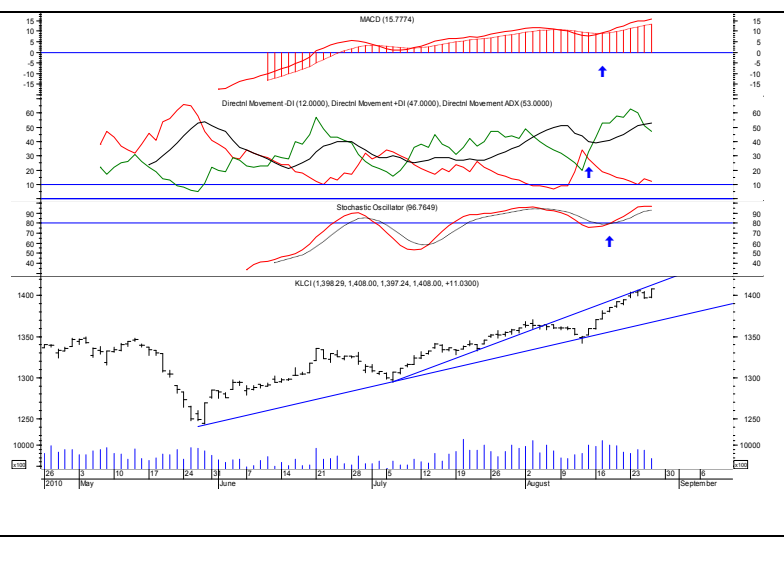


Technical Analysis – Daily FBM KLCI

	26/8/2010	25/8/2010
Open	1,398.29	1,403.1
High	1,408.00	1,405.27
Low	1,397.24	1,396.41
Close	1,408.00	1,396.97
Volume	684.8 m	873.0 m
Market Breadth		
Up	353	186
Down	333	585
Unchanged	294	268
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Market reversed to likely fast hit 1,420 level

Market Commentary :

Supported by bargain hunting activity to acquire beaten down stocks after 4 straight days of declines amid lowest sales of new homes in July 2010 and weak durable goods orders, DJIA had on 25/8/2010 gained 19.61 points to close at 10,060.06.

The double-digit rise in Wall Street helped to contain the negative sentiment in Bursa Malaysia in the opening bell on 26/8/2010, FBM KLCI only traded to a low of **1,397.24** as traders decided not to stage an immediate follow thru selling pressure. In the absence of stronger selling interest in area of **1,397.247**, light renewed buying interest rolled in, this lifted stock index into 1,400 zone to reach highest high of **1,408 since 22/2/2008** before settled at **day high**.

The **rise of 11.03** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM (up RM0.03 to RM3.55)**, **Sime Darby (up RM0.12 to RM7.88)**, **IOI Corp (up RM0.09 to RM5.25)**, **Genting (up RM0.01 to RM9.00)** and **Maybank (up RM0.09 to RM8.22)**.

What was the chart saying

Market did not trade lower yesterday (26/8/2010) despite the down close scenario. The higher low market play on 26/8/2010 was a surprise as the settlement below 1,400 level on 25/8/2010 should have drawn in more selling interest the subsequent day (26/8/2010); furthermore, the failed higher high attempt on 25/8/2010 would have served as a visible sign to indicate a weakening market.

So, with KLCI took down the immediate high 1,406.95 level to reach 1,408 level, what can be said about this market ? The earlier 1,406.95 level was indeed seen to be topping 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

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below 1,400 level on 23/8/2001 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. However, a new market scenario seemed to have been created on 26/8/2010 as the downside violation of 1,400 level on 25/8/2010 did not result in an immediate follow thru market play to push the KLCI lower. The sudden reversed game play on 26/8/2010 would see this market to go over 1,406.95 in next few days with an eye to a fast hit target of 1,420 level before the emergence of renewed selling interest.

Ladies & gentlemen, 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 the early expected 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, because the volume traded on 26/8/2010 was below 700 million shares.

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 still feeling uncomfortable even though the return upward move into 1,400 zone helped to ease the negative sentiment.

What had caused the market to climb back up into 1,400 zone again on 26/8/2010 ? We recognized the fact that the up play into 1,400 zone on 23/8/2010 indeed consumed much efforts to put up a nice picture for every traders and investors to see, and these traders were simply not willing to end the up play here by clicking in a few points above 1,400 level. This can be seen from the day high of 1,408 on 26/8/2010, market would now be looking to fast track its move to 1,420 level.

What were the strong hands doing

A check of internal market strength on 26/8/2010 showed that buying strength improved with strong hand(s) seen acquiring another portion of buying positions, and the net number of stock positions liquidated from 20/8/2010 to 26/8/2010 was about 59% of what was established between 11/8/2010 and 19/8/2010 compared to 64% 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 26/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,408.