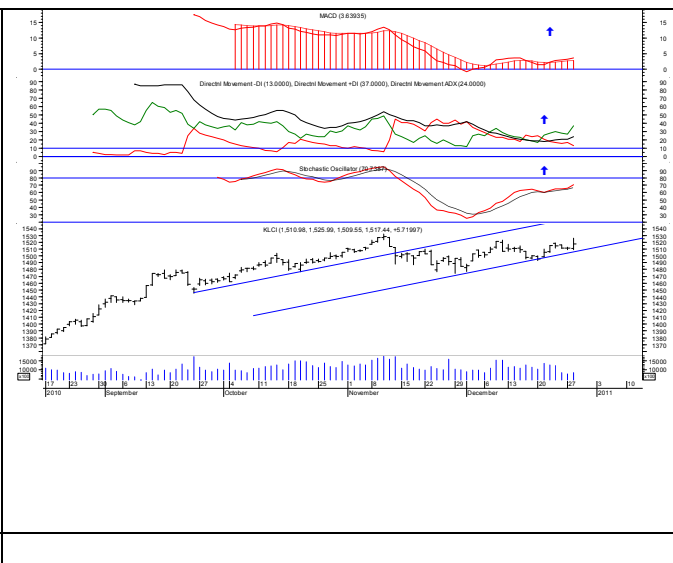


Technical Analysis – Daily FBM KLCI

	28/12/2010	27/12/2010	
Open	1,510.98	1,511.90	
High	1,525.99	1,513.23	
Low	1,509.55	1,509.64	
Close	1,517.44	1,511.72	
Volume	822.8 m	773.2 m	
Market Breadth			
Up	390	305	
Down	370	414	
Unchanged	294	273	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Hurdle still at 1,523

Market Commentary :

In the absence of selling points to growing confidence about US economy, DJIA had on 27/12/2010 shed 18.46 points to close at 11,555.03

The drop of double-digit in Wall Street affected Bursa Malaysia in the opening bell on 28/12/2010, FBM KLCI traded lower to a day low of 1,509.55 as some traders chose to play on selling side in anticipation of lower market. However, non-follow thru selling pressure in the area of 1,509.55 prompted renewed buying interest to roll in, this lifted stock index to trade into 1,520 zone with a day high of 1,525.99 before settled at 1,517.44.

The **gain** of 5.72 point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.03 to RM3.36), **HL Bank** (up RM0.01 to RM9.25), **AMMB** (up RM0.04 to RM6.99), **IOI Corp** (up RM0.01 to RM5.80) and **KLK** (up RM0.44 to RM22.64).

What was the chart saying

Market traded lower before going higher yesterday (28/12/2010) given the up close scenario in the preceding day (27/12/2010). The lower low on 28/12/2010 was not a surprise as there was no keen buying interest shown on 27/12/2010, this lack of buying enthusiasm should continue to spill its effect into next trading day on 28/12/2010. **How about the higher high on 28/12/2010 ?** It was within expectation, because we had [mentioned in our market report written for 28/12/2010](#) that unlike the trading days on 23/12/2010 & 24/12/2010 where market kept its lows above 1,510 level, stock index dipped below 1,510 level on 27/12/2010, **was that something to cause a concern ?** The downside violation of 1,510 level was on an intra-day basis, and heavy selling pressure was not in sight, this meant to say that aggressive traders were not in the game to push the market downward.

Also, we had **told** our readers earlier that market made a rebound to a day high of 1,518.8 on 23/12/2010; but, traders were seen cautious in playing up the market at this juncture, **Why ?** Staying cautious did not mean that we would not see new attempt(s) to prop up this market later on. A small consolidation here can foreshadow a minor rally in the making before the year end.

In addition, the pull up from 1,493.22 level was due to the fact that **bullish** traders did not want to see the market to fall below 1,490 level for fear of bigger destructive selling pressure with 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.

Moreover, at a level above 1,510 level, this market at least commanded certain degree of margin of safety by not exposing its position to the immediate downside risk at 1,493.22 level earlier.

Ladies & gentlemen, when you added up all these points above, it made logical sense to see a higher market on 28/12/2010.

Given what happened on 28/12/2010, what would the market do next ? The ability on the part of market to hold up its position at 1,510 level on close basis should see a re-test of its immediate high at 1,522.95 (10/12/2010) again.

What were the strong hands doing

A check of internal market strength on 28/12/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **acquired** from **17/12/2010 to 28/12/2010** was about **47%** what was **liquidated** between 9/12/2010 and 16/12/2010 compared to **70%** 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 28/12/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,525.99.