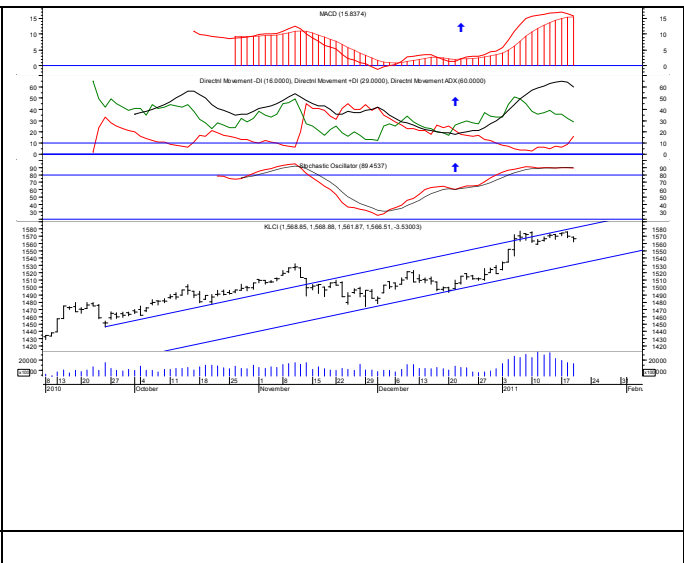


Technical Analysis – Daily FBM KLCI

	19/1/2011	18/1/2011	
Open	1,568.85	1,575.92	
High	1,568.88	1,576.42	
Low	1,561.87	1,567.91	
Close	1,566.51	1,570.04	
Volume	1.63 b	1.70 b	
Market Breadth			
Up	293	174	
Down	545	731	
Unchanged	270	230	
Indicators			
MACD	Buy	buy	
DM Index	Buy	buy	
Stochastics	sell	buy	

A test of 1,558.64 seen

Market Commentary :

Led by higher stock prices in Boeing Co. and Caterpillar Inc., DJIA had on 18/1/2011 **gained 50.55** points to close at **11,837.93**.

The double-digit gain in Wall Street did not lend a helping hand to Bursa Malaysia in the opening bell on 19/1/2011, FBM KLCI only traded to a day high of **1,568.88** as traders chose **NOT** to play a buying game. In the absence of stronger buying support to lift the stock index higher, renewed selling interest rolled in, and this pushed the stock index down to a day low of **1,561.87** before settling **1,566.51 on last minutes of selective blue chip(s) buying.**

The **drop** of **3.53** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Topglove** (down RM0.10 to RM5.08), **AMMB** (down RM0.05 to RM6.90), **CIMB** (down RM0.14 to RM8.64), **IOI Corp** (down RM0.03 to RM5.95) and **Hong Leong Bank** (down RM0.02 to RM9.45).

What was the chart saying

Market traded lower on 19/1/2011 after the unsuccessful attempt to test its immediate peak of 1,576.95 (6/1/2011) on 18/1/2011. The lower low on 19/1/2011 did not pose a surprise as stock index was expected to come under pressure to go lower given the down close scenario on 18/1/2011.

Ladies & gentlemen, unlike what happened on 18/1/2011, there was no good initial buying interest seen to pull the stock index upward on 19/1/2011. Some aggressive traders quickly seized the chance to sell into market weakness in an attempt to lock in a portion of their winning trades, this explained the market slide to a day low of **1,561.87** on 19/1/2011.

As mentioned in our market analysis report written on 18/1/2011 for 19/1/2011 that The market may have inched higher on 18/1/2011, it remained **premature to confirm** that market had

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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.*

How low can this market go ? An initial test of 1,558.64 level seen. A downside breakout of 1,558.64 would see next immediate downside target of 1,530 - 1,540 level.

Market volume was **1.63** billion shares on 19/1/2011 compared to **1.70** billion shares on 18/1/2011. **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 **293/545** on 19/1/2011 compared to **174/731** on 18/1/2011 and **412/410** on 17/1/2011.

Taking cue from what happened on 19/1/2011, what would the market do next ? The lower market on 19/1/2011 was seen non-friendly; thus, we should see attempt to push the market lower on 21/1/2011. *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 19/1/2011 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 19/1/2011* was about *59% of* what was *acquired* between 30/12/2010 and 7/1/2011 compared to *22%* 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 1,525.

The analysis of overall daily market action(s) on 19/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,561.87.