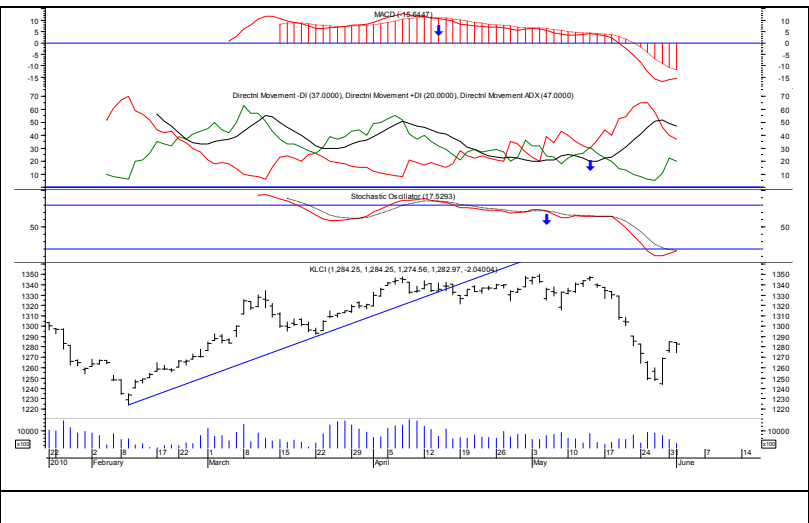


Technical Analysis – Daily FBM KLCI

	1/6/2010	31/5/2010	
Open	1,284.25	1,276.43	
High	1,284.25	1,285.02	
Low	1,274.56	1,275.15	
Close	1,282.97	1,285.01	
Volume	653.2 m	760.7 m	
Market Breadth			
Up	200	364	
Down	487	306	
Unchanged	214	242	
Indicators			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	sell	sell	

1,295 – 1,300 still in sight.....

Market Commentary :

In view of a market close in Wall Street for Memorial Day on 1/6/2001, Bursa Malaysia took cue from a lower opening in Japan Nikkei 225 on 1/6/2010. FBM KLCI only traded to a day high of **1,284.25** as traders decided not to stage an immediate follow through buying support, this prompted profit taking activity to roll in. Under greater selling pressure, market slid below 1,280 level to a day low of 1,274.56 before rebounded to settle at **1,282.97**.

The single-digit **fall** of **2.04** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Gamuda** (down RM0.03), **Sime Darby** (down RM0.03), **TM** (down RM0.03), **HL Bank** (down RM0.15) and **Genting** (down RM0.04).

What was the chart saying

Market took a down turn yesterday (1/6/2010) in spite of the near day high closing at 1,285.01 in the preceding day (31/5/2010). The market was in fact looking set to test higher ground on 1/6/2010 when the market performance in previous 2 days (27/5/2010 and 31/5/2010) showed positive sign of market development.

Furthermore, what caught attention here was the upside gap created on 31/5/2010 ?

Firstly, the market went down to lowest low of 1,243.86 since 11/2/2010 on 27/5/2010, this was subsequently followed by a near day high closing to form a bottom key reversal pattern. Traders were basically thrilled by the turnaround of market on 27/5/2010 after making a losing streak for 9 consecutive days (14/5/2010 to 26/5/2010). Secondly, the gapped up scenario on 31/5/2010 indicated the urgency on the part of traders to acquire stock positions.

One of the two reasons for not seeing a higher market on 1/6/2010 could be due to the sharp rise of 42 points from low of 1,243 (27/5/2010) to high of 1,285 (31/5/2010), which many traders thought of over-reacted situation. Thus, we saw a sell down to 1,274.56 on 1/6/2010.

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The other reason being not seeing a higher high on 1/6/2010 would be of the market view that what happened on 27/5/2010 and 31/5/2010 was only a **technical rebound** to the sharp fall to 1,243.86 as the bottoming base formation was not strong enough to encourage serious buying interest; moreover, the market volume on 27/5/2010 and 31/5/2010 was not particularly high. **Why ?** Because the phenomenon of downside breakout of 1,300 level on 21/5/2010 following the lower low bar with a down close on 21/5/2010, and the downside gap left behind on 21/5/2010 would continue to haunt traders' mind. This did not necessary mean market would not go up.

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.*

What were the strong hands doing

A check of internal market strength on 1/6/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring another portion of buying positions**, the number of stock positions acquired from 26/5/2010 – 1/6/2010 was about **68%** of what was liquidated from 12/5/2010 to 25/5/2010 as **compared 60% in the preceding day**. (Please be informed that a typo error occurred on the date from 12/5/2010 to 27/5/2010 for market report of 1/6/2010, it should read as 12/5/2010 to 25/5/2010).

Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 1/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,274.56 after making attempt to go higher than 1,284.25.