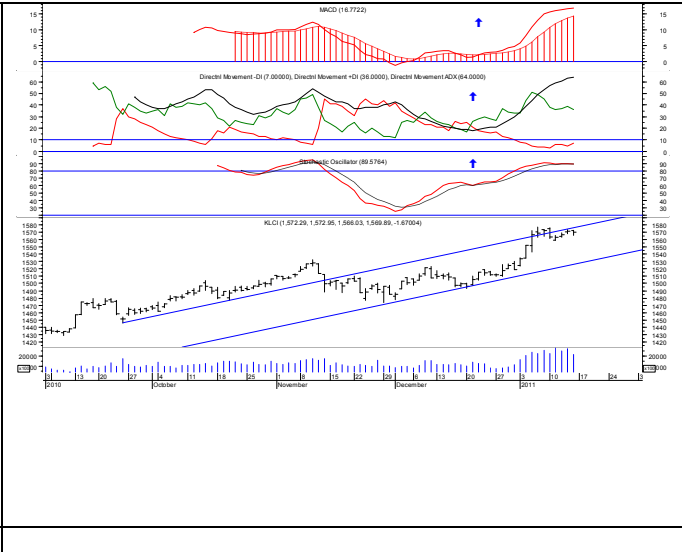


Technical Analysis – Daily FBM KLCI

	14/1/2011	13/1/2011	
Open	1,572.29	1,570.74	
High	1,572.95	1,573.36	
Low	1,566.03	1,567.61	
Close	1,569.89	1,571.56	
Volume	2.14 b	2.70 b	
Market Breadth			
Up	317	528	
Down	552	341	
Unchanged	275	305	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Overhead resistance at 1,577

Market Commentary :

Dampened by report of US Labor Dept. on increase of 1st time applications for unemployment benefits by 35,000 from the week before to 445,000, DJIA had on 13/1/2011 **shed 23** points to close at **11,731.9**.

The double-digit **drop** in Wall Street did not send an immediate negative signal to Bursa Malaysia in the opening bell on 14/1/2011, FBM KLCI traded to a day high of **1,572.95** as some traders chose to play on buying side. However, weak follow thru buying support in area of **1,572.95** prompted pre-weekend profit taking activity to roll in, and this put a pressure on stock index down to a day low of **1,566.03** before settled **1,569.89**.

The **drop** of **1.67** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Genting** (down RM0.10 to RM11.88), **Public Bank** (down RM0.04 to RM13.44), **CIMB** (down RM0.04 to RM8.73), **IOI Corp** (down RM0.01 to RM5.99) and **GenM** (down RM0.03 to RM3.62).

What was the chart saying

Market continued its drive into 1,570 zone yesterday (14/1/2011); but, could not go higher than 1,573.36 level. The lower high market on 14/1/2011 was a bit surprise as stock index was seen in position to repeat what it did on 13/1/2011 and 12/1/2011 in addition to the up close scenario above 1,570 level. **What went wrong on 14/1/2011 ?**

Ladies & gentlemen, the market was moving upward slowly 2 days in a row on 12/1/2011 and 13/1/2011, and it was indeed a good feeling to see that. **We told you** what we experienced from 10/1/2011 to 13/1/2011 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 to preserve the market bullish sentiment.

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The upward climb from below 1,560 level into 1,570 zone may have shown the presence of bullish traders in the game; however, it was **premature to confirm** that market had completed its pullback from 1,576.95 (6/1/2011) to 1,558.64 (11/1/2011), because the high built-up market volume of about 2 billion shares daily from 4/1/2011 to 7/1/2011 must be "neutralized" in order to lure in risk adverse traders to establish stock positions at this market level.

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 was not seen healthy.*

Market volume was **2.14** billion shares on 14/1/2011 compared to **2.70** billion shares on 13/1/2011. **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 **317/552** on 14/1/2011 compared to **528/341** on 13/1/2011 and **460/406** on 12/1/2011. *However, lower market volume with a fall in stock index showed the presence of less risk taking buying interest.*

Taking cue from what happened on 14/1/2011, what would the market do next ? The lower market on 14/1/2011 was not seen friendly; thus, we should see attempt to push the market lower on 17/1/2011. **To know a return of "real" market buying strength, market must cross over the upper line of the upward sloping channel on settlement basis.**

What were the strong hands doing

A check of internal market strength on 14/1/2011 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 14/1/2011** was about **48% of** what was **acquired** between 30/12/2010 and 7/1/2011 compared to **32%** 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 14/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,566.03.