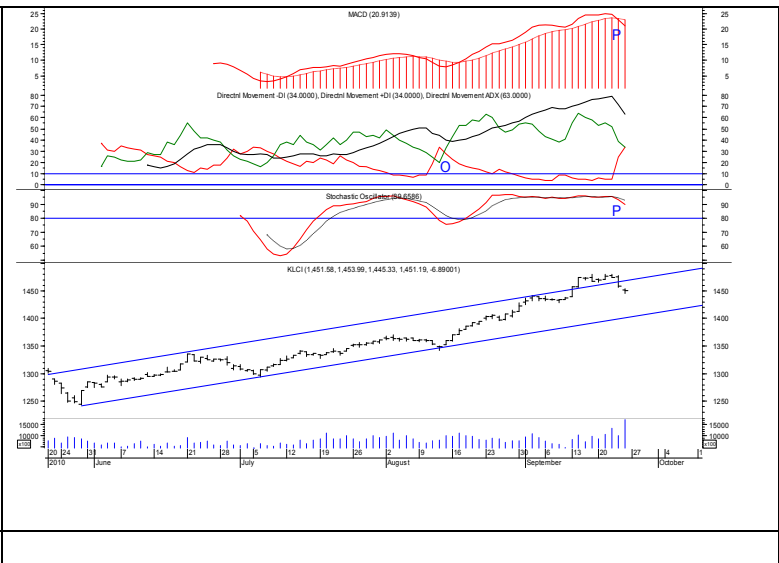


Technical Analysis – Daily FBM KLCI

	24/9/2010	23/9/2010
Open	1,451.58	1,475.70
High	1,453.09	1,477.03
Low	1,445.33	1,456.64
Close	1,451.19	1,458.08
Volume	1,726.6 m	999.4 m
Market Breadth		
Up	408	221
Down	307	523
Unchanged	289	254
Indicators		
MACD	sell	sell
DM Index	buy	buy
Stochastics	sell	sell



Another platform seen likely to hold up the market

Market Commentary :

Led by a jump in unemployment claims and more signs of trouble for Europe's economy, DJIA had on 23/9/2010 shed 76.89 points to close at 10,662.42.

The double-digit drop in Wall Street sent dampening effect to Bursa Malaysia in the opening bell on 24/9/2010, FBM traded down to a day low of **1,445.33** as traders continued to play a selling game in anticipation of lower market. However, in the absence of stronger selling pressure in area of **1,445.33**, renewed buying interest rolled in, this lifted stock index back up above 1,450 level to a day high of **1,453.99** before settled at **1,451.19**.

The **fall** of **6.89** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **KLK** (down **RM0.04** to **RM16.92**), **PB Bank** (down **RM0.08** to **RM12.54**), **CIMB** (down **RM0.10** to **RM8.09**), **Genting** (down **RM0.18** to **RM9.75**) and **Tenaga Nasional** (down **RM0.08** to **RM8.92**).

What was the chart saying

Market traded lower with a downside violation of 1,450 level last Friday (24/9/2010) given the weak closing in the preceding day (23/9/2010). The selling interest was heavy in the early part of morning session, simply because more traders swarmed in to liquidate their winning trades in a hope to lock in best possible profits. The downside breakout of 1,450 level on 24/9/2010 was not much of a surprise as the failure on the part of buying power to overcome the hurdle at 1,479.59 on 22/9/2010 had impacted the market sentiment on the negative side, this can further be seen from the way stock index was traded on 23/9/2010.

On the other hand, bullish traders took advantage of the lower market to establish cheaper stock positions. Stock trading was about market opinions, bull or bear, and the logic behind the buying support on 24/9/2010 was due to the fact that these traders expected the stock price to go up. **So,**

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what would the market be likely doing next ? The selling and buying forces on 24/9/2010 implied that both bullish traders believed immediate market support should be found in the area of 1,445 at this juncture, and that basically explained why there was a greater buying interest at that market level. In other word, 1,440 level should provide an immediate cushion for the market while the tussle for market control between bulls and bears to continue.

Given the drop of 34 points over the last 3 days (22/9/2010 – 24/9/2010), this market had a greater tendency to trade sideways with a small platform between 1,425 – 1,445 level..

Like we had said earlier in our market reports

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.

So, the higher market to 1,479.59 on 17/9/2010 followed by weak down close was a sign of seeing a continuing higher level on 20/9/2010 then with another day high of 1,479.59 on 21/9/2010 ? The way market acted on 17/9/2010 implied the emergence of selling pressure, and the buying strength was not really being felt after 14/9/2010. A consolidation was seen made in an effort to neutralise the imbalance demand-supply relationship created in recent run up, for the stock index had shot up 45 points since the day low of 1,428.66 on 8/9/2010.

Ladies & gentlemen, the sell-off on 23/9/2010 would continue to have a dampening effect on the market in coming days as the stock index had broken the low registered on 20/9/2010, and a more aggressive strategy by bearish traders to take advantage of the weakened market situation was seen unavoidable.

What were the strong hands doing

A check of internal market strength on 24/9/2010 showed that buying strength improved marginally with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions disposed from 15/9/2010 to 24/9/2010 was about 134% more than what was acquired between 8/9/2010 and 14/9/2010 compared to 135% 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 24/9/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,445.33.