



## Technical Analysis – Daily FBM KLCI

	23/12/2010	22/12/2010	
Open	1,518.69	1,505.87	
High	1,518.8	1,515.05	
Low	1,511.20	1,504.90	
Close	1,514.48	1,515.05	
Volume	1,251.2 m	1,253.1 m	
<b>Market Breadth</b>			
Up	356	394	
Down	383	374	
Unchanged	305	284	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

### Bulls and bears in tug of war .....

#### Market Commentary :

Supported by GDP report of 2.6% growth for 3<sup>rd</sup> quarter 2010 from The Commerce Department, DJIA had on 22/12/2010 gained **26.33** points to close at **11,559.49**.

The double-digit gain in Wall Street helped to send a friendly effect to Bursa Malaysia in the opening bell on 23/12/2010, FBM KLCI traded higher to a day high of **1,518.80** as traders continued to play on buying side in anticipation of higher market. However, weak follow thru buying support in area of 1,518.80 prompted profit taking activity to roll in, this put a pressure on stock index to trade downward, market reached a low of **1,511.2** before settled at **1,514.48**.

The **drop** of **0.57** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **GenM** (down RM0.03 to RM3.31), **Sime Darby** (down RM0.01 to RM8.72), **AMMB** (down RM0.01 to RM7.04), **CIMB** (down RM0.06 to RM8.54) and **IOI** (down RM0.01 to RM5.80).

#### What was the chart saying .....

Market continued to go higher yesterday (23/12/2010) given the up close scenario in the preceding day (22/12/2010). The upward move was within expectation as there was quite a good supportive buying at 1,510 level on 22/12/2010, it showed the readiness on the part of traders to play an up market the next day (23/12/2010).

An interesting point to note on 23/12/2010 was the support found at 1,510 level, where traders seemed to be unwilling to exert a more aggressive selling pressure. Moreover, traders were believed to be counting on what they saw on 22/12/2010 and 20/12/2010 & 21/12/2010, market went on to register higher level on 22/12/2010 on the back of up close in the day before, whereas market direction on 20/12/2010 and 21/12/2010 went opposite to the general expectation. **It implied that bullish** traders basically did not want to see the market to fall below 1,490 level for fear of bigger

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destructive selling pressure. Bearish traders on the other hand wanted to sell; but, could not find a reason to do so without catalyst to take this market down. The net result of the above market opinion between the bulls and bears pointed to a friendly market development.

While there may be traders who were still curious about the sustainability power of this market at 1,500 level; but, at a level above 1,510 level, this market had at least commanded certain degree of margin of safety by not exposing its position to the immediate downside risk.

**Given what happened on 23/12/2010, what would the market do next ?** The ability on the part of market to hold up its position at 1,510 level would likely see a re-test of its immediate high at 1,522.95 (10/12/2010).

### **What were the strong hands doing .....**

A check of internal market strength on 23/12/2010 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 23/12/2010 was about *83%* what was *liquidated* between 9/12/2010 and 16/12/2010 compared to *56%* 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 23/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,511.20.**