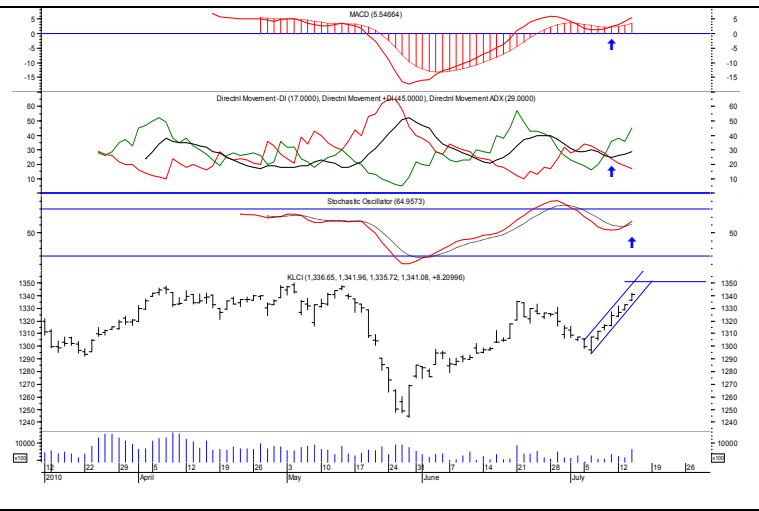


Technical Analysis – Daily FBM KLCI

	14/7/10	13/7/10	
Open	1,336.65	1,329.87	
High	1,341.96	1,332.87	
Low	1,335.72	1,328.71	
Close	1,341.08	1,332.87	
Volume	801.6 m	574.3 m	
Market Breadth			
Up	506	363	
Down	194	284	
Unchanged	269	289	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Hurdle at 1,350 expected TODAY

Market Commentary :

Encouraged by better than expected earnings result from Alcoa Inc. and CSX Corp. in the 2nd quarter earnings season, DJIA had on 13/7/2010 registered another gain of 146.75 points to close at 10,363.02.

The triple-digit gain in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 14/7/2010, FBM KLCI gapped up with a day low of **1,335.72** as traders rushed to establish stock positions in anticipation of higher market. Under greater buying support, stock index rose above immediate high of 1,335.31 (21/6/2010) to reach highest high of **1,341.96** since 14/5/2010 before settled at **1,341.08**.

The **rise** of **8.21** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.13), **IOI Corp** (up RM0.05), **Maybank** (up RM0.07), **Axiata** (up RM0.02) and **HLBank** (up RM0.04).

What was the chart saying

Market found better follow thru buying interest above 1,300 level yesterday (14/7/2010) after the up close scenario in the preceding day (13/7/2010). The **increase** in buying on 14/7/2010 was not a surprise as risk taking traders that had missed their buying entries in area of 1,294 on 6/7/2010 wanted a piece of action in the market instead of staying sidelines. These traders were compelled to make the move even though they were still 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.

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.

So, with market broke above 1,335.31 (21/6/2010) into 1,340 zone on 14/7/2010, did it mean an end to this market uncertainty ? To the least extent, we saw a market recovering back up above 1,320 level which was violated on the downside on 29/6/2010, this constituted an encouraging sign. Furthermore, the market volume at **801.6** shares on 14/7/2010 was also higher than the 20-day moving average market volume of **614 million** shares. **An end to market uncertainty ?** Not sure about that; but, the better buying interest on 14/7/2010 should pave the way for more upside.

The higher market play on 14/7/2010 was considered quite decisive on a relative basis. **Unless, the market is approaching a resistance selling area; otherwise, this kind of market volume day should provide another day of follow thru buying support.**

Ladies & gentlemen, 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.**

On 12/7/2010, the market hit the downward sloping upper line of the triangle pattern, followed by a higher high the next day (13/7/2010). **Given such a friendly market scenario, traders should be induced to buy in early part of trading session today before deciding on profit taking in the afternoon session ahead of weekend.**

Where can we expect to see resistance in this market ? 1,350 level is envisaged as a hurdle for KLCI in the immediate short term. And, given the recent run up for 7 consecutive days, there is a high chance that this market would run into resistance selling pressure in coming 2 days (15/7/2010 & 16/7/2010). **After a small round of pause, this market would be expected to re-gear itself above 1,350 level.**

What were the strong hands doing

A check of internal market strength on 14/7/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, the number of stock positions established on **14/7/2010** reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **18%** from **20%** in the preceding trading day (13/7/2010).

Conclusion :

Market outlook got friendlier in the short term with settlement on 14/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 14/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,341.96.