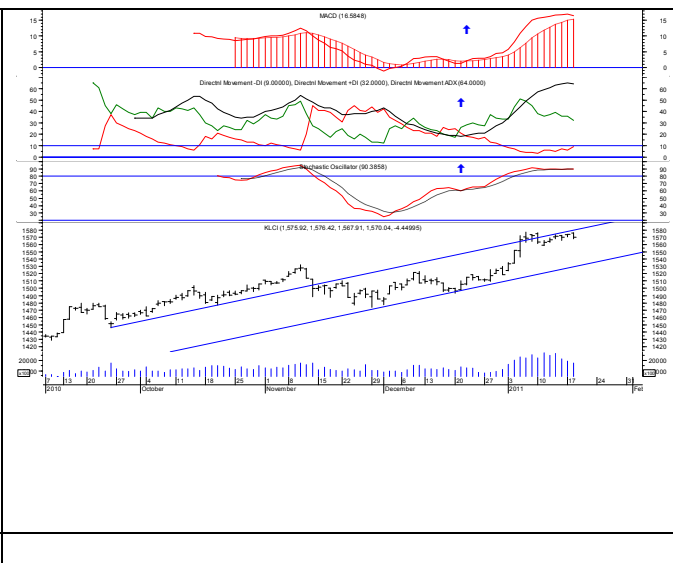


Technical Analysis – Daily FBM KLCI

	18/1/2011	17/1/2011	
Open	1,575.92	1,573.47	
High	1,576.42	1,574.95	
Low	1,567.91	1,570.63	
Close	1,570.04	1,574.49	
Volume	1.70 b	1.90 b	
Market Breadth			
Up	174	412	
Down	731	410	
Unchanged	230	312	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Overhead resistance at 1,577

Market Commentary :

17/1/2011 was a holiday for Wall Street.

In the absence of market lead from Wall Street, Bursa Malaysia was in friendly mood in the opening bell on 18/1/2011, FBM KLCI traded higher to a day high of **1,576.42** as some traders chose to play a buying game. However, weak follow thru buying support in area of 1,576.42 prompted renewed selling interest to roll in, this pushed the stock index down to a day low of **1,567.91** before settled **1,570.04**.

The **fall** of **4.45** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down **RM0.04** to **RM6.49**), **AMMB** (down **RM0.05** to **RM6.95**), **CIMB** (down **RM0.02** to **RM8.78**), **IOI Corp** (down **RM0.02** to **RM5.98**) and **Hong Leong Bank** (down **RM0.02** to **RM9.47**).

What was the chart saying

Market went ahead on 18/1/2011 with an attempt to test its immediate peak of 1,576.95 (6/1/2011); but, fell short marginally with only a day high of 1,576.42. The higher high on 18/1/2011 was not a surprise as stock index was expected to go higher given the up close scenario on 17/1/2011.

Ladies & gentlemen, an initial buying interest to lift the stock index was noted on 18/1/2011; but, there was no stronger follow thru, and this suggested the availability of sellers in the area of 1,577.

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.

The market may have inched higher on 18/1/2011, it remained **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 **1.70** billion shares on 18/1/2011 compared to **1.90** billion shares on 17/1/2011. **What can be said about that ?** *The smaller market volume with a fall in stock index showed the absence of buying interest.* The advancers/decliners ratio stood at **174/731** on 18/1/2011 compared to **412/410** on 17/1/2011 and **317/552** on 14/1/2011.

Taking cue from what happened on 18/1/2011, what would the market do next ? The higher market with a lower low on 18/1/2011 was seen non-friendly; thus, we should see attempt to push the market lower on 19/1/2011. *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 18/1/2011 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 18/1/2011* was about *22% of* what was *acquired* between 30/12/2010 and 7/1/2011 compared to *2%* 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 18/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,567.91.