



## Technical Analysis – Daily FBM KLCI

	21/1/2011	19/1/2011	
Open	1,559.62	1,568.85	
High	1,559.62	1,568.88	
Low	1,546.98	1,561.87	
Close	1,547.43	1,566.51	
Volume	1.89 b	1.63 b	
<b>Market Breadth</b>			
Up	185	293	
Down	717	545	
Unchanged	224	270	
<b>Indicators</b>			
MACD	Sell	Buy	
DM Index	Sell	Buy	
Stochastics	sell	sell	

**Next level seen at 1,530 .....**

### Market Commentary :

Fretted over the potential for more tightening measures from China following the stronger-than-expected economic growth, DJIA had on 20/1/2011 **shed 2.49** points to close at **11,822.80**.

The single-digit fall in Wall Street "shockingly" sent a strong dampening effect to Bursa Malaysia in the opening bell on 21/1/2011, FBM KLCI gapped down with a day high of **1,559.62** as traders continued to play a selling game in anticipation of lower market. Under greater selling pressure, stock index went below the immediate low of 1,558.64 (11/1/2011) to a low of **1,546.98**, and kept its position on the low side throughout the trading sessions before settled **1,547.43**.

The **drop of 19.08** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Topglove** (down RM0.01 to RM5.07), **AMMB** (down RM0.14 to RM6.76), **CIMB** (down RM0.30 to RM8.34), **IOI Corp** (down RM0.06 to RM5.89) and **Hong Leong Bank** (down RM0.03 to RM5.42).

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

Market continued to go lower last Friday (21/1/2011) for 3 consecutive days with stock index pierced thru the earlier support level of 1,558.64 established on 11/1/2011. The lower low on 21/1/2011 was **NOT** a surprise following the down close scenario on 19/1/2011 and the unsuccessful attempt to test its immediate peak of 1,576.95 (6/1/2011) on 18/1/2011.

**Ladies & gentlemen**, there was no strong initial buying interest to pull the stock index upward on 21/1/2011 as the gapped down scenario on 21/1/2011 indicated a market breakaway and the urgency on the part of traders to sell. Aggressive traders quickly seized the chance to further unload into market weakness in an attempt lock in a portion of their winning trades. **Was this downside gap significant ?** This downside gap was believed to have carried certain amount of significance

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as it occurred near the previous supportive level at 1,558.64 (11/1/2011), and this would likely start a rolling effect to the downside. In other word, a downward selling strength was getting stronger.

**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 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 ?** With 1,558.64 level be broken on the downside, the downward pressure was believed to be gaining momentum as more traders would choose to sell. We could see next immediate downside target of 1,530 - 1,540 level.

Market volume was **1.89** billion shares on 21/1/2011 compared to **1.63** billion shares on 19/1/2011. **What can be said about that ?** *The bigger market volume with a fall in stock index showed the presence of selling interest.* The advancers/decliners ratio stood at **185/717** on 21/1/2011 compared to **293/545** on 19/1/2011 and **174/731** on 18/1/2011.

**Taking cue from what happened on 21/1/2011, what would the market do next ?** The lower market on 21/1/2011 was seen non-friendly; thus, we should see attempt to push the market lower on 24/1/2011.

## **What were the strong hands doing .....**

A check of internal market strength on 21/1/2011 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 21/1/2011** was about **10% of more than** what was **acquired** between 30/12/2010 and 7/1/2011.

## **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 21/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,546.98.**