



## Technical Analysis – Daily FBM KLCI

	9/2/2011	8/2/2011	
Open	1,541.63	1,542.34	
High	1,541.98	1,544.35	
Low	1,533.38	1,538.76	
Close	1,536.07	1,539.55	
Volume	2.19 b	3.17 b	
<b>Market Breadth</b>			
Up	347	506	
Down	493	379	
Unchanged	286	257	
<b>Indicators</b>			
MACD	Sell	Sell	
DM Index	Sell	Sell	
Stochastics	Sell	sell	

### Profit taking pressure .....

### Market Commentary :

Led by McDonald's higher than expected sales figure, DJIA had on 8/2/2011 **gained 71.52** points to close at **12,233.15**.

The double-digit **increase** of **71.52** in Wall Street sent a friendly effect to Bursa Malaysia in the opening bell on **9/2/2011**, FBM KLCI traded into 1,540 zone for 3<sup>rd</sup> consecutive day to a day high of **1,541.98** as some traders chose to play on buying side. However, non-follow thru buying support in area of **1,541.98** prompted profit taking activity to roll in, and this put a pressure on stock index down to **1,533.38** before settled **1,536.07**.

The **drop** of **3.48** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **IOI Corp** (down RM0.03 to RM5.78), **Tenaga Nasional** (down RM0.02 to RM6.15), **AMMB** (down RM0.15 to RM6.45), **Public Bank** (down RM0.02 to RM13.48) and **Hong Leong Bank** (down RM0.06 to RM9.25).

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

Market did not go higher on 9/2/2011 despite the up close scenario in the preceding day. The lower market on 9/2/2011 was not a surprise, because most of the intra-day market volume on 8/2/2011 was seen more on selling side due to profit taking activity. **So, why didn't the stock index on 9/2/2011 repeat what it did on 8/2/2011 ?** Well, the bigger risk taking appetite we saw on 8/2/2011 was not simply not presence on 9/2/2011, and the absence of buyers on 9/2/2011 had opened up the venue for sellers to lock in winning trades.

Like 7/2/2011 and 8/2/2011, stock index had on 9/2/2011 continued to look for a footing above 1,540 level in an attempt to contain the market friendliness built since 2/2/2011. **BUT**, the downside gap created on 21/1/2011 that occurred near the previous supportive level at 1,558.64 (11/1/2011)

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still carried certain amount of significance for it indicated a breakaway, and traders would choose to respect this negative market sign as reference in their game play [for the time being](#).

**Ladies & gentlemen**, the market turnaround to go above 1,530 level on 2/2/2011 with an up close scenario on 7/2/2011 and 8/2/2011 was encouraging for the market to stay on friendly side with small consolidation seen in the making. A consolidation pattern was viewed a process to neutralize the recent imbalance demand and supply relationship, and how the consolidation pattern shaping up in coming days would determine the next market direction. Thus, it would be of critical to have stock index NOT to go below 1,513 level.

FYI : The fall to 1,505.36 on 26/1/2011 represented a 70% retracement from low of [1,474.02](#) on 29/11/2010 to the high of 1,576.42 on 18/1/2010. A retracement beyond 61.8% was actually deemed to be a sign of further market weakness; **but**, this market had on 26/1/2011 somehow managed to recover a portion of lost ground above 1,513 level (61.8% retracement) by registering a close above 1,513 level in an effort to avoid an overly "bearish" scenario, this had subsequently helped to steer the market upward to a recent high of 1,544.35 on 8/2/2011.

Market volume was [2.19](#) billion shares on 9/2/2011 compared to [3.17](#) billion shares on 8/2/2011. **What can be said about that ?** [The smaller market volume with a fall in stock index showed the presence of weaker buying interest.](#) The advancers/decliners ratio stood at [347/493](#) on 9/2/2011 compared to [506/379](#) on 8/2/2011 and [567/287](#) on 7/2/2011.

## **What were the strong hands doing .....**

A check of internal market strength on 9/2/2011 showed that buying strength [improved](#) with strong hand(s) seen [acquiring a portion of buying positions](#), and the net number of stock positions [established](#) from [26/1/2011 to 9/2/2011](#) was about [90% of](#) what was [liquidated](#) between [17/1/2011 and 25/1/2011](#) compared to [79%](#) in the preceding day.

## **Conclusion :**

**Market outlook was not seen friendly as KLCI had on 2/2/2011 turned its position around to go above the 50-day MA with key market support level pegged at [1,500](#).**

**[The analysis of overall daily market action\(s\) on 9/2/2011 revealed that buying power\(s\) was weaker compared to selling pressure\(s\), FBM KLCI would thus likely to trade below \[1,533.38\]\(#\).](#)**