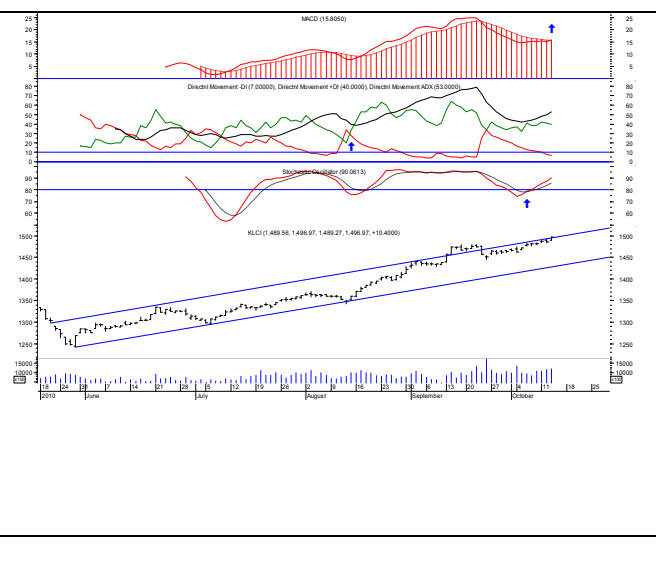


Technical Analysis – Daily FBM KLCI

	13/10/2010	12/10/2010
Open	1,489.56	1,490.29
High	1,496.96	1,493.29
Low	1,489.27	1,484.30
Close	1,496.97	1,486.57
Volume	1,199.5 m	1,169.1 m
Market Breadth		
Up	576	327
Down	236	420
Unchanged	256	306
Indicators		
MACD	buy	sell
DM Index	buy	buy
Stochastics	buy	buy



1,500 Level, Here I Come

Market Commentary :

Supported by latest news of Federal Reserve meeting to take more action to stimulate the economy , DJIA had on 13/10/2010 gained 10.06 points to close at 11,020.40.

The double-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 13/10/2010, FBM only traded to a day low of **1,489.27** as traders chose not to play selling game in anticipation of higher market. In the absence of stronger selling pressure, renewed buying support rolled in, and this lifted stock index to close at day high of **1,496.96**.

The **rise** of **10.40** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.03 to RM3.58), **Sime Darby** (up RM0.09 to RM8.85), **Hong Leong Bank** (up RM0.17 to RM9.41), **RHB Cap** (up RM0.17 to RM7.71) and **AMMB** (up RM0.10 to RM5.97).

What was the chart saying

Market traded higher on 13/10/2010 despite the down close scenario in the preceding day (12/10/2010), **what did it tell us ?** Traders were still comfortable to establish stock positions, and they were not affected by the lower settlement on 12/10/2010. The higher move on 13/10/2010 was a little surprise, because traders appeared to be choosing on sidelines when market could not inch higher than 1,494.10 on 12/10/2010. Thus, it must be the feeling of the 1,475 level crossover with an upside gap scenario on 6/10/2010 that continued to provide buying interest.

Moreover, the higher high scenario on 12/10/2010 basically indicated that there was a **stronger risk appetite** for stocks even though traders were earlier seen not so willing to push the stock index up fast for fear of running the stock index into an overbought zone again as the market had just done its pull back from 1,479.55 (17/9/2010) to 1,445.33 (24/9/2010).

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Now, with market climbed higher to 1,494.10 on 13/10/2010, would the market be trading upward on 14/10/2010 ? An uncertainty scenario was created on 12/10/2010 with selling pressure gained a little control over the buying power. However, the bullish traders saw the non-follow thru selling pressure on 13/10/2010 as a good chance to turn the game play around with an eye at an initial test of 1,500 level.

Psychologically, 1,500 level would be viewed an important barrier as the last time this 1,500 level was broken was in 11/1/2008. FBM KLCI only spent 3 trading days above 1,500 to reach highest high of 1,524.69 on 14/1/2008 before succumbed to profit taking pressure. On this note, it would not be hard to see the reason behind of traders to stay cautious as stock index making its way to 1,500 level.

Thus, any attempt(s) to trade into 1,500 zone must be accompanied by strong determined buying power as profit taking pressure would sure to show up at and above 1,500 level for the first 3 attempts.

What were the strong hands doing

A check of internal market strength on 13/10/2010 showed that buying strength *improved* with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions *acquired* from 29/9/2010 to 13/10/2010 was about **46%** of what was *disposed* between 14/9/2010 and 28/9/2010 compared to **38%** in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level to remain at 1,400; but, 1,440 – 1,450 level should act as immediate support.

The analysis of overall daily market action(s) on 13/10/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,496.96.