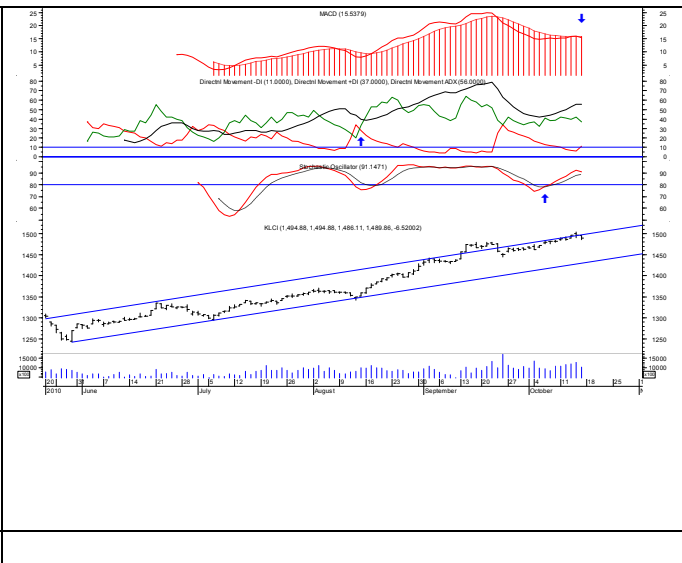


Technical Analysis – Daily FBM KLCI

	15/10/2010	14/10/2010	
Open	1,494.88	1,500.84	
High	1,494.88	1,503.82	
Low	1,486.11	1,490.57	
Close	1,489.86	1,496.38	
Volume	1,020.9 m	1,274.4 m	
Market Breadth			
Up	324	348	
Down	405	455	
Unchanged	341	302	
Indicators			
MACD	sell	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Immediate Support pegged at 1,470

Market Commentary :

Dampened by another disappointing jobs report and growing concern over an investigation of banks' foreclosure practices, DJIA had on 14/10/2010 lost 1.51 points to close at 11,094.57.

The single-digit drop in Wall Street did not help to improve the trading sentiment in Bursa Malaysia in the opening bell on 15/10/2010, FBM KLCI only traded to an intra-day high of 1,494.88 as traders decided not to play on buying side in anticipation of lower market. In the absence of stronger buying support in area of 1,494.88, profit taking activity rolled in, stock index came under pressure to break below 1,490 level to a low 1,486.11 before settled at 1,489.86.

The fall of 6.52 point(s) in FBM KLCI was attributed to selling pressure in blue-chip counters such as GenM (down RM0.03 to RM3.52), AMMB (down RM0.09 to RM5.91), Hong Leong Bank (down RM0.10 to RM9.30), CIMB (down RM0.06 to RM7.94) and TM (down RM0.04 to RM3.42).

What was the chart saying

Market did not trade higher last Friday (15/10/2010) despite the first crossover into 1,500 zone on 14/10/2010 since 16/1/2008. **Was it a surprise ?** No, it was not a surprise. Because market had "fulfilled its goal" by making its presence above 1,500 level on 14/10/2010 after 21 months of ups and downs. And, when this target of 1,500 level was hit, traders that involved in pushing the market up withdrew from the game play by transferring a portion of their stock holdings to new hands for profits. This explanation should give you an idea of why some traders are better than others.

You may now ask why so soon ? Well, I can understand that there was a reversal game play pattern from down (12/10/2010) to up (13/10/2010), which indicated that traders were still comfortable to establish stock positions. **BUT**, traders are short term players, and they are not interested in keeping their profits long on the papers, and the buying force that pushed the market

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above 1,500 level on 14/10/2010 had caused the stock index to go into overbought zone by technical standard.

On 14/10/2010, market reached its peak since 16/1/2008, can we still see the market trading above 1,500 level again ? 1,500 level to remain an important barrier psychologically as the last time this 1,500 level was broken, it was in 11/1/2008. And, FBM KLCI only spent 3 trading days above 1,500 with stock index reached the highest high of 1,524.69 on 14/1/2008 before succumbed to profit taking pressure.

More new attempts to break into 1,500 level can still be seen This kind of attempts would usually carry 2 implications :- (1) Strong hands would take opportunity to flush out the weak hands around 1,500 level by accumulating more bullets in its next move(s) to push the market higher to re-test the historical high of 1,524.69 recorded on 14/1/2008; (2) Once market makes a re-entry into 1,500 zone, small investors would get excited and be lured into play again when media begin to talk about the stock market in a bigger scale.

Guess what would likely be happen then ? The strong hands that are buying stock positions on this pull back would begin to unload as stock index inches towards 1,525 level. Aggressive traders looking at charts would be thinking ahead of the potential market risk in forming a **Double Top** pattern.

Nevertheless, **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 15/10/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **acquired** from 29/9/2010 to **15/10/2010** was about **24%** of what was **disposed** between 14/9/2010 and 28/9/2010 compared to **36%** 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 1,440; but, 1,460 – 1,470 level should act as immediate support.

The analysis of overall daily market action(s) on 15/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,486.11.