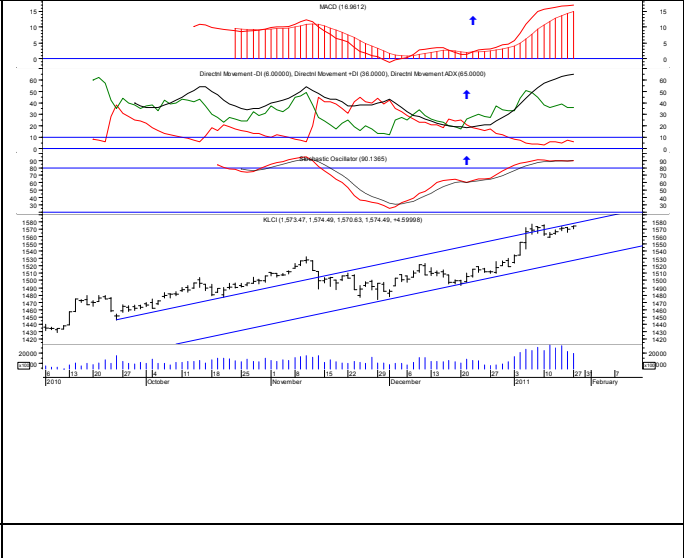




## Technical Analysis – Daily FBM KLCI

	17/1/2011	14/1/2011	
Open	1,573.47	1,572.29	
High	1,574.95	1,572.95	
Low	1,570.63	1,566.03	
Close	1,574.49	1,569.89	
Volume	1.90 b	2.13 b	
<b>Market Breadth</b>			
Up	412	317	
Down	410	552	
Unchanged	312	275	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Attempt to break 1,577 level in the making .....**

### Market Commentary :

Supported by JP Morgan's increase of 47% income in the 4<sup>th</sup> quarter report and hopes of banks to raise dividends, DJIA had on 14/1/2011 **gained 55.48** points to close at **11,787.38**.

The double-digit **rise** in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 17/1/2011, FBM KLCI only traded to a day low of **1,570.63** as traders were seen not keen to play a selling game. In the absence of stronger selling pressure, renewed buying support rolled in to lift the stock index to a day high of **1,574.49** before settled **day high**.

The **rise** of **4.60** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up **RM0.01** to **RM3.75**), **Public Bank** (up **RM0.04** to **RM13.48**), **CIMB** (up **RM0.07** to **RM8.80**), **IOI Corp** (up **RM0.01** to **RM6.00**) and **Hong Leong Bank** (up **RM0.03** to **RM9.49**).

### What was the chart saying .....

Market charged its move into 1,570 zone with a higher high yesterday (17/1/2011). The higher high on 17/1/2011 was a surprise as stock index was expected to go lower given the down close scenario on 14/1/2011. It was indeed interesting to note the market carried itself on 17/1/2011, **what can be said about it ?**

**Ladies & gentlemen**, the higher selling pressure on 14/1/2011 was hinting a higher probability to trade downward in the following trading day (17/1/2011); but, there was no follow thru. This suggested an absence of sellers to play the market on the downside.

The market was basically still believed to be in 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; however, **an upside bias** was created.

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Still, 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. 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 **1.90** billion shares on 17/1/2011 compared to **2.14** billion shares on 14/1/2011. **What can be said about that ? The smaller market volume with a rise in stock index showed the absence of selling interest.** The advancers/decliners ratio stood at **412/410** on 17/1/2011 compared to **317/552** on 14/1/2011 and **528/341** on 13/1/2011.

**Taking cue from what happened on 17/1/2011, what would the market do next ?** The higher market on 17/1/2011 was seen friendly; thus, we should see attempt to push the market higher on 18/1/2011. **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 17/1/2011 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **liquidated** from **10/1/2011 to 17/1/2011** was about **2% of** what was **acquired** between 30/12/2010 and 7/1/2011 compared to **48%** 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 17/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,570.63 after making attempt to go higher than 1,574.49.**