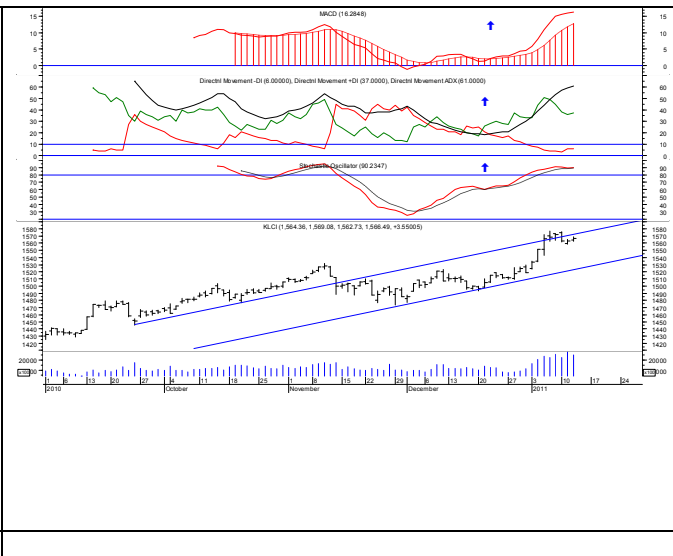


Technical Analysis – Daily FBM KLCI

	12/1/2011	11/1/2011
Open	1,564.36	1,559.27
High	1,569.08	1,565.33
Low	1,562.73	1,558.64
Close	1,566.49	1,562.94
Volume	2.47 b	2.70 b
Market Breadth		
Up	460	437
Down	406	426
Unchanged	273	282
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



Wanted to stay up

Market Commentary :

Continued worries over the health of the euro-zone economy, DJIA had on 11/1/2011 **shed 34.43** points to close at **11,671.88**.

The double-digit **drop** in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on 12/1/2011, FBM KLCI traded higher to a day high of **1,569.08** as some traders chose to play on buying side. However, in the absence of stronger buying support in area of **1,569.08**, profit taking activity rolled in, and this put a pressure on stock index down to a day low of **1,562.73** before settled **1,566.49**.

The **rise** of **3.55** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.03** to **RM3.66**), **Hong Leong Bank** (up **RM0.06** to **RM9.40**), **CIMB** (up **RM0.01** to **RM8.78**), **Sime Draby** (up **RM0.01** to **RM9.30**) and **GenM** (up **RM0.04** to **RM3.59**).

What was the chart saying

Market made an attempt to cross into 1,570 zone yesterday (12/1/2011); but, only reached a day high of 1,569.08. This higher high market on 12/1/2011 was expected as stock index climbed back up into 1,560 zone on 11/1/2011 despite a dip below 1,560 level in early part of trading session showed that certain traders wanted to keep the stock index above 1,560 level in an effort to preserve the bullish sentiment.

Ladies & gentlemen, what we experienced in the past 3 days (10/1/2011 – 12/1/2011) was believed to be a **tug of war** among the traders with one side expecting a pull back and the other wanting to keep the market above 1,558 level with an intention to pull the stock index far away from 1,558 level. This explained why a day of higher high on 12/1/2011.

Given a chance to pick side, there seemed to be a higher probability of seeing the stock index making more pull back, for the imbalanced demand-supply relationship would not make risk adverse traders to establish stock positions at this market level, market should thus trade lower to neutralize the overbought situation.

The market reached historical high of 1,576.95 on 6/1/2011, and there was no stronger follow thru buying interest to lift the stock index higher in the subsequent trading days (7/1/2011 & 10/1/2011) despite having market volume of more than 2 billion shares on these dates. **What did it imply ?** Since making the day low of 1,493.22 on 20/12/2010, market had been trading upward to reach an unprecedented high of 1,576.95 on 6/1/2011. *A run up of 83 points over 12 trading days gave a percentage increase of 5.5% without a reasonable pullback to neutralize the demand-supply relationship did not seem to be healthy.*

Market volume was 2.47 billion shares on 12/1/2011 compared to 2.70 billion shares on 11/1/2011. **What can be said about that ?** The decrease in market volume indicated less buying participation in the game play with ratio of advancers/decliners stood at 460/406 on 12/1/2011 compared to 437/426 on 11/1/2011 and 427/478 on 10/1/2011. *However, lower market volume with a rise in stock index showed the presence of certain amount of buying support.*

Taking cue from what happened on 12/1/2011, what would the market do next ? The higher market on 12/1/2011 was seen friendly; thus, we should see attempt to push the market higher on 13/1/2011 unless market could not protect its position at 1,558 level. Be warned that a fall below 1,558 level again would induce more selling interest into the game.

What were the strong hands doing

A check of internal market strength on 12/1/2011 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions liquidated from 10/1/2011 to 12/1/2011 was about 43% of what was acquired between 30/12/2010 and 7/1/2011 compared to 30% in the preceding trading day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,510.

The analysis of overall daily market action(s) on 12/1/2011 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,569.08.