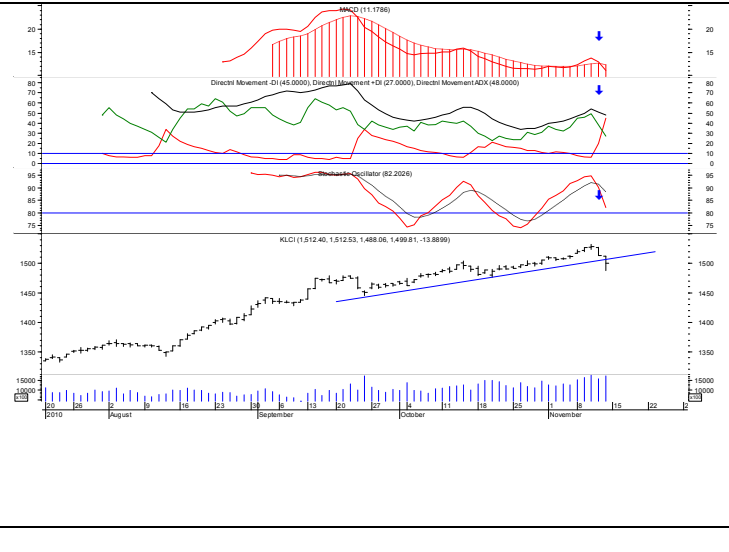


## Technical Analysis – Daily FBM KLCI

	12/11/2010	11/11/2010	
Open	1,512.40	1,526.62	
High	1,512.53	1,527.42	
Low	1,488.06	1,513.70	
Close	1,499.81	1,513.70	
Volume	1,724.6 m	1,576.6 m	
<b>Market Breadth</b>			
Up	155	381	
Down	771	447	
Unchanged	198	287	
<b>Indicators</b>			
MACD	Sell	buy	
DM Index	sell	buy	
Stochastics	sell	buy	

### A Volatile Market Play .....

#### Market Commentary :

Dampened by a disappointing outlook from Cisco Systems Inc., and divided views on currency and trade policies in G20 summit meeting in Korea, DJIA had on 11/11/2010 lost **73.94** points to close at **11,283.10**.

This double-digit loss in Wall Street sent a negative signal to Bursa Malaysia in the opening bell on 12/11/2010, FBM KLCI only traded to a high of **1,512.53** as traders chose to play a selling game in anticipation of lower market. Under greater selling pressure, stock index slid below 1,500 level to a day low of **1,488.06**, market kept its position on the low side throughout the trading sessions before recovered to settle at **1,499.81**.

The **drop** of **13.89** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down **RM0.22** to **RM8.30**), **Sime Darby** (down **RM0.09** to **RM8.85**), **Tenaga Nasional** (down **RM0.12** to **RM8.51**), **IOI Corp** (down **RM0.02** to **RM5.90**) and **Public Bank** (down **RM0.02** to **RM12.78**).

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

Market took another breather on 12/11/2010 for 2 days in a row after pushing its way into 1,530 zone to a new record high of **1,531.99** on 10/11/2010. **Why was the market down on Friday (12/11/2010) ?** The market decline started on 11/11/2010 continued to spill its effect, and it was a big surprise to see a sharp down day on 12/11/2010 even though the bulls may have been charging the upward move impressively from 8/11/2010 to 10/11/2010.

The sell-off by traders on 12/11/2010 to lock in profits was something unusual in view of the smooth and steady gains since 4/11/2010 prior to the decline on 11/11/2010, it indicated that traders just wanted to pocket in whatever amount of trading profits they could from liquidating their stock positions in hands.

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Historically, there would always be a tendency on the part of market players to become cautious as market continued to make new peak; moreover, market would not be going to rise every single day, and it made logical sense for the market to temporary undergo certain degree of stretch in an attempt to test traders/investors conviction.

The **breakaway** of small range platform on 8/11/2010 under an upside gap scenario was **filled** on 12/11/2010. An upside gap suggested the urgency to acquire stock positions; thus, the closure of upside gap indicated the unwillingness on the part of traders to hang on to their stock positions. In other word, since upside gap represented an area of support, and the broke thru of the upside gap would usually signal certain degree of significant move.

**With market making a pull back on 12/11/2010, where would be the immediate support ?** The down moves on 11/11/2010 and 12/11/2010 were in time to neutralize the disequilibrium in the supply and demand relationship created in recent up days. Like we had said in our report for 12/11/2010, **closure of the upside gap left behind on 8/11/2010 at 1,513 level** may not necessary signal an immediate rebound from there on as certain strong hands may want to take further advantage of the looming uneasy feelings by exerting more selling pressures to push the stock index lower in an attempt to flush out weak hands. **Then, we could see market only to find its support at 1,480 level when stock index failed to protect its fort at 1,503 level.**

**With 1,503 support being violated on the downside decisively, what would happen on Monday ?** No one knows for sure what this market would do for tomorrow or next week; but, trading sentiment was believed to have turned not-so-friendly as 1,500 level was established on psychologically basis. **A volatile market can be expected on 15/11/2010 and a technical rebound was seen likely on 15/11/2010 or 16/11/2010 after making a low lower than 1,488.06.**

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

A check of internal market strength on 12/11/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **liquidated** on **11/11/2010 and 12/11/2010** was about **303% more than** what was **acquired** between 8/11/2010 and 10/11/2010 compared to 24% in the preceding day.

### **Conclusion :**

**Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,475.**

**The analysis of overall daily market action(s) on 12/11/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,488.06.**