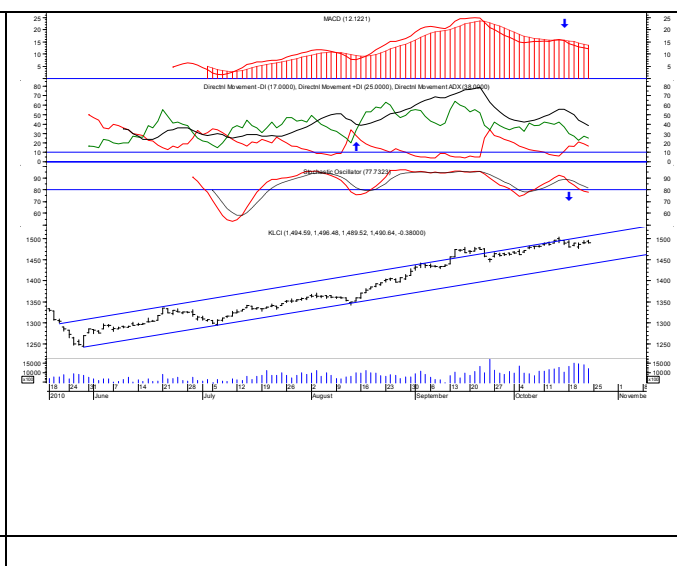


## Technical Analysis – Daily FBM KLCI

	22/10/2010	21/10/2010
Open	1,494.59	1,490.24
High	1,496.48	1,495.84
Low	1,489.52	1,488.44
Close	1,490.64	1,491.02
Volume	1,225.8 m	1,429.3 m
<b>Market Breadth</b>		
Up	388	459
Down	370	301
Unchanged	297	316
<b>Indicators</b>		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



**Time needed to overcome 1,500 level psychologically .....**

### Market Commentary :

Led by another round of good corporate earnings announcement, DJIA had on 21/10/2010 gained **38.60** points to close at **11,146.57**.

The double-digit rise in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 22/10/2010, FBM KLCI traded higher to a day high of **1,496.48** as traders chose to play a buying game in anticipation of higher market. However, weak-follow thru buying power in area of **1,496.48** prompted pre-weekend profit taking interest to roll in, and this pushed stock index down to a low **1,489.52** before settled at **1,490.64**.

The **marginal drop** of **0.38** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down RM0.10 to RM10.50), **AMMB** (down RM0.01 to RM5.97), **Sime Darby** (down RM0.04 to RM8.82), **Maybank** (down RM0.02 to RM8.90) and **IOI Corp** (down RM0.01 to RM5.79).

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

Market went higher on 22/10/2010 following the up close scenario in the preceding day (21/10/2010). And, it was no surprise to see a higher market level last Friday (22/10/2010), because market volume of 1.429 billion shares on 21/10/2010 again was only slightly smaller than 1.488 billion shares registered on 20/10/2010. Moreover, the rebound from day low to close near day high at **1,490.03** on 20/10/2010 showed the presence of **supporting buying interest** and a **non-aggressiveness** on the part of traders to sell down the market **at this point of time**.

Having rebounded on 20/10/2010 with another crossover into 1,490 level on 22/10/2010, **what would it imply for today's market (25/10/2010) ?** Stock index can be expected to make re-test 1,500 psychological level on 25/10/2010 or hold itself in a sideways environment for another few days before gearing up to re-test 1,500 level. The **unwillingness** to test 1,500 level on

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**22/10/2010** somehow showed **non-readiness** on the part of traders to break the 1,500 level in a hurry when time could play its role to tell the market direction.

**Nevertheless, 1,470 level must be protected even though the attempt to break above 1,500 level were to fail this round, for a downside breakout of 1,470 level would signal more downward plays, the market would then be likely to move down to 1,440 level before it could garner buying interest.**

**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.

**When can we expect to see the emergence of buying again ?** This corrective pressure would continue as long as traders are not comfortable to re-establish stock positions, and positive sign would show up when these traders believe the right timing is around the corner. **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 **22/10/2010** showed that buying strength ***improved*** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions ***disposed*** from **12/10/2010** to **21/10/2010** was about **11%** of what was ***acquired*** between **4/10/2010** and **11/10/2010** compared to **22%** 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, 1,470 level should act as immediate support.**

**The analysis of overall daily market action(s) on 22/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,489.52.**