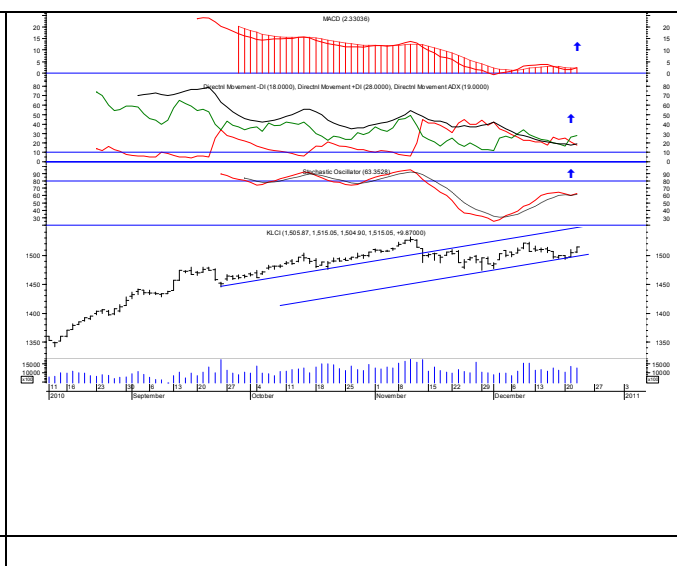


Technical Analysis – Daily FBM KLCI

	22/12/2010	21/12/2010
Open	1,505.87	1,498.35
High	1,515.05	1,510.24
Low	1,504.90	1,497.81
Close	1,515.05	1,505.18
Volume	1,253.1 m	1,361.3 m
Market Breadth		
Up	394	539
Down	374	256
Unchanged	284	284
Indicators		
MACD	Sell	Sell
DM Index	buy	buy
Stochastics	sell	sell



Market momentum pointing higher

Market Commentary :

Underpinned by solid earnings and merger activities, DJIA had on 21/12/2010 gained **55.03** points to close at **11,533.16**.

The double-digit gain in Wall Street helped to send a friendly effect to Bursa Malaysia in the opening bell on 22/12/2010, FBM KLCI only traded to a day low of **1,504.90** as traders were seen unwilling to play on selling side in anticipation of higher market. In the absence of stronger selling pressure, renewed buying interest rolled in to lift the stock index higher to a day high of **1,515.05**, market kept its position on the high end throughout the trading sessions before settled at **day high**.

The **rise** of **9.87** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up **RM0.05** to **RM3.34**), **Sime Darby** (up **RM0.02** to **RM8.73**), **AMMB** (up **RM0.28** to **RM7.05**), **CIMB** (up **RM0.02** to **RM8.60**) and **IOI** (up **RM0.01** to **RM5.81**).

What was the chart saying

Market continued to go higher yesterday (22/12/2010) given the up close scenario in the preceding day (21/12/2010). That was nothing unexpected, because traders appeared comfortable to be playing the market on the upside on 22/12/2010 after the stock index managed to pull away from 1,490 level with a crossover into 1,510 zone on 21/12/2010.

There was a clear difference between what happened yesterday (22/12/2010) and 20/12/2010 & 21/12/2010. Market went on to register higher level on 22/12/2010 on the back of up close in the day before, whereas market direction on 20/12/2010 and 21/12/2010 went opposite to the general expectation. **What did it imply ? Bullish** traders basically did not want to see the market to fall below 1,490 level for fear of bigger destructive selling pressure. Bearish traders on the other hand wanted to sell; but, could not find a reason to do so without catalyst to take this market down. The

net result of opinion between the bulls and bears pointed to a friendly market development, this explained why we saw better volume on 21/12/2010 and a follow thru buying on 22/12/2010.

The downside breakout of 1,500 level earlier on 16/12/2010 and the return upward move into 1,500 level on 21/12/2010 were even out with many traders were believed still curious about the sustainability power of this market at 1,500 level.

Given what happened on 22/12/2010, what would the market do next ? The ability on the part of market to hold up its position at 1,510 level would likely see a re-test of its immediate high at 1,522.95 (10/12/2010).

What were the strong hands doing

A check of internal market strength on 22/12/2010 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 17/12/2010 to 22/12/2010 was about *56%* what was *liquidated* between 9/12/2010 and 16/12/2010 compared to *29%* 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 22/12/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,515.05.