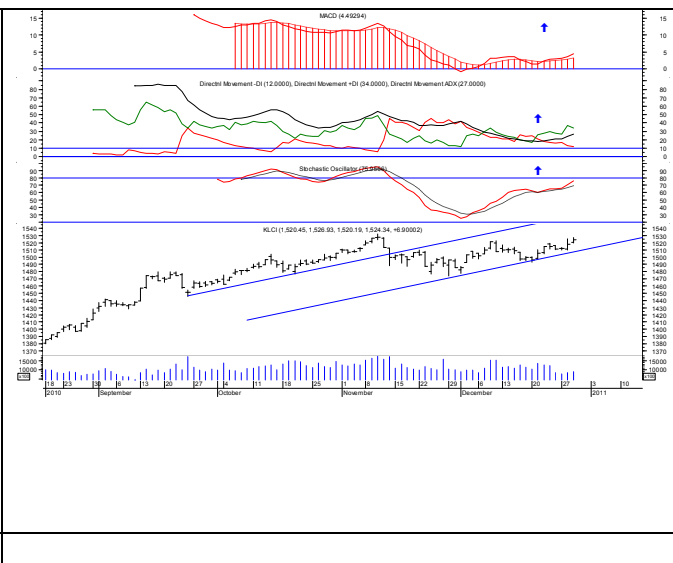


Technical Analysis – Daily FBM KLCI

	29/12/2010	28/12/2010	
Open	1,520.45	1,510.98	
High	1,526.93	1,525.99	
Low	1,520.19	1,509.55	
Close	1,524.34	1,517.44	
Volume	908.4 m	822.8 m	
Market Breadth			
Up	468	390	
Down	292	370	
Unchanged	316	294	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Towards 1,531.99 level

Market Commentary :

Affected by disappointing consumer confidence and home prices reports, DJIA had on 28/12/2010 gained 20.51 points to close at 11,575.54

The rise of double-digit in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 29/12/2010, FBM KLCI traded higher to a day high of **1,526.93** as traders chose to play on buying side in anticipation of higher market. However, weak-follow thru buying pressure in the area of **1,526.93** prompted profit taking activity to roll in, this put a pressure on stock index to trade to a low of **1,520.19** before settled at **1,524.34**.

The **gain** of **6.90** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.05 to RM3.41), **HL Bank** (up RM0.04 to RM9.29), **AMMB** (up RM0.01 to RM7.00), **IOI Corp** (up RM0.01 to RM5.81) and **KLK** (up RM0.10 to RM22.74).

What was the chart saying

Market continued to find its way higher yesterday (29/12/2010) on the back of the up close scenario in the preceding day (28/12/2010). The higher level on 29/12/2010 was expected as there was better buying interest on 28/12/2010, and the increase of buying enthusiasm should roll over into next trading day on 29/12/2010.

An interesting point to have been noted on 29/12/2010 was the game play pattern near the day low, because the market appeared to have an **"intention"** to keep its next supportive level above 1,520 level after successfully doing it above 1,510 level earlier. To these certain traders, a new supportive level would help to make other traders feeling more comfortable, and this would then foster a friendly trading development.

Market made new peak at 1,531.99 on 10/11/2010 by overcoming historical high of 1,524.69 recorded on 14/1/2008. Now, the stock index was seen on its way to re-test the high of 1,531.99, it was only about 5 points away from yesterday's high. **Can the stock index attain its goal ?** Anyone looking at the chart would have agreed that there should not be a problem especially when the market had climbed so far up to where it was on 29/12/2010.

Making a re-test of 1,531.99 level should be easy, because one only need to concentrate on selective few blue chips to achieve the target. Again, traders always look at market momentum and the accompanying buying enthusiasm. **Did we see buying enthusiasm here in the past 2 days (28/12/2010 and 29/12/2010) ?** Market volume on 29/12/2010 showed an increase; but, it was not that fantastic. Traders and investors would begin to get more excited if market volume were to be trading above 1 billion shares mark.

Given what happened on 29/12/2010, what would the market do next ? The ability on the part of market to hold up its position at 1,520 level on close basis should see a re-test of its immediate high at 1,531.99 level.

What were the strong hands doing

A check of internal market strength on 29/12/2010 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 29/12/2010 was about 36% what was liquidated between 9/12/2010 and 16/12/2010 compared to 47% 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 29/12/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,526.93.