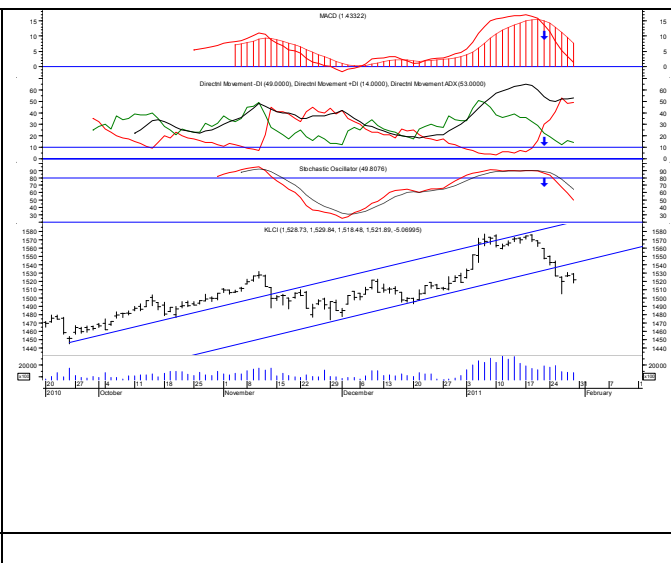


Technical Analysis – Daily FBM KLCI

	28/1/2011	27/1/2011	
Open	1,528.73	1,526.48	
High	1,529.84	1,530.81	
Low	1,518.48	1,525.74	
Close	1,521.89	1,526.96	
Volume	1.34 b	1.41 b	
Market Breadth			
Up	301	538	
Down	462	238	
Unchanged	280	263	
Indicators			
MACD	Sell	Sell	
DM Index	Sell	Sell	
Stochastics	sell	sell	

Bargain hunting interest continued been seen

Market Commentary :

Dampened by a surprise jump in application for unemployment benefits and mixed earnings from large companies, DJIA had on 27/1/2011 **gained 4.39** points to close at **11,989.83**.

The single-digit rise in Wall Street sent a negative effect to Bursa Malaysia in the opening bell on **28/1/2011**, FBM KLCI only traded to a day high of **1,529.84** as traders decided not to stage a follow thru buying game. In the absence of stronger buying support at **1,529.84**, renewed selling interest rolled in, and this put a pressure on stock index to a low of **1,518.48** before settled **1,521.89**.

The **drop of 5.07** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Sime Darby** (**down RM0.08 to RM9.16**), **GenM** (**down RM0.01 to RM3.27**), **TM** (**down RM0.01 to RM3.70**), **IOI Corp** (**down RM0.03 to RM5.74**) and **Hong Leong Bank** (**down RM0.16 to RM9.26**).

What was the chart saying

Market did not trade higher last Friday (28/1/2011) despite the up close scenario in the preceding day and an overnite marginal gain in Wall Street. . The lower market on 28/1/2011 was a little surprise, because the market was seen poised to make another attempt to go higher even though the trading sentiment was seen improving on 27/1/2011. **So, what triggered the stock index into lower ground on 28/1/2011 ?** The market sudden rebound on 27/1/2011 took many by surprise; but, the minority well-informed traders also seemed to understand that this market needed time to consolidate after the recent sharp decline. These traders continued to play the game plan as they knew that it was not easy to reverse the market upward in an abrupt manner at this juncture.

Well, 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, and the minority well-informed knew that they have to trade ahead of other traders in order to make profit with calculated risk, and chasing up

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the market was never be part of their strategies. Instead, they would choose to wait for lower market to buy cheaper as there are traders and investors would be looking to sell at this market level. 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 no initial buying interest to pull the stock index upward on 28/1/2011. However, a small friendly sign was seen to have kicked in on 27/1/2011.

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 for it indicated a breakaway and the urgency on the part of traders to sell, and traders would likely respect this negative market sign as reference in their game play.

This market in general had 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 1.34 billion shares on 28/1/2011 compared to 1,410 billion shares on 27/1/2011. **What can be said about that ?** The smaller market volume with a fall in stock index showed the presence of weaker selling interest. The advancers/decliners ratio stood at 301/462 on 28/1/2011 compared to 528/238 on 27/1/2011 and 328/418 on 26/1/2011.

What were the strong hands doing

A check of internal market strength on 28/1/2011 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions established from 26/1/2011 to 28/1/2011 was about 22% of what was liquidated between 17/1/2011 and 25/1/2011 compared to 10% 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 28/1/2011 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,518.48.