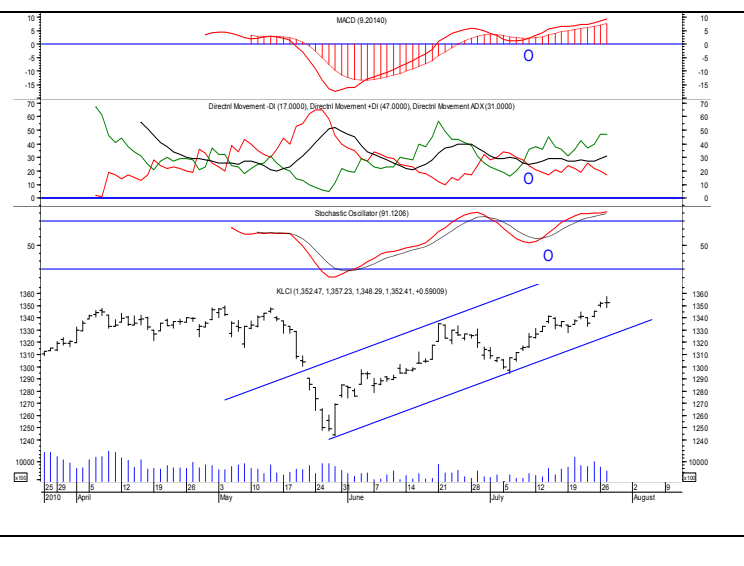


Technical Analysis – Daily FBM KLCI

	27/7/2010	26/7/2010
Open	1,352.47	1,350.54
High	1,357.23	1,352.94
Low	1,351.81	1,348.73
Close	1,352.41	1,351.82
Volume	731.6 m	850.6 m
Market Breadth		
Up	308	336
Down	381	355
Unchanged	285	274
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Selling pressure showed up

Market Commentary :

Led by better than investors anticipated housing market report and a more upbeat earning forecast by FedEx Corp., DJIA had on 26/7/2010 gained another 100.81 points to close at 10,525.43.

The triple-digit gains in Wall Street sent a friendly trading sentiment signal to Bursa Malaysia in the opening bell on 27/7/2010, FBM KLCI rose higher to a day high of **1,357.23** as some traders continued to play a buying game in anticipation of higher market. However, weak follow through buying support in area of **1,357.23** prompted profit taking activity to roll in, and this put a pressure on stock index down to a low of **1,348.29** before settled at **1,352.23**.

The **rise** of **0.41** point in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.01**), **Tenaga Nasional** (up **RM0.03**), **IOI Corp** (up **RM0.02**), **Maybank** (up **RM0.01**) and **PB Bank** (up **RM0.04**).

What was the chart saying

Market saw another upward move yesterday (27/7/2010) with an attempt to test 1,360 level; but, it could not find the required buying support on the back of positive external market development plus the up close scenario in the preceding day (26/7/2010). This higher market move on 27/7/2010 was basically within expectation because the way KLCI carried itself on 23/7/2010 had somehow portrayed its next likelihood move on 27/7/2010.

On 23/7/2010, the market was generally perceived to be taking a dip first before making a comeback **A dip first, why ?** Because there was quite a strong stock liquidation pressure on 22/7/2010 **A comeback, why ?** Due to the positive settlement on 21/7/2010 in addition to the ability on the part of stock index to stay above 1,324 level on 19/7/2010 and 20/7/2010. **What happened last Friday (23/7/2010) was exactly like we had said in our market report**

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dated 23/7/2010“In general, traders don’t like to play an aggressive buying game especially when there is no good news around to lend them a helping hand. Instead of bulldozing the market to the upside, traders will choose to unleash the tightened rope temporarily to release another portion of emotional buying pressure (weak hands).” Thus, the overnight triple-digit rise of 201 points in Wall Street came in the right time to provide the necessary trigger, and that was what our local market was looking for in order to create a more convincing power among traders and investors to establish stock positions.

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 million** 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.

With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ?** **1,365 level** is envisaged as a hurdle for KLCI in the immediate short term.

On 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue; but, market ended with a marginal up close. At a day high of 1,357.23, this market was merely 8 points away from 1,365 resistance level, this probably explained why there was a strong selling pressure in the vicinity of 1,357, and unwillingness on the part of bullish traders to aggressively push the market upward. Or put it simply, this market is beginning to enter a sideways phase with a downward bias as traders with winning traders would now choose to lock in a portion of their profits.

What were the strong hands doing

A check of internal market strength on 27/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 27/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 39% from 33% in the preceding trading day (26/7/2010).

Conclusion :

Market outlook remained friendly in the short & medium term with settlement on 27/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 27/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,348.29 after making attempt to go above 1,357.23.