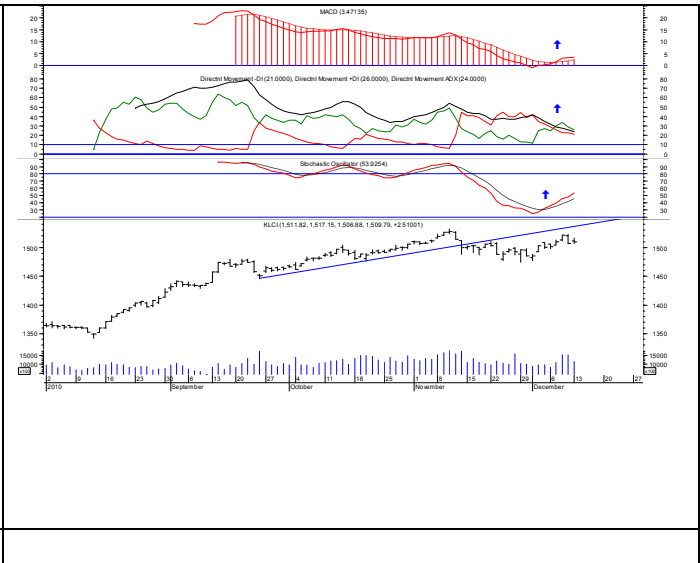


**Technical Analysis – Daily FBM KLCI**

	13/12/2010	10/12/2010
Open	1,511.82	1,520.16
High	1,517.15	1,522.95
Low	1,506.88	1,507.28
Close	1,509.79	1,507.28
Volume	1,158.4 m	1,531.6 m
Market Breadth		
Up	436	354
Down	304	428
Unchanged	300	280
Indicators		
MACD	Buy	Buy
DM Index	Buy	buy
Stochastics	Buy	buy



Keeping close to 1,510 level

Market Commentary :

Led by report from General Electric to raise dividend for 2nd time this year, DJIA had on 10/12/2010 gained **40.26** points to close at **11,410.32**.

The double-digit gain in Wall Street helped to send a friendly effect to Bursa Malaysia in the opening bell on **13/12/2010**, FBM KLCI traded to a day high of **1,517.15** as some traders chose to play a buying game in anticipation of higher market. However, weak follow thru buying support in the area of **1,517.15** prompted renewed selling interest to roll in, this pushed stock index down to a low of **1,506.88** before settled at **1,509.79**.

The **rise** of **2.51** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **KLK** (up RM0.06 to RM21.56), **Hong Leong Bank** (up RM0.05 to RM9.30), **AMMB** (up RM0.03 to RM6.59), **IOI Corp** (up RM0.09 to RM5.81) and **Tenaga Nasional** (up RM0.06 to RM8.66).

What was the chart saying

Market tried to make an upward move on 13/12/2010 despite the weak close scenario on last Friday; but, there was a lack of supportive buying interest to hold the stock index up. The outcome of lower high on 13/12/2010 was expected as the day low settlement on 10/12/2010 had indicated the unwillingness on the part of traders to play a buying game, and it would thus be natural to see the same negative selling effect to flow thru in the next trading day.

An interesting point to have been noted here was the attempt made to keep the market near 1,510 level. **WHY ?** In the eyes of many traders, 1,510 level should not be an important level to watch compared to 1,500 level for psychological trading reason; but, this 1,510 level was a threshold to determine the seriousness on the part of traders to commit their buying or selling action. We had 2

closes above 1,510 level on 8/12/2010 and 9/12/2010; but, they were overcome by selling pressure on 10/12/2010 to indicate the presence of strong selling interest.

We mentioned in our market report for 13/12/2010 that there was a quick upward move into 1,520 zone on 9/12/2010, **why didn't we see the same pace again on 10/12/2010 ?** Well, theoretically market should at least display the same kind of buying enthusiasm in the opening bell on 10/12/2010 in an effort to carry thru the upward move on 9/12/2010. **BUT**, there was no immediate sign of buying supportThe **reason behind** was believed to be the drawing near of market hurdle at 1,525 level; moreover, 10/12/2010 was the last day of trading for the week, many traders would not want to add in new stock positions for fear of overnight risk. Instead of buying more, they had chosen to profit take the winning trades.

With the cross below of 1,510 level, where would the market go from here ? The sell-off on 10/12/2010 was unusual as it erased all the gain registered on 9/12/2010, this showed that traders were in this game for quick play and not to buy and hold. Basically, the market fulfilled its objective at 1,522.95, 2 points away from our earlier upside projection of 1,525 level written in our market report for 9/12/2010.

The 2nd consecutive day of downside violation of 1,510 level on 13/12/2010 **could** act as the **initial sign** of a topping market at 1,531.99. Of course, more technical evidence are needed to confirm; for example, the failure to protect 1,490 level decisively and a convincing low below 1,474 level.

What were the strong hands doing

A check of internal market strength on 13/12/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **acquired** from **23/11/2010 to 13/12/2010** was about **57% more than** what was **established** between 18/11/2010 and 22/11/2010 compared to **22%** in the preceding day..

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,490.

The analysis of overall daily market action(s) on 13/12/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,517.15