level first before we could see renewed buying interest.**

**Ladies & gentlemen**, the crossover into 1,370 zone on 16/8/2010 had paved the way for stock index to go upward with an early target **pegged between 1,380 – 1,420** level given the return of 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.

The market run-up of **64.88** points from low of 1,342.07 (12/8/2010) to a high of **1,406.95** (24/8/2010) in **8** days had placed the stock index in an overbought zone, this created a caution stance among traders in playing aggressively on buying side. **Well, given the attained lower end to mid level of upside target between 1,380 and 1,420 levels without much stronger follow through buying volume since 17/8/2010 (market volume had been on a decline), traders should seriously begin to look into tightening risk management strategy.**

**Externally**, market actions on 23/8/2010 **“seen”** better with a crossover into 1,400 zone; but, a **small change** in the way traders looked at the market began to shape up on 24/8/2010, and more traders were expected to be feeling nervous today (26/8/2010) after the downside violation of 1,400 level on 25/8/2010.

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

A check of internal market strength on 25/8/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing another portion of buying positions**, and the net number of stock positions liquidated from 20/8/2010 to **25/8/2010** was about **64%** of what was established between 11/8/2010 and 19/8/2010 compared to **43%** in the preceding day.

## **Conclusion :**

**Market outlook remained friendly with key market support level to remain at 1,350; but, 1,380 level should act as immediate support.**

**The analysis of overall daily market action(s) on 25/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,396.41.**