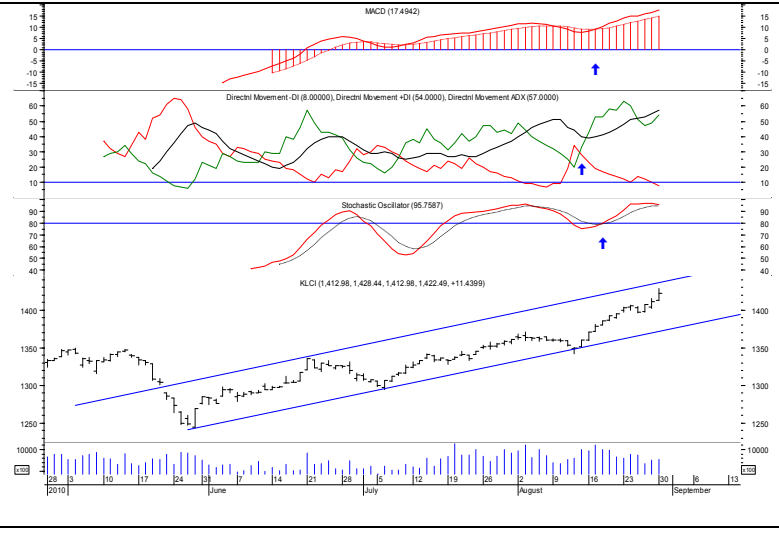


Technical Analysis – Daily FBM KLCI

	30/8/2010	27/8/2010
Open	1,412.98	1,404.37
High	1,428.44	1,415.28
Low	1,412.98	1,402.36
Close	1,422.49	1,411.05
Volume	769.2 m	762.6 m
Market Breadth		
Up	334	286
Down	377	405
Unchanged	281	285
Indicators		
MACD	Buy	buy
DM Index	Buy	buy
Stochastics	Buy	buy



TO hit upper channel line

Market Commentary :

Encouraged by a downward revision in 2Q economic growth that wasn't as bad as economists had expected and readiness from Federal Reserve to step in if US economy showed signs of weakening, DJIA had on 27/8/2010 gained 164.84 points to close above 10,000 mark at 10,150.65.

The triple-digit gain in Wall Street injected a booster to Bursa Malaysia in the opening bell on 30/8/2010, FBM KLCI only traded to a low of **1,412.98** as traders chose not to play a selling game in anticipation of higher market. In the absence of stronger selling pressure in area of **1,412.98**, renewed buying interest rolled in, this lifted stock index higher into 1,420 zone with a day high of **1,428.44** before settled at **1,422.49**.

The **rise** of **11.44** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.07 to RM8.86), **Sime Darby** (up RM0.25 to RM8.35), **IOI Corp** (up RM0.01 to RM5.25), **Genting** (up RM0.41 to RM9.45) and **Maybank** (up RM0.13 to RM8.39).

What was the chart saying

Market crossed over 1,420 hurdle yesterday (30/8/2010) following a stronger DJIA to climb back up above 10,000 mark on 27/8/2010. The higher high market play on 30/8/2010 was not really a surprise as the up close on 26/8/2010 indicated a "friendly" play ahead when the market settlement below 1,400 level on 25/8/2010 was supposed to have drawn in more selling interest on 26/8/2010.

So, with KLCI took down the immediate high 1,406.95 level to reach 1,408 level on 26/8/2010 with another higher high than 1,408 to 1,415.28 on 27/8/2010, what can be said about this market ? The earlier 1,406.95 level was indeed seen to be topping in the immediate short term. Firstly, market gapped up into 1,400 zone on 23/8/2010 and was followed

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by higher levels; but, the speed to the up north direction was not impressive to provide better buying confidence. Market managed to steal a closing above 1,400 level despite intra-day dips below 1,400 level on 23/8/2010 and 24/8/2010; however, the lower high on 25/8/2010 somehow prompted traders with winning trades to lock in a portion of their stock positions. The market was seen struggling to go much higher after the 1,400 level crossover on 24/8/2010, this undoubtedly indicated an imminent market correction. However, the new market scenario had been created on 26/8/2010 as the downside violation of 1,400 level on 25/8/2010 did not result in an immediate follow thru market play to push the KLCI lower. The sudden reversed game play on 26/8/2010 would see this market to go over 1,406.95 in next few days with an eye to a fast hit target of 1,420 level before the emergence of renewed selling interest.

What had caused the market to climb back up into 1,400 zone again on 26/8/2010 ? We recognized the fact that the up play into 1,400 zone on 23/8/2010 indeed consumed much efforts to put up a nice picture for every traders and investors to see, and these certain traders were simply not willing to end the up play here by clicking in just a few points above 1,400 level. This can be seen from the day high of 1,408 on 26/8/2010 and high of 1,415.28 on 27/8/2010, market would now be likely looking to fast track its move to 1,420 level.

Can KLCI reach 1,450 level ? A low market volume in KLCI did not always necessarily mean that stock index would stop making higher high, because it was not difficult to paint a friendly picture on KLCI chart given the types of stock component in the index. This market was supposedly due for a corrective move to go downward, somehow the unusual market force wanted to continue to keep the up play in the game, and the way it carried itself seemed to have indicated that 1,450 level would be the next upside target (the upper line of upward channel drawn on chart).

Ladies & gentlemen, the market run-up of **86.37** points from low of 1,342.07 (12/8/2010) to a high of **1,428.44** (30/8/2010) in **13** days was believed to be viewed over-extended in the eyes of many traders especially with 12 up close days and only 1 down close day. Furthermore, there had not been much stronger follow through buying volume since 17/8/2010 (market volume was on a decline), Traders should seriously begin to look into tightening risk management strategy, and the advancers was smaller than decliners on 30/8/2010.

What were the strong hands doing

A check of internal market strength on 30/8/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions liquidated from 20/8/2010 to 30/8/2010 was about 39% of what was established between 11/8/2010 and 19/8/2010 compared to 55% 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 1,350; but, 1,400 level should act as immediate support.

The analysis of overall daily market action(s) on 30/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,428.44.