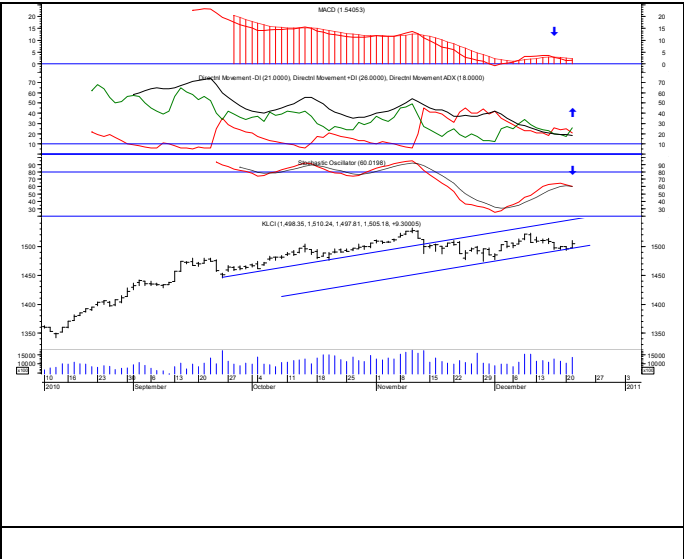


Technical Analysis – Daily FBM KLCI

	21/12/2010	20/12/2010	
Open	1,498.35	1,499.46	
High	1,510.24	1,500.07	
Low	1,497.81	1,493.22	
Close	1,505.18	1,495.88	
Volume	1,361.3 m	1,045.8 m	
Market Breadth			
Up	539	251	
Down	256	503	
Unchanged	284	278	
Indicators			
MACD	Sell	Sell	
DM Index	buy	sell	
Stochastics	sell	buy	

Market pulled away from 1,490 level

Market Commentary :

In the absence of economic report, DJIA had on 20/12/2010 lost **13.78** points to close at **11,478.13**.

The double-digit loss in Wall Street did not send a negative effect to Bursa Malaysia in the opening bell on 21/12/2010, FBM KLCI only traded to a day low of **1,497.81** as traders decided not to stage a follow thru selling game. The inability on the part of traders to go lower than 1,497.81 level prompted renewed buying interest to roll in, this lifted stock index back up to go into 1,500 zone with a day high of **1,510.24** before settled at **1,505.18**.

The **rise of 9.30** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.01 to RM3.29), **Sime Darby** (up RM0.01 to RM8.71), **Public Bank** (up RM0.16 to RM12.94), **CIMB** (up RM0.03 to RM8.58) and **TM** (up RM0.16 to RM3.54).

What was the chart saying

Market did not go lower yesterday (21/12/2010) despite the down close in the preceding day, this posed a surprise to traders as the market on 20/12/2010 was seen positioned to trade downward on 21/12/2010. This was exactly what happened to 20/12/2010 where market direction went opposite to the general market expectation, **what was going on in the game play on 21/12/2010 ?** The reluctance on the part of traders to sell down the market was due to the drawing near of the stock index to the crucial 1,490 level, certain traders did not want to take the risk of seeing the market being pushed below 1,490 level for fear of bigger destructive selling pressure, and had thus taken the lead to prop up the stock index higher with a crossover into 1,500 level.

Ladies & gentlemen, the market wanted to sell; but, could not find a reason to do so without catalyst to take this market down. The downside breakout of 1,500 level earlier on 16/12/2010 and the return upward move into 1,500 level on 21/12/2010 were even out with traders still believed

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curious about the sustainability power of this market at 1,500 level. Bullish traders were hoping to see the stock index to keep its footing here without rocking the sentiment built this while bearish traders on the other hand cautiously waiting for the market to develop into a bearish pattern.

Given what happened on 21/12/2010, what would the market do next ? A small sideways platform likely to be formed in next 1 to 3 days with an overhead resistance at 1,510 level.

Ladies & gentlemen, the 2nd consecutive day of downside violation of 1,510 level on 13/12/2010 **could have** acted 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 21/12/2010 showed that buying strength ***improved*** with strong hand(s) seen ***acquiring a portion of buying positions***, and the net number of stock positions ***acquired*** from ***17/12/2010 to 21/12/2010*** was about ***29%*** what was ***liquidated*** between 9/12/2010 and 16/12/2010 compared to ***4%*** 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 21/12/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,510.24.