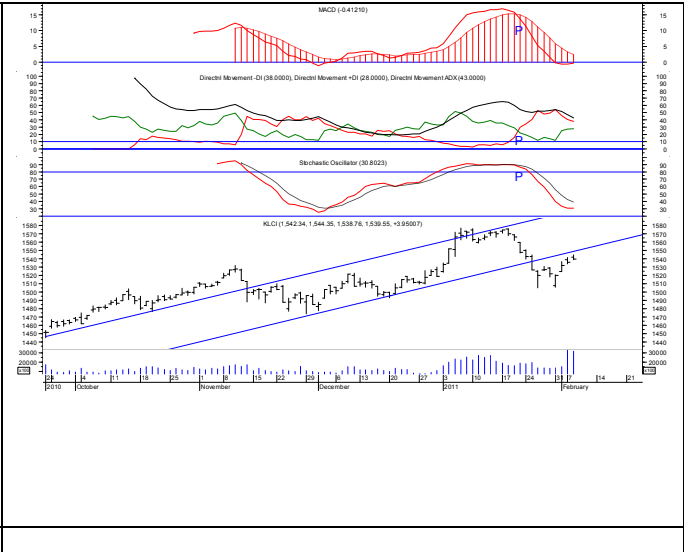


## Technical Analysis – Daily FBM KLCI

	8/2/2011	7/2/2011	
Open	1,542.34	1,539.24	
High	1,544.35	1,541.43	
Low	1,538.76	1,533.75	
Close	1,539.55	1,535.60	
Volume	3.17 b	3.23 b	
<b>Market Breadth</b>			
Up	506	567	
Down	379	287	
Unchanged	257	240	
<b>Indicators</b>			
MACD	Sell	Sell	
DM Index	Sell	Sell	
Stochastics	Sell	sell	

**Hurdle at 1,547 remained .....**

### Market Commentary :

Led by acquisition reports of Enscor PLC to buy over Pride International Inc. for US\$7.3 billion, Danaher Corp to take over Beckman Coulter Inc. for US\$5.8 billion, and stronger earnings result from Loews Corp, DJIA had on 7/2/2011 **gained 69.48** points to close at **12,161.63**.

The double-digit **rise** in Wall Street sent another positive effect to Bursa Malaysia in the opening bell on **8/2/2011**, FBM KLCI traded into 1,540 zone for 2<sup>nd</sup> consecutive day to a day high of **1,544.35** as traders decided to stage a follow thru buying support in anticipation of higher market. However, weak follow thru buying support in area of **1,544.35** prompted profit taking activity to roll in, and this put a pressure on stock index down to **1,538.76** before settled **1,539.55**.

The **rise** of **3.95** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **IOI Corp** (up RM0.03 to RM5.81), **Sime Darby** (up RM0.02 to RM9.35), **TM** (up RM0.13 to RM3.85), **Public Bank** (up RM0.04 to RM13.50) and **Tenaga Nasional** (up RM0.02 to RM6.17).

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

Market went higher on 8/2/2011 following the up close scenario in the preceding day. The higher market on 8/2/2011 was not a little surprise, because most of the intra-day market volume on 7/2/2011 was seen more on selling side due to profit taking activity. **So, what triggered the higher market on 8/2/2011 ?** It must be the bigger risk taking appetite that prompted traders to play on buying side on the back of upside gap left behind on 2/2/2011 and the market rebound on 31/1/2011.

Like 7/2/2011, stock index had on 8/2/2011 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) still carried

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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 still 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.

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 this 1,513 level in an effort to avoid an overly "bearish" scenario.

Market volume was [3.17](#) billion shares on 8/2/2011 compared to [3.23](#) billion shares on 7/2/2011. **What can be said about that ?** [The smaller market volume with a rise in stock index showed the presence of weaker buying interest.](#) The advancers/decliners ratio stood at [506/379](#) on 8/2/2011 compared to [567/287](#) on 7/2/2011 and [674/137](#) on 2/2/2011.

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

A check of internal market strength on 8/2/2011 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 8/2/2011](#) was about [79% of](#) what was [liquidated](#) between 17/1/2011 and 25/1/2011 compared to [68%](#) 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 8/2/2011 revealed that buying power\(s\) was weaker compared to selling pressure\(s\), FBM KLCI would thus likely to trade below \[1,538.76\]\(#\).](#)**