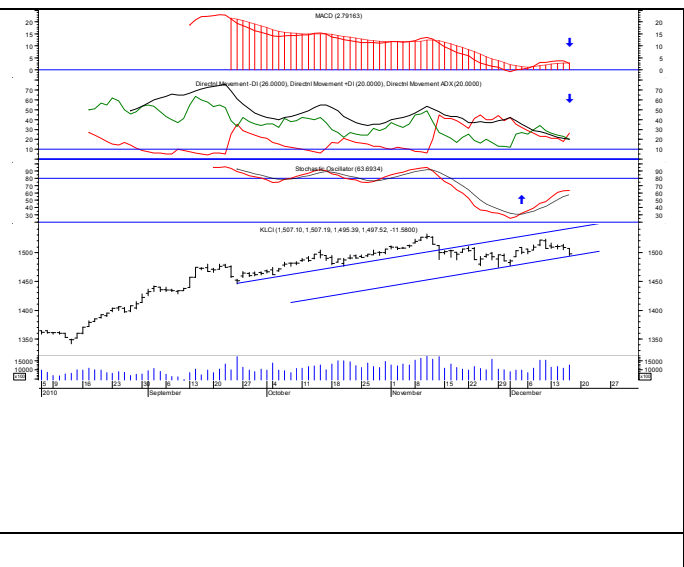


Technical Analysis – Daily FBM KLCI

| | | | |
|-----------------------|------------|------------|--|
| | 16/12/2010 | 15/12/2010 |  |
| Open | 1,507.10 | 1,511.47 | |
| High | 1,507.19 | 1,514.24 | |
| Low | 1,495.39 | 1,504.75 | |
| Close | 1,497.52 | 1,509.10 | |
| Volume | 1,275.2 m | 1,118.8 m | |
| Market Breadth | | | |
| Up | 256 | 330 | |
| Down | 473 | 439 | |
| Unchanged | 296 | 287 | |
| Indicators | | | |
| MACD | Sell | Buy | |
| DM Index | Sell | buy | |
| Stochastics | Buy | buy | |

1,500 level broken

Market Commentary :

Worries over Europe's debt crisis dampened US bond prices, DJIA had on 15/12/2010 dropped **19.07** points to close at **11,457.47** as early gains in stock market evaporated.

The double-digit loss in Wall Street sent a negative effect to Bursa Malaysia in the opening bell on **16/12/2010**, FBM KLCI only traded to a day high of **1,507.19** as some traders took the chance to play a buying game. However, weak follow thru buying support in the area of **1,507.19** prompted renewed selling interest to roll in, this pushed stock index down to break below 1,500 level to reach a low of **1,495.39** before settled at **1,497.52**.

The **drop** of **11.58** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **TM** (down RM0.01 to RM3.38), **AMMB** (down RM0.05 to RM6.64), **KLK** (down RM0.30 to RM21.06), **Genting** (down RM0.20 to RM10.56) and **Tenaga Nasional** (down RM0.12 to RM8.27).

What was the chart saying

Market went lower to break 1,500 level yesterday (16/12/2010) despite the last minute buying of selective blue chip stock to prop up the stock index to close near 1,510 level. It was not a surprise to see the downside violation of 1,500 level on 16/12/2010 as there had been 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.

Were you shocked to see the downside violation of 1,500 level on 16/12/2010 ? IF you had been tracking the market closely in the past 3 days (13/12/2010 – 15/12/2010), you would have noticed that the stock index in those days mentioned 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. That's what the reason to why the market was easily succumbed to renewed selling

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pressure after making some gains in the early session of the trading days. **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.

We mentioned repeatedly in our earlier market reports that : - " 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 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.

Traders attempted to sell the market down in a hope to trigger a bigger push on the downside on 13/12/2010, 14/12/2010 and 15/12/2010; but, only to find later that there was no aggressive follow thru selling interest."

Ladies & gentlemen, in spite of the unsuccessful attempts, many traders knew that the buying support from 13/12/2010 to 15/12/2010 in the market was superficial, what needed here was a catalyst to make the next trigger. The day had come on 16/12/2010 when stock index failed to open near its previous day close level at 1,509.10 (15/12/2010), aggressive traders took the chance again to initiate another selling action.

What would happen next to the market after the downside breakout of 1,500 level on 16/12/2010 ? 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 16/12/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions liquidated from 23/11/2010 to 16/12/2010 was about 14% more than what was established between 18/11/2010 and 22/11/2010..

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 16/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,495.39.