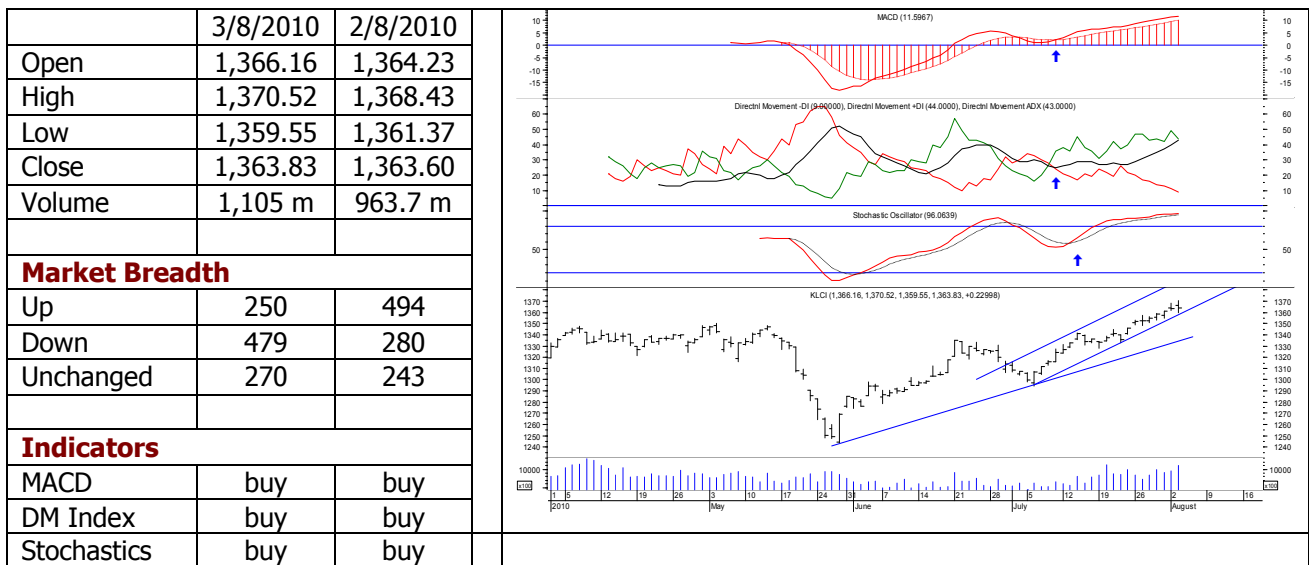


Technical Analysis – Daily FBM KLCI



Selling pressure increased

Market Commentary :

Supported by better than expected July 2010 manufacturing activity, stronger European banks' earnings and China's moderate industrial growth, DJIA had on 2/8/2010 gained 208.44 points to close at 10,674.38

The triple-digit gain in Wall Street sent a positive trading sentiment to Bursa Malaysia in the opening bell on 3/8/2010, FBM KLCI traded higher to cross into 1,370 zone to an intra-day high of **1,370.52** as traders chose to play a buying game in anticipation of higher market. However, weak follow thru buying support in the vicinity of **1,370.52** prompted profit taking activity to roll in, and this pushed the stock index to go down below 1,360 level with a day low of **1,359.55** before settled at **1,363.83**.

The **rise** of **0.23** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Public Bank** (up **RM0.10**), **Tenaga** (up **RM0.08**), **PetDag** (up **RM0.21**), **HL Bank** (up **RM0.06**) and **Topglove** (up **RM0.08**).

What was the chart saying

Market continued to see "supportive" buying interest yesterday (3/8/2010) with another crossover of hurdle at 1,365 level on the back of up close plus better volume in the preceding day (2/8/2010). However, traders were still seen a bit nervous as market approached 1,370 level, there was no higher market participation at that level. **So, what would likely to happen next ?**

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

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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.**

On 29/7/2010, the higher low and lower high market move had helped to **clear away** the uncertainty scenario brought by inside day bar on 28/7/2010, the inside day bar on 28/7/2010 was believed to have resulted from cautious play by traders following the market crossover into 1,350 zone.

Ladies & gentlemen, while the reluctance on the part of market to go below 1,350 level since 26/7/2010 on settlement basis had prompted some risk taking traders to trade in the upward direction of market; but, they were in the market only for short term kills, **NOT** buy & hold.

If you could also recall the market play on 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue, **what happened at the end of that trading day ?** Market ended with a marginal up close, **this indicated the presence of selling pressure in the vicinity of 1,357, and explained the unwillingness on the part of bullish traders to aggressively push the market upward on 28/7/2010.**

And, we had said 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.**

This market is seen slowly entering a **sideways phase**; however, this does not mean to say that market would not go up anymore from present level, bear in minds there is not such thing as "sure thing" in stock market, and attempt(s) to prop up the market higher nearer to 1,365 level can still be made. **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.**

What were the strong hands doing

A check of internal market strength on 3/8/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the number of stock positions established on **3/8/2010** was at **17%** of the overall selling pressure that took place between 12/7/2010 and 22/7/2010 compared to **32%** in the preceding trading day (2/8/2010).

Conclusion :

Market outlook remained friendly in the short & medium term with settlement on 3/8/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 3/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,359.55.