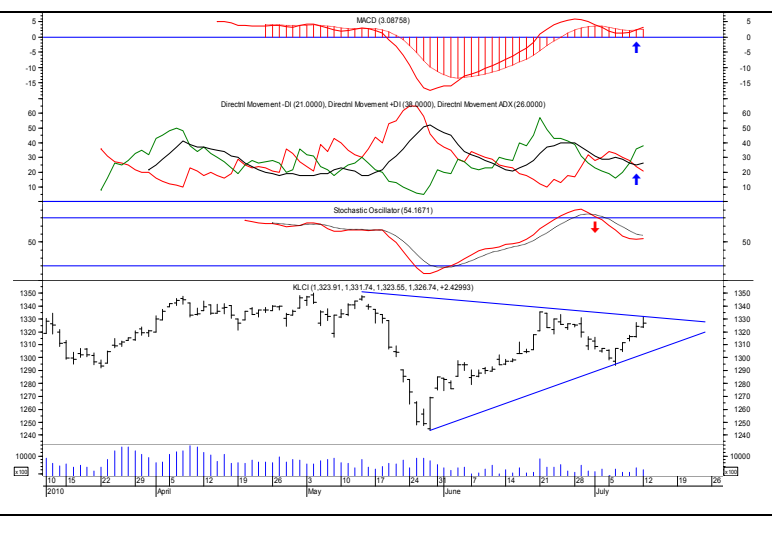


Technical Analysis – Daily FBM KLCI

	12/7/10	9/7/10
Open	1,323.91	1,316.16
High	1,331.74	1,327.27
Low	1,323.55	1,315.88
Close	1,326.74	1,324.31
Volume	610.6 m	664.3 m
Market Breadth		
Up	371	405
Down	265	238
Unchanged	277	276
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	sell	sell



A small retreat should come first before upside breakout

Market Commentary :

Led by friendly optimism in the coming quarterly corporate results in US and more investors cast aside worries of another recession, DJIA had on 9/7/2010 registered another gain of 59.04 points to close at 10,198.03.

The double-digit gain in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 12/7/2010, FBM KLCI only traded to a day low of **1,323.55** as traders decided to further play the market on the buying side in anticipation of higher level. Under greater buying support, stock index rose higher to a day high of **1,331.74**; however, profit taking activity rolled in, this pushed stock index off day high to settle at **1,326.74**.

The **rise** of **2.43** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.02), **CIMB** (up RM0.01), **Maybank** (up RM0.04), **Axiata** (up RM0.12) and **Topglove** (up RM0.24).

What was the chart saying

Market found another follow thru buying interest above 1,300 level yesterday (12/7/2010) after the near day high closing scenario in the preceding market day (9/7/2010). The **decrease** in buying on 12/7/2010 was not a surprise as majority of traders were not convinced of the market strength that had taken this market to this high even since the 1,300 level cross over on 6/7/2010, **Why ?** Because these traders were still seen shaken up by the downside violation of 1,300 level on 5/7/2010.

A game change to sideways was believed to have taken place on 6/7/2010, because **bearish traders were not seen taking advantage of the weak market situation on 5/7/2010 to aggressively press the stock index down in the following day on 6/7/2010 when they**

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had the upper hand to do so. But, somehow these bearish traders were held up for certain reason(s) which they themselves knew best this could thus be interpreted as a signal to other traders **NOT** to get overly bearish about the market at this juncture.

When can we see an end to this market uncertainty ? Firstly, the downside violation of 1,320 level on 29/6/2010 had already indicated higher degree of selling pressure in the market, and the external negative factor (fall in DJIA) had helped to expedite the selling pace to lower level (day low of 1,294.37 on 6/7/2010). Secondly, this market must re-establish itself above 1,300 level with good supportive play in coming days. **More importantly**, the negative image of market earlier attempt to "breakaway" to the upside on 29/6/2010 ended with greater selling pressure must be cleared mentally and **to follow by a higher market than 1,336 level on a decisive basis.**

The way market carried itself on 6/7/2010 suggested that the 32 points sharp rise on 18/6/2010 & 21/6/2010 had more or less been "**corrected**", and there is a high chance of seeing this market to test higher ground. **Of course, bearish traders' would still be sceptical about the market potential to go very far up.**

Ladies & gentlemen, market trading environment may still be clouded by the present lingering negative sentiment; but, the higher lows and higher highs in the past 4 trading days (7/7/2010 - 12/7/2010) indicated a market with upward bias. **How high can this market go ? The market is moving towards the upper downward sloping line of a converging triangle pattern as drawn on the chart above with resistance pegged at 1,336 level and market support at 1,294.**

On 12/7/2010, the market hit the downward sloping upper line with; but, profit taking activity rolled in as traders with winning trades seized the opportunity to lock in a portion of their profits first while waiting for an upside breakout of the triangle pattern.

What were the strong hands doing

A check of internal market strength on 12/7/2010 showed that buying strength ***improved*** with strong hand(s) seen ***acquiring a portion of buying positions***, the number of stock positions established on ***12/7/2010*** reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to ***15%*** from ***24%*** in the preceding trading day (9/7/2010).

Conclusion :

Market outlook got friendlier in the short term with settlement on 12/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 12/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,326.74