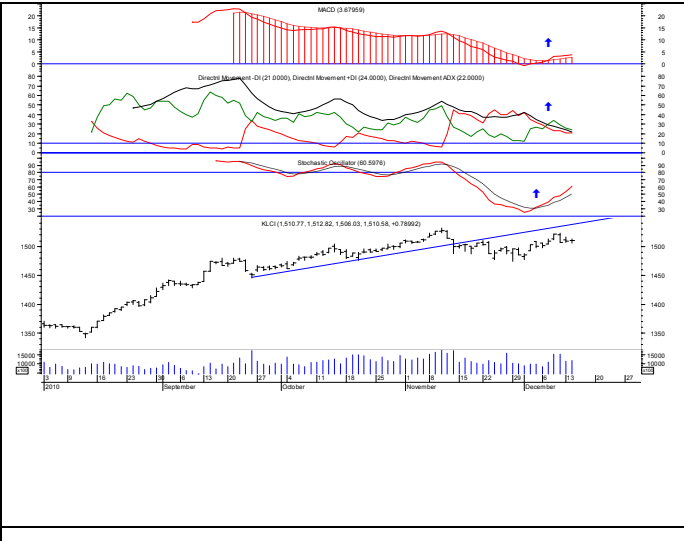


Technical Analysis – Daily FBM KLCI

	14/12/2010	13/12/2010	
Open	1,510.77	1,511.82	
High	1,512.82	1,517.15	
Low	1,506.03	1,506.88	
Close	1,510.58	1,509.79	
Volume	1,173.0 m	1,158.4 m	
Market Breadth			
Up	390	436	
Down	347	304	
Unchanged	309	300	
Indicators			
MACD	Buy	Buy	
DM Index	Buy	buy	
Stochastics	Buy	buy	

Still wanted to see a close around 1,510 level

Market Commentary :

Led by report from General Electric to buy British oilfield company, Wellstream Hldgs Plc, for US\$1.3 billion, DJIA had on 13/12/2010 gained **18.24** points to close at **11,428.56**.

The double-digit gain in Wall Street helped to send a friendly effect to Bursa Malaysia in the opening bell on 14/12/2010, FBM KLCI traded to a day high of **1,512.82** as some traders chose to play a buying game. However, weak follow thru buying support in the area of **1,512.82** prompted renewed selling interest to roll in, this pushed stock index down to a low of **1,506.03** before settled at **1,510.58 on last minute buying of selective blue chip stock**.

The **rise of 0.79** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB (up RM0.10 to RM8.60)**, **Hong Leong Bank (up RM0.05 to RM9.35)**, **AMMB (up RM0.05 to RM6.64)**, **Sime Darby (up RM0.02 to RM8.65)** and **TM (up RM0.02 to RM3.40)**.

What was the chart saying

Market attempted to go higher yesterday (14/12/2010) on the back of up close scenario in preceding day; but, there was simply no supportive follow thru buying interest again to hold the stock index up at the high end.

The outcome of lower high on 14/12/2010 was not expected as the up close on 13/12/2010 should have induced light buying interest at least near to the day high of 1,517.15 on 13/12/2010 before succumbed to renewed selling interest. So, **what did it imply ?** This indicated the unwillingness on the part of traders to commit on buying side at this juncture, and the fall below 1,510 level quickly translated into profit taking activity.

A slight different market scenario was presented yesterday with stock index went lower in an attempt to trigger a bigger push on the downside; yet, many traders were still looking at one another for a lead in selling action.

Again, the effort made to keep the market near 1,510 level on 14/12/2010. **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.

The way this market carried itself on 14/12/2010 provided an indication that there was a higher probability for stock index to go sideways with a downside bias, because 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 followed by weak up close on 13/12/2010 and 14/12/2010 to indicate the presence of selling interest.

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 had "fulfilled" its immediate objective at 1,522.95, which was 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 evidences 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 14/12/2010 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 14/12/2010 was about **77% more than** what was established between 18/11/2010 and 22/11/2010 compared to **57%** 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 weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,506.03