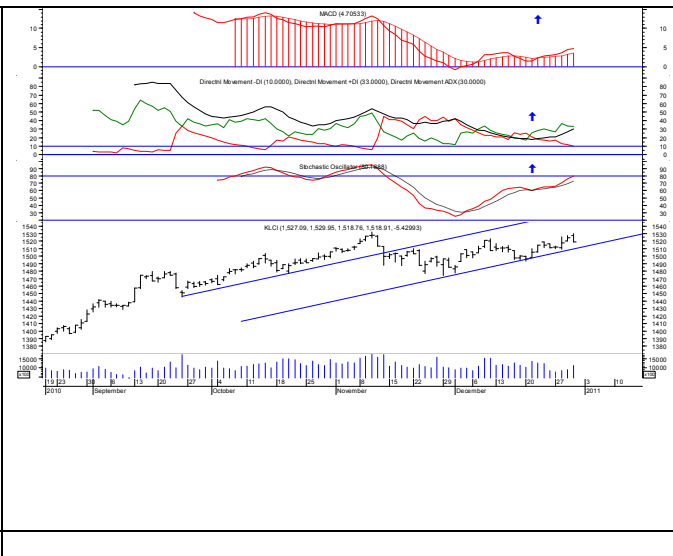


Technical Analysis – Daily FBM KLCI

	30/12/2010	29/12/2010
Open	1,527.09	1,520.45
High	1,529.95	1,526.93
Low	1,518.76	1,520.19
Close	1,518.91	1,524.34
Volume	1,119.6 m	908.4 m
Market Breadth		
Up	385	468
Down	401	292
Unchanged	278	316
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Market closed above 1,500 level for 2010

Market Commentary :

As market continued on pace for its best December in nearly 20-year, DJIA had on 29/12/2010 gained **9.84** points to close at **11,585.38**

The marginal rise of double-digit in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 30/12/2010, FBM KLCI traded higher to a day high of **1,529.95** as traders chose to play on buying side in anticipation of higher market. However, weak follow thru buying support prompted profit taking activity to roll in, and this put a pressure on stock index to trade to a low of **1,518.76** before settled at **1,518.91**.

The **drop** of **5.43** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **GenM** (down RM0.02 to RM3.39), **HL Bank** (down RM0.09 to RM9.20), **Maybank** (down RM0.05 to RM8.50), **Sime Darby** (down RM0.01 to RM8.80) and **KLK** (down RM0.64 to RM22.10).

What was the chart saying

Market went higher last Thursday (30/12/2010) on last trading day of 2010 following the up close scenario in the preceding day (29/12/2010). The higher market level on 30/12/2010 was expected as there was better buying interest on 29/12/2010, and the increase of buying enthusiasm should have a spill over into 30/12/2010 in early trading session.

However, the market on 30/12/2010 could not keep the "intended" market supportive level above 1,520 level. Well, the reason behind was not difficult to understand, it was the book closure that pushed the stock index back below 1,520 level, and many traders wanted to start fresh before the new year.

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 2 points away from last Thursday's high. **Can the stock index reach its goal ?** The target was basically deemed attained even though the 1,531.99 was not hit on 30/12/2010.

Making a higher high followed with a down close on 30/12/2010 did not seem to be presenting a friendly market picture. **Why there was a down close on 30/12/2010 ?** Propping up the stock index was always easy as one only need to concentrate on selective few blue chips to achieve the target; but, traders still looked at market momentum and the accompanying buying enthusiasm. We wrote in our market report that the increase in market volume at 908.4 million shares on 29/12/2010 was again not that fantastic, because traders and investors seemed to share a common perception about a positive market trading sentiment only when the market volume reached 1 billion shares mark.

Given what happened on 30/12/2010, what would the market do next ? The inability on the part of market to hold up its position at 1,520 level on close basis should see renewed selling pressure on 3/1/2011.

What were the strong hands doing

A check of internal market strength on 30/12/2010 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 30/12/2010 was about 23% what was liquidated between 9/12/2010 and 16/12/2010 compared to 36% 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 30/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,518.76.