



## Technical Analysis – Daily FBM KLCI

	24/12/2010	23/12/2010	
Open	1,516.05	1,518.69	
High	1,516.44	1,518.8	
Low	1,510.70	1,511.20	
Close	1,511.58	1,514.48	
Volume	835.2 m	1,251.2 m	
<b>Market Breadth</b>			
Up	297	356	
Down	396	383	
Unchanged	326	305	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Within channel .....**

### Market Commentary :

Led by small improvement in consumer spending and job market, DJIA had on 23/12/2010 gained **14.0** points to close at **11,573.49**.

The double-digit gain in Wall Street sent a friendly effect to Bursa Malaysia in the opening bell on **24/12/2010**, FBM KLCI traded to a day high of **1,516.44** as some traders continued to play on buying side. However, weak follow thru buying support in area of **1,516.44** prompted profit taking activity to roll in, this put a pressure on stock index to trade downward, market reached a low of **1,510.70** before settled at **1,511.58**.

The **drop** of **2.90** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down RM0.06 to RM10.82), **Maybank** (down RM0.01 to RM8.49), **AMMB** (down RM0.20 to RM6.84), **TM** (down RM0.03 to RM3.50) and **Tenaga Nasional** (down RM0.01 to RM8.38).

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

Market did not trade higher yesterday (24/12/2010) given the down close scenario in the preceding day (23/12/2010). The lower high was not much of a surprise as there was no keen buying interest near 1,518 level on 23/12/2010, this weak buying sentiment continued to spill its effect the next day on 24/12/2010.

Another interesting point to note again on 24/12/2010 was the support found at 1,510 level, where traders seemed to be unwilling to exert a more aggressive selling pressure to push down the market. Well, traders were believed to be still counting on what they saw on 22/12/2010 and 20/12/2010 & 21/12/2010 where market went on to register higher level on 22/12/2010 on the back of up close in the day before. **What could it be implying ?** It was indeed encouraging to see the stock index pulling away from the low of 1,493.22 level (20/12/2010) to a high of 1,518.8 (23/12/2010); but,

All information, views and advice are given in good faith but without legal responsibility. Mercury Securities Sdn. Bhd. or companies or individuals connected with it may have used research material before publication and may have positions in or may be by materially interested in any stocks in the markets mentioned.

cautious buying interest remained in sight. The pull up from 1,493.22 level was due to the fact that **bullish** traders did not want to see the market to fall below 1,490 level for fear of bigger destructive selling pressure with 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 way this market carried itself on 23/12/2010 and 24/12/2010 may have somehow reflected the presence of doubts in traders' mind about the market sustainability power at 1,500 level; but, at a level above 1,510 level, this market at least commanded certain degree of margin of safety by not exposing its position to the immediate downside risk at 1,493.22 level earlier.

**Given what happened on 24/12/2010, what would the market do next ?** The ability on the part of market to hold up its position at 1,510 level should 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 24/12/2010 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 17/12/2010 to 24/12/2010 was about 64% what was liquidated between 9/12/2010 and 16/12/2010 compared to 83% 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 24/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,510.70.**