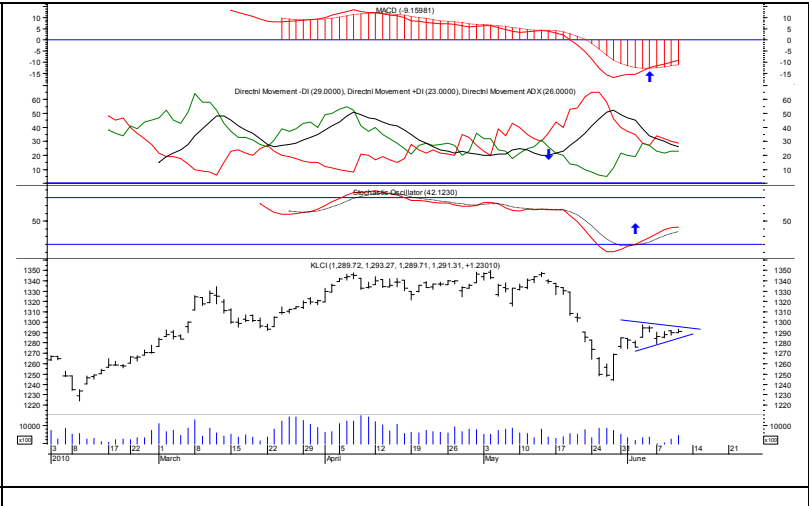


Technical Analysis – Daily FBM KLCI

	10/6/2010	9/6/2010	
Open	1,289.72	1,291.81	
High	1,293.27	1,292.38	
Low	1,289.71	1,287.66	
Close	1,291.31	1,290.08	
Volume	733.2 m	629.8 m	
Market Breadth			
Up	261	344	
Down	280	266	
Unchanged	290	260	
Indicators			
MACD	buy	buy	
DM Index	sell	sell	
Stochastics	buy	buy	

Looking for catalyst to break

Market Commentary :

Fears of Gulf oil spill will threaten BP's dividend and possibility of landing the company in bankruptcy court, DJIA had on 9/6/2010 lost 40.73 points to close at 9,899.25.

The double-digit fall in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on 10/6/2010. FBM KLCI only traded to a day low of **1,289.71** as traders were seen reluctant to play on selling side. In the absence of stronger selling pressure, light renewed buying support rolled in, this lifted stock index higher to a day high of **1,293.27** before settled at **1,291.31**.

The single-digit **rise** of **1.23** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB (up RM0.02)**, **IOI Corp (up RM0.02)**, **Genting (up RM0.06)**, **Parkson (up RM0.04)** and **RHB Cap (up RM0.05)**.

What was the chart saying

Market continued to keep its low above 1,280 level (10/6/2010) after the marginal up close in the preceding day (9/6/2010). And, it was no surprise to see little follow thru buying pressure on 10/6/2010, because the higher high on 9/6/2010 would usually provide a visible indicator for traders to buy the next trading day. Again, there was no good sign of aggressive supportive buying interest in the higher market on 10/6/2010. **Was this an indication of a change in game play from buying yesterday to selling today (11/6/2010) ?** The market scenario we observed in the last 3 days basically implied that many traders had chosen to stay sidelines with profit taking activity on winning trades seen capping the market advance on 10/6/2010.

Why did the market trade higher on 10/6/2010 ? It was believed to be the willingness of risk taking to establish buying positions on the part of some traders in anticipation of something friendly to happen even though they may have found themselves a little unsure of market direction on 4/6/2010 & 7/6/2010. In fact, the fall to a day low of 1,278.89 on 7/6/2010 was viewed a technical

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pullback of stock index after making the 50% retracement move at 1,296 level measuring on 2/6/2010 from high of 1,349 to low of 1,243 on 3/6/2010.

Ladies & gentlemen, we had said in our market report dated 1/6/2010 that " ... **How far can this minor rally go ?** The upside violation of 1,280 level on 31/5/2010 was certainly a positive thing to happen, and the market was believed to be gearing up towards 1,295 - 1,300 level."

Again, on 2/6/2010, we continued to say that "With market traded downward on 1/6/2010, can the market go up again ? In fact, the market was expected to find resistance in area of 1,280 level before moving higher on 31/5/2010; but, somehow there was "additional" risk-taking buying interest on 31/5/2010. *The rise of 42 points represented about 40% retracement from high of 1,349 to 1,243; thus, this market could still make attempt(s) to test 1,296 level for a 50% retracement calculation.* (FYI, market rose to a day high of 1,297.75 on 3/6/2010).

Market had come up this high (1,297.75 on 3/6/2010) ... it may seem an easy meat for stock index to cross over 1,300 level as the gap between 1,300 and the day high of 1,297.75 was merely 2.25 points. **But**, we must remember that 1,300 level has been a psychological hurdle all this while in the eyes of traders and investors. Furthermore, the phenomenon of downside breakout of 1,300 level on 21/5/2010 with lower low bar on 21/5/2010, and the unfilled downside gap left behind on 21/5/2010 would continue to haunt traders' mind.

With the upside gap created on 3/6/2010 filled on 7/6/2010, what would likely happen to the market now ? A sideways market should be shaping up while waiting for next breakout with resistance pegged at 1,300 and support 1,270.

What were the strong hands doing

A check of internal market strength on 10/6/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the number of stock positions liquidated on **10/6/2010** added overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **39%** from an improved reading of **31%** in the preceding trading day (9/6/2010).

Conclusion :

The **short and medium term** market outlook remained weak.

The analysis of overall daily market action(s) on 10/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,293.27.