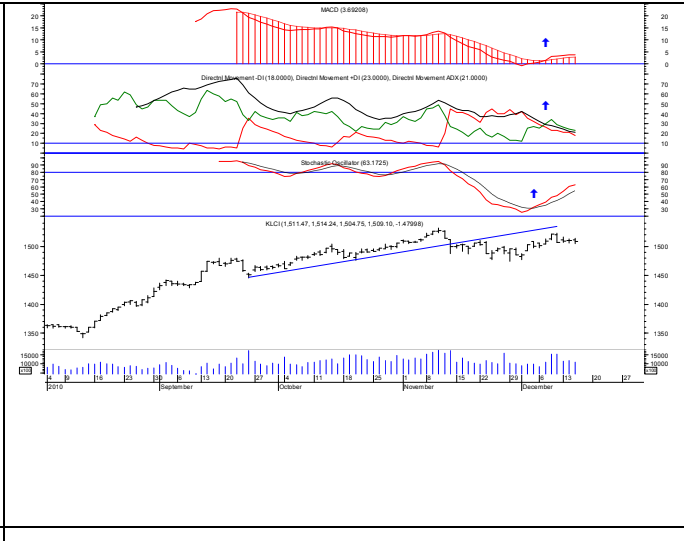


Technical Analysis – Daily FBM KLCI

	15/12/2010	14/12/2010	
Open	1,511.47	1,510.77	
High	1,514.24	1,512.82	
Low	1,504.75	1,506.03	
Close	1,509.10	1,510.58	
Volume	1,118.8 m	1,173.0 m	
Market Breadth			
Up	330	390	
Down	439	347	
Unchanged	287	309	
Indicators			
MACD	Buy	Buy	
DM Index	Buy	buy	
Stochastics	Buy	buy	

Again another close near 1,510 level

Market Commentary :

Led by news of Federal Reserve to keep up the US\$600 billion stimulus program to lift the economy, DJIA had on 14/12/2010 gained **47.98** points to close at **11,476.54**.

The double-digit gain in Wall Street helped to send a friendly effect to Bursa Malaysia in the opening bell on 15/12/2010, FBM KLCI traded higher to a day high of **1,514.24** as some traders chose to play a buying game in anticipation of higher market. However, weak follow thru buying support in the area of **1,514.24** prompted renewed selling interest to roll in, this pushed stock index down to a low of **1,504.75** before settled at **1,509.10 on last minute buying of selective blue chip**.

The **drop** of **1.48** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **TM** (down **RM0.01** to **RM3.39**), **Public Bank** (down **RM0.02** to **RM12.78**), **Topglove** (down **RM0.05** to **RM5.45**), **Genting** (down **RM0.30** to **RM10.76**) and **Tenaga Nasional** (down **RM0.06** to **RM8.39**).

What was the chart saying

Market went higher yesterday (15/12/2010) on the back of up close scenario in preceding day; but, there was simply no supportive follow thru buying interest again to hold the stock index up at the high end for 3 consecutive days (13/12/2010 – 15/12/2010) after the sell-off on 10/12/2010.

The outcome of higher level on 15/12/2010 was not a surprise as the up close on 14/12/2010 was done near to its day high. Many of you may be wondering why this market again succumbed to renewed selling interest on 15/12/2010 ? The stock index on 14/12/2010 was pulled up on last minute buying of selective blue chip stock to register an up close, and this did not reflect the true buying power of the market. So, **what did it imply ?** This indicated the unwillingness on the part of traders to commit on buying side at this juncture, and the fall below 1,510 level quickly translated into profit taking activity with a day low of 1,504.75 on 15/12/2010.

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The market drifted lower under greater selling pressure on 15/12/2010. Like what happened on 14/12/2010, a same market scenario was created with traders seen taking another chance to sell the market down in a market attempt to trigger a bigger push on the downside. At this moment, a tug of war was taking place between bulls and bears with bearish traders were waiting for a catalyst to spark a down move and bullish traders on the other hand waiting for an opportunity to see this market turning upward.

Again, the effort made to keep the market near 1,510 level on 15/12/2010. **WHY ?** In the eyes of many traders, 1,510 level should not be an important level to watch compared to 1,500 level for psychological trading reason; but, this 1,510 level was a threshold to determine the seriousness on the part of traders to commit their buying or selling action.

The way this market carried itself on 15/12/2010 provided an indication that there was a higher probability for stock index to go **sideways with a downside bias**, because we had 2 closes above 1,510 level on 8/12/2010 and 9/12/2010; but, they were overcome by selling pressure on 10/12/2010 followed by weak up closes on 13/12/2010, 14/12/2010 and 15/12/2010.

With the cross below of 1,510 level on 10/12/2010, where would the market go from here ? The sell-off on 10/12/2010 was unusual as it erased all the gain registered on 9/12/2010, this showed that traders were in this game for quick play, and not for a buy & hold game. Basically, the market had "fulfilled" its immediate objective of 1,525 level at 1,522.95, because it was only 2 points away from our earlier upside projection of 1,525 level written in our market report for 9/12/2010.

The 2nd consecutive day of downside violation of 1,510 level on 13/12/2010 **could** act as the **initial sign** of a topping market at 1,531.99. Of course, more technical evidences are needed to confirm; for example, the failure to protect 1,490 level decisively and a convincing low below 1,474 level.

What were the strong hands doing

A check of internal market strength on 15/12/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **acquired** from **23/11/2010 to 15/12/2010** was about **20% more than** what was **established** between 18/11/2010 and 22/11/2010 compared to **77%** in the preceding day..

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,490.

The analysis of overall daily market action(s) on 15/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,504.75.