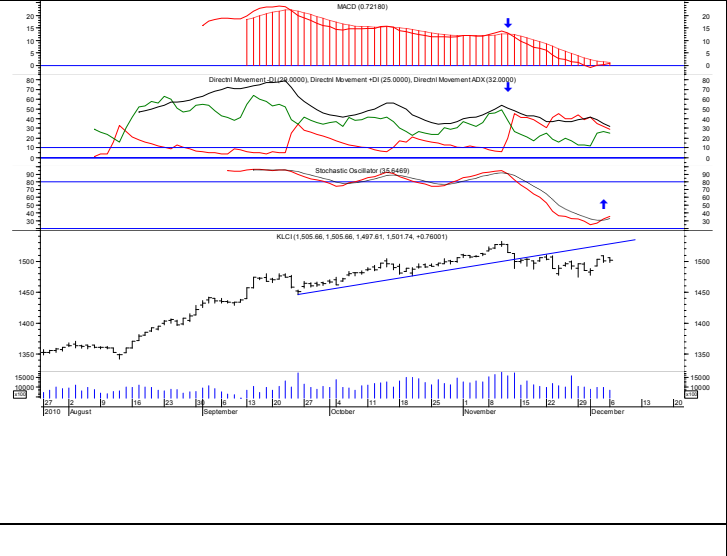


Technical Analysis – Daily FBM KLCI

	6/12/2010	3/12/2010
Open	1,505.66	1,508.41
High	1,505.66	1,508.41
Low	1,497.61	1,497.89
Close	1,501.74	1,500.98
Volume	846.1 m	977.1 m
Market Breadth		
Up	359	282
Down	368	450
Unchanged	278	291
Indicators		
MACD	Sell	Sell
DM Index	Sell	sell
Stochastics	Sell	sell



Just wanted to stay on

Market Commentary :

Despite the unexpected rise in the unemployment rate, DJIA had on 3/12/2010 staged a late afternoon rally with a gain of **19.68** points to close at **11,382.09**.

The double-digit gain in Wall Street sent a friendly effect to Bursa Malaysia in the opening bell on 6/12/2010, FBM KLCI traded on a day high of **1,505.66** as some traders chose to play on buying side. However, weak follow thru buying support at **1,505.66** prompted profit taking activity to roll in, and this put a pressure on stock index to a low of **1,497.61** before settled at **1,501.74**.

The **rise** of **0.76** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up RM0.09 to RM8.47), **KLK** (up RM0.20 to RM21.58), **AMMB** (up RM0.11 to RM6.26), **RHB Cap** (up RM0.47 to RM8.59) and **Sunrise** (up RM0.16 to RM2.92).

What was the chart saying

Market did not trade higher yesterday (6/12/2010) given the down close scenario on last Friday as traders expected the market to trade in sideways position for a little while after the rebound from low of 1,474.02 (1/12/2010) to 1,508.41 (3/12/2010) in 3 days successfully erased a portion of the lost ground earlier. **What did it tell us ?** The rebound from day low on 6/12/2010 helped to further "contain" the negative trading after the recent 3 occasions of downside violations of 1,480 level on 24/11/2010, 29/11/2010, and 1/12/2010.

The gap up scenario occurred on 2/12/2010 suggested the urgency on the part of traders to buy stocks, and the upside gap was believed to have been done on one good reason – Year End Window Dressing.

Ladies & gentlemen, another interesting feature to be noted here again was the game play tossing around 1,500 level. We saw the market making the same effort to keep it's a close above

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 materially interested in any stocks in the markets mentioned.

1,500 level on 3/12/2010 after dipping below 1,500 level in the afternoon session. **Why was the 1,500 level so important ?** 1,500 level was basically important from psychological perspective, because FBM KLCI made a historical high of 1,524.69 on 14/1/2008, this high was subsequently overcome by newer high of 1,531.99 on 10/11/2010, many traders were looking forward to see how the market could carry itself in the plays ahead. Different traders have different levels of excitement and expectation about the crossover of 1,500 level.

Certain traders knew that the excitement and expectation of positive market outlook would fizzle out if no attempts were to be made to protect the market at 1,500 level in due time, and market buying activity would not increase IF investors and traders do not get to feel the confidence in the game.

The same reason also explained why market rebounded to close above 1,480 level on 24/11/2010, 29/11/2010 and 1/12/2010. These certain traders could not afford to risk the market of being pushed much lower on any possible follow thru aggressive selling pressure if necessary supportive buying was not carried out in the above-mentioned dates. Having successfully moved away from 1,480 level, the market would now be consolidating at second stage by keeping the stock index above 1,500 level.

Where would the market go from here breaking away from 1,480 level ? The intention **at this juncture** was seen clear to indicate that the selling done in the vicinity of 1,480 in the past 7 days (23/11/2010 – 1/12/2010) was deemed enough to cool off the overheated market occurred from low of 1,476.56 (20/10/2010) to high of 1,531.99 (10/11/2010).

The bears were seen with an upper hand over the bulls on 6/12/2010, and it would be interesting to see how these bulls re-align their bullish strategies to turn the market around to go up north in coming days when the initial attempt has been made following the re-crossover into 1,500 zone on 2/12/2010. **Keeping in mind, the sell down on 23/11/2010 basically suggested that market has yet to come out from the sell-offs on 11/11/2010 and 12/11/2010.**

What were the strong hands doing

A check of internal market strength on 6/12/2010 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 **30/11/2010 to 6/12/2010** was about **33% of** what was **acquired** between 18/11/2010 and 22/11/2010 compared to **17%** 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 1,480.

The analysis of overall daily market action(s) on 6/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,497.61.