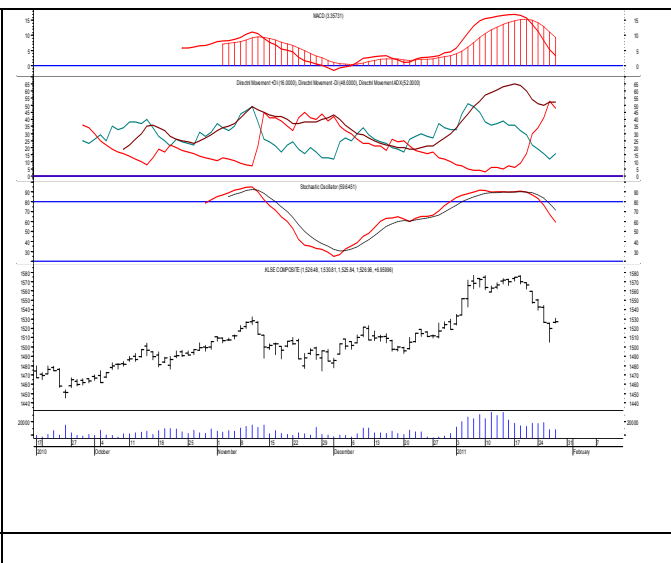


Technical Analysis – Daily FBM KLCI

	27/1/2011	26/1/2011	
Open	1,526.48	1,525.43	
High	1,530.81	1,525.75	
Low	1,525.74	1,505.36	
Close	1,526.96	1,520.00	
Volume	1.41 b	1.41 b	
Market Breadth			
Up	538	328	
Down	238	418	
Unchanged	263	311	
Indicators			
MACD	Sell	Sell	
DM Index	Sell	Sell	
Stochastics	sell	sell	

Rebounded

Market Commentary :

Despite weak profit forecast from Boeing Co. and Xerox Corp weighed on the market, DJIA had on 26/1/2011 broken thru 12,000 level for the 1st time in two and a half years with a **gain 8.25** points to close at **11,985.4**.

The single-digit rise in Wall Street sent a strong positive effect to Bursa Malaysia in the opening bell on 27/1/2011, FBM KLCI traded into 1,530 zone to a day high of **1,530.81** as some traders chose to play a buying game. However, weak follow thru buying support at **1,530.81** prompted renewed selling interest to roll in, and this put a pressure on stock index to a low of **1,525.74** before settled **1,526.96**.

The **rise of 6.96** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.04 to RM9.24), **GenM** (up RM0.04 to RM3.28), **TM** (up RM0.03 to RM3.71), **IOI Corp** (up RM0.01 to RM5.77) and **Hong Leong Bank** (up RM0.02 to RM9.42).

What was the chart saying

Market traded higher yesterday (27/1/2011) for the 1st time after 6 straight days of down close. The higher high on 27/1/2011 was a little surprise given the down close scenario in the preceding day, because the trading sentiment was not seen improving on 26/1/2011. **So, what triggered the stock index into higher ground on 27/1/2011 ?** It must be the expectation of a technical rebound after a series of lower market recently. In general, an expectation of technical rebound often involves minority well-informed traders, and these traders are armed with game plan for a profitable play.

While the unsuccessful attempt to test its immediate peak of 1,576.95 (6/1/2011) on 18/1/2011 may still be haunting many traders emotionally on the fear side; but, the minority well-informed knew that they have to trade ahead of other traders in order to make profit, they took a calculated risk to

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establish stock positions. For normal risk adverse traders, they would not be acquiring stock positions unless certain amount of consolidation has been established as a higher degree of certainty would make them more comfortable in parting their money. This makes the difference between minority well-informed traders and normal traders; moreover, it was normal to see a downward move in a bullish market.

Warren Buffett said, "Be greedy when others are fearful. Be Fearful when others are greedy."

Ladies & gentlemen, there was an initial buying interest to pull the stock index upward on 27/1/2011. This pull up may not be seen powerful to have any significance yet; but, a small sign has kicked in and it would help to provide a consolation or stabilization psychologically after the recent down fall.

Nevertheless, the downside gap on 21/1/2011 occurred near the previous supportive level at 1,558.64 (11/1/2011), and it carried certain amount of significance to remain a point to remember, for it indicated a breakaway and the urgency on the part of traders to sell, and any traders would likely respect this negative market sign as a reference point in their game play. Also, the adaptation of Newton's First Law of Motion must NOT be ignored, where a trend in motion is more likely to continue than reverse.

This market in general has become **weakened** with traders likely to sell into rallies with the downside violation of support level at 1,530 on 26/1/2011. However, if market could **reverse to climb back up above 1,530 level, a friendly play can be expected** to take place in the immediate short term.

Ladies & gentlemen, the decline from high of 1,576.42 on 18/1/2011 to a low of 1,505.36 on 26/1/2011 represented a 70% retracement from low of **1,474.02** on 29/11/2010 to the high of 1,576.42 on 18/1/2010. However, market had on 26/1/2011 managed to recover a portion of lost ground above 1,513 level (61.8% retracement) by registering a close above 1,513 level in an attempt to avoid an overly "bearish" scenario. **A close below 1,513 level would accelerate a market decline with an eye to break 1,500 psychological support.**

Market volume was **1,410** billion shares on 27/1/2011 compared to **1,419** billion shares on 26/1/2011. **What can be said about that ? The smaller market volume with a rise in stock index showed the presence of weaker selling interest.** The advancers/decliners ratio stood at **528/238** on 27/1/2011 compared to **328/418** on 26/1/2011 and **292/511** on 25/1/2011.

What were the strong hands doing

A check of internal market strength on 27/1/2011 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 27/1/2011** was about **10%** what was **acquired** between 30/12/2010 and 7/1/2011 compared to **18%** in the preceding day.

Conclusion :

Market outlook was not seen friendly as KLCI had on 25/1/2011 broken below the 50-day MA with key market support level pegged at 1,470.

The analysis of overall daily market action(s) on 27/1/2011 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,530.81.