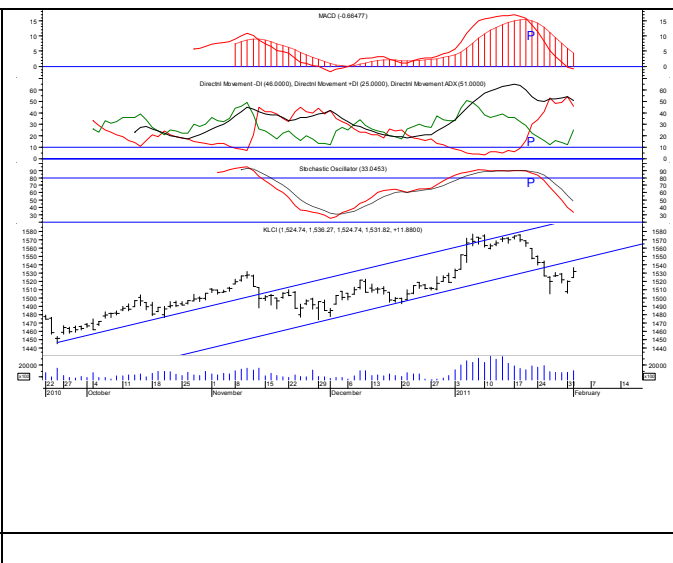


Technical Analysis – Daily FBM KLCI

	2/2/2011	31/1/1011	
Open	1,524.74	1,507.67	
High	1,536.27	1,520.63	
Low	1,524.74	1,505.85	
Close	1,531.82	1,519.94	
Volume	1.53 b	1.41 b	
Market Breadth			
Up	674	300	
Down	137	428	
Unchanged	173	280	
Indicators			
MACD	Sell	Sell	
DM Index	Sell	Sell	
Stochastics	Sell	sell	

Hurdle seen at 1,547 level

Market Commentary :

DJIA had on 1/2/2011 **gained 148.30** points to close at **12,040.20**.

The tripe-digit **rise** in Wall Street sent a strong positive effect to Bursa Malaysia in the opening bell on 2/2/2011, FBM KLCI gapped up with a low of **1,524.74** as traders decided to stage a follow thru buying support in anticipation of higher market. Under greater buying support, stock index crossed into 1,530 zone to reach a day high of **1,536.27**, and market kept its position on the high side throughout the trading sessions before settled **1,531.82**.

The **rise** of **11.88** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **IOI Corp** (up RM0.01 to RM5.75), **Sime Darby** (up RM0.10 to RM9.29), **Topglove** (up RM0.01 to RM5.00), **Public Bank** (up RM0.06 to RM13.44) and **Hong Leong Bank** (up RM0.11 to RM9.36).

What was the chart saying

Market gapped up to go higher on 2/2/2011 following the up close scenario on 31/1/2011 and overnight gain in Wall Street. The higher market on 2/2/2011 was not a surprise, because the market rebound on 31/1/2011 showed the presence of buying support, a friendly settlement in the subsequent trading day (2/2/2011) was thus expected. **So, what triggered the stock index to gap up on 2/2/2011 ?** The upside gap creation on 2/2/2011 may have indicated the urgency on the part of traders to establish stock positions; but, it was merely a continuation game play that shaped up on 31/1/2011.

Moreover, the downside gap in the opening bell on 31/1/2011, which was subsequently filled up in the later part of trading session, and the filled up gap showed the availability of buying interest in the vicinity of 1,505.

Apparently, the fall to 1,505.85 on 31/1/2011 had helped to flush out another batch of weak hands with minority well-informed traders took advantage of the intra-day weakness to establish cheaper stock positions.

However, the downside gap on 21/1/2011 occurred near the previous supportive level at 1,558.64 (11/1/2011) still carried certain amount of significance for it indicated a breakaway, and traders would respect this negative market sign as reference in their game play.

Ladies & gentlemen, the market turnaround to go above 1,530 level on 2/2/2011 was encouraging enough to see a follow thru buying support the subsequent trading day (7/2/2011).

Another point to be noted here was the fall to 1,505.36 on 26/1/2011 represented a 70% retracement from low of **1,474.02** on 29/11/2010 to the high of 1,576.42 on 18/1/2010, a retracement beyond 61.8% was actually deemed to be a sign of further market weakness. **BUT**, this market had on 26/1/2011 managed to recover a portion of lost ground above 1,513 level (61.8% retracement) by registering a close above 1,513 level in an attempt to avoid an overly "bearish" scenario.

Market volume was **1.53** billion shares on 2/2/2011 compared to **1.41** billion shares on 31/1/2011. **What can be said about that ? The bigger market volume with a rise in stock index showed the presence of stronger buying interest.** The advancers/decliners ratio stood at **674/137** on 2/2/2011 compared to **300/428** on 31/1/2011 and **301/462** on 28/1/2011.

What were the strong hands doing

A check of internal market strength on 2/2/2011 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **established** from **26/1/2011 to 2/2/2011** was about **41% of** what was **liquidated** between 17/1/2011 and 25/1/2011 compared to **23%** in the preceding day.

Conclusion :

Market outlook was not seen friendly as KLCI had on 2/2/2011 turned its position around to go above the 50-day MA with key market support level pegged at 1,500.

The analysis of overall daily market action(s) on 2/2/2011 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,536.27.