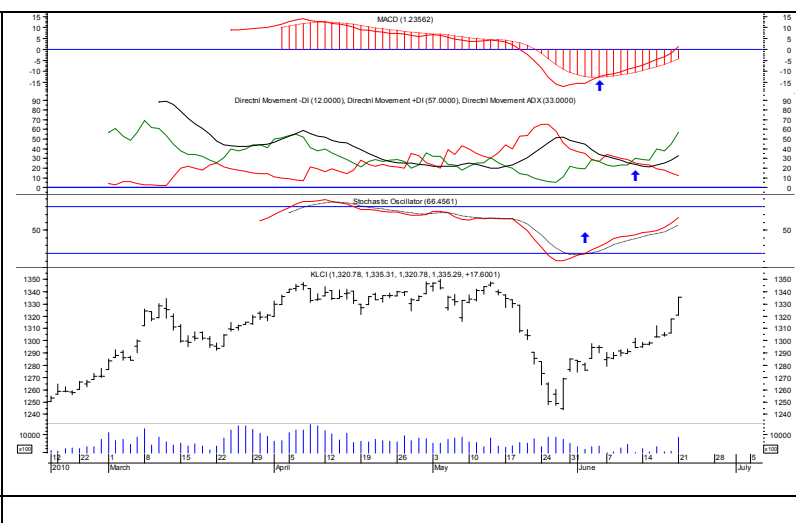


## Technical Analysis – Daily FBM KLCI

	21/6/2010	18/6/2010
Open	1,320.78	1,306.17
High	1,335.31	1,317.69
Low	1,320.78	1,306.00
Close	1,335.29	1,317.69
Volume	921.0 m	537.7 m
<b>Market Breadth</b>		
Up	591	416
Down	161	193
Unchanged	208	278
<b>Indicators</b>		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



The chart displays three technical indicators for the FBM KLCI index from late 2009 to early 2010. The top panel shows the MACD indicator (1,235.62) with a red histogram and a blue line, indicating a buy signal. The middle panel shows the Direct Movement indicators: -DI (12,000), +DI (57,000), and ADX (33,000), with a blue arrow pointing up. The bottom panel shows the Stochastic Oscillator (66,4561) with a blue arrow pointing up. The main price chart below shows the KLCI index (1,320.78, 1,335.31, 1,320.78, 1,335.29, +17,600.1) with a candlestick pattern and a blue arrow pointing up.

**Aiming Next Target 1,350 .....**

### Market Commentary :

Despite signs of economic weakness in US and worries about public debt in Europe, DJIA had on 18/6/2010 gained 16.47 points to close at 10,450.64.

The double-digit gain in Wall Street again sent another friendly signal to Bursa Malaysia in the opening bell on 21/6/2010, FBM KLCI gapped up with a low of 1,320.78 as traders rushed to establish stock positions in anticipation of higher market. Under greater buying support, stock index crossed into 1,330 level to reach a day high of **1,335.31**, and kept its position on the high side throughout the trading sessions before settled at **1,335.29**.

The double-digit **rise** of **17.60** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.17), **Maybank** (up RM0.15), **CIMB** (up RM0.17), **TM** (up RM0.05) and **HL Bank** (up RM0.20).

### What was the chart saying .....

Encouraged by supportive play to keep the market above 1,300 level on 17/6/2010 in spite of a weak day low closing on 16/6/2010, and the day high closing on 18/6/2010, market continued to find the "ohm" to trade higher yesterday (21/6/2010) with an unexpected strong upward move beyond 1,330 level.

**Was this an indication of more buying into today's market (22/6/2010) ?** The gapped up scenario on 21/6/2010 was again an encouraging sign as it suggested the urgency on the part of traders to establish stock positions. Thus, a general conclusion of what we saw on 21/6/2010 would translate into more upward move in coming day(s), because the high level of market buying interest on 21/6/2010 somehow gave certain confirmation on return of players compared to that of days before.

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.

**Why did the market trade higher on 21/6/2010 ?** First, it has something to do with market psychology here, this kind of shift was seen important in keeping the market in an upward direction; then followed by confidence to acquire stock positions. While the upward moves on 18/6/2010 and 21/6/2010 appeared a bit extended; but, the market upward momentum was great especially with a crossover of 1,330 level.

**Can market stay above 1,300 level ?** What we saw on chart now was higher highs and higher lows since 31/5/2010 (except 14/6/2010, 15/6/2010 & 17/6/2010) was considered a friendly market development. These market changes are linked up into inter-locking trend structure of various waves of market movement; but, traders must be convinced of greater market participation before parting their monies into stock market.

**With the market traded higher than 1,313.88 to 1,332.50 on 21/6/2010, what would likely happen to the market now ?** The higher high market scenario on 21/6/2010 was indeed a positive move to indicate something good to follow ..... resistance remained at 1,350 level with support at 1,300.

### What were the strong hands doing .....

A check of internal market strength on 21/6/2010 showed that buying strength *improved* with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 21/6/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 7% from 24% in the preceding trading day (18/6/2010).

### Conclusion :

The short term market outlook turned positive with medium term remained fragile; but, on improving scale.

The analysis of overall daily market action(s) on 21/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,335.31.