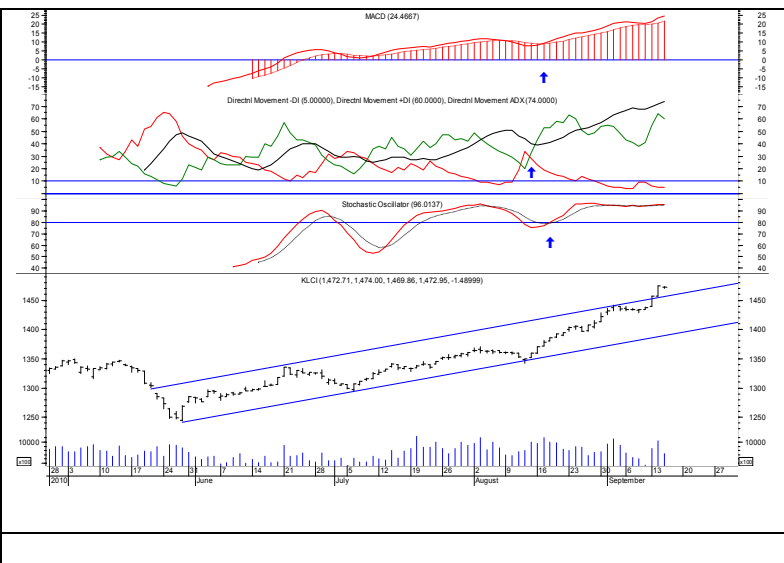


Technical Analysis – Daily FBM KLCI

	15/9/2010	14/9/2010
Open	1,472.71	1,457.62
High	1,474.0	1,474.44
Low	1,469.86	1,456.79
Close	1,472.95	1,474.44
Volume	725.1 m	1,035.3 m
Market Breadth		
Up	299	504
Down	416	274
Unchanged	301	269
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Support at 1,460 level expected

Market Commentary :

Worried about Europe's economy in spite of positive reports on US retail sales and business inventories, DJIA had on 14/9/2010 shed 17.64 points to close at 10,526.49.

The double-digit loss in Wall Street dampened the ongoing bullish sentiment in Bursa Malaysia in the opening bell on 15/9/2010, FBM only traded to a day high of **1,474.0** as traders decided not to chase the game on buying side. In the absence of stronger buying support, stock index came under selling pressure as some traders took a portion of profit on their winning trades ahead of Public Holiday (16/9/2010), and this pushed the stock index down to **1,469.86** before settled at **1,472.95**.

The **fall of 1.49** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **IOI Corp** (down RM0.03 to RM5.71), **Tenaga Nasional** (down RM0.01 to RM9.23), **Sime Darby** (down RM0.04 to RM8.29), **Maybank** (down RM0.04 to RM8.72) and **HL Bank** (down RM0.02 to RM9.20).

What was the chart saying

Market did not trade higher yesterday (15/9/2010) despite making to the highest high of 1,474.44 since 17/1/2008 with a close on day high on 14/9/2010. **Why didn't the stock index continue to go higher on 15/9/2010 especially when there was an improved buying activity with a market volume exceeded 1 billion shares on 14/9/2010 ?** Theoretically, market should continue its up north journey yesterday (15/9/2010); but, the market somehow just knew how to choose the timing of when to stage a follow thru. In this case, local market apparently chose to take the lead from down close in Wall Street as a reason to start their game play on 15/9/2010 with profit taking instead of bulldozing the market with another spectacular gain.

While the general expectation was to see stock index going into higher ground on 15/9/2010; but, the lower high market play on 15/9/2010 was not really a surprise given the fact that the stock index

All information, views and advice are given in good faith but without legal responsibility. Mercury Securities Sdn. Bhd. or companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks in the markets mentioned.

had run up about 45 points since the day low of 1,428.66 on 8/9/2010. And, knowing many traders were of short term style, it was thus natural to put money into their pockets instead of paper profit.

Ladies & gentlemen, the ability on the part of stock index to protect its position in area of 1,430 level on 8/9/2010 and 9/9/2010 had paved the ground for higher market. Furthermore, the lower market volumes on 8/9/2010 and 9/9/2010 showed no aggressive selling action to push the market down, this gave rise an opportunity to risk taking traders to buy stocks at cheaper level.

What would this higher market on 13/9/2010 imply in coming days ? The market play pattern on 8/9/2010 and continued supportive buying to keep the stock index above 1,430 level on 9/9/2010 suggested the **"intention"** on the part of certain traders to hold up as much as they could at this juncture from making lower in attempt to contain the trading sentiment on friendly side **instead of** turning the market sentiment into negative by **"allowing"** the stock index to get lower under the present corrective mode.

The crossover into 1,450 zone on 13/9/2010 was a good attempt made to disassociate the early thought(s) of market going into "bearish" mode, and it had also helped to generate a new wave of market optimism with an eye to 1,500 level after a small hurdle at 1,460 level. Moreover, the bigger market volume at **843.1** million shares on 13/9/2010 and **1,040.2** million shares on 14/9/2010 should be adequate to provide a convincing power in seeing upward move to 1,500 level.

What would be the one thing in traders' mind right now after making to a high of 1,474.44 on 14/9/2010 ? Well, the rally to **1,474.44** had certainly made many investors happy again; but, one thing for sure the market run up would raise the **question** of whether this was a **sustainable rally** or just as another move to the top of a trading range (1,500 – 1,530). **The answer would be to approach the market with caution despite the bullish trading sentiment.**

What were the strong hands doing

A check of internal market strength on 15/9/2010 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 9/9/2010 to **15/9/2010** was about **125%** of what was disposed between 2/9/2010 and 8/9/2010 compared to **127%** 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 1,395; but, 1,450 level should act as immediate support.

The analysis of overall daily market action(s) on 15/9/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,479.86.