

Technical Analysis – Weekly FBM KLCI

	28/1/2011	21/1/2011
Open	1,550.36	1,573.47
High	1,550.95	1,576.42
Low	1,505.36	1,546.98
Close	1,521.89	1,547.43
Volume	7.96	7.12 b
Pivot	1,526.0	1,556.9
1 st Resis.	1,546.7	1,566.9
2 nd Resis.	1,571.6	1,586.3
1 st Supp.	1,501.1	1,537.4
2 nd Supp.	1,480.4	1,527.5
Indicators		
MACD	Sell	Buy
DM Index	Buy	Buy
Stochastics	sell	Buy

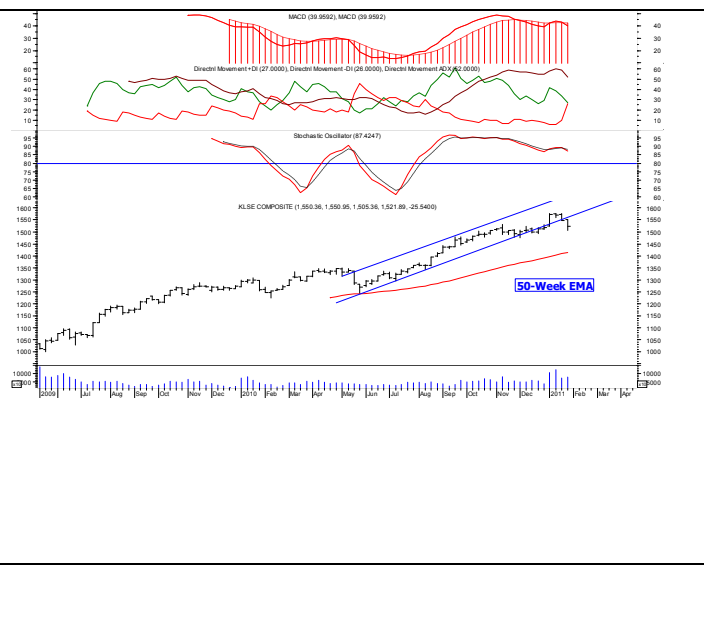


Chart wise :

.....18% of market volume on buying

Weekly Market Commentary :

Despite mixed earnings results from big corporations, a fall in home prices and a jump in application for unemployment benefits, DJIA traded higher to a high of **12,020.50** in the week ended 27/1/2011 before settled at **11,989.80**.

The gain in Wall Street did not send friendly signal to Bursa Malaysia last week, FBM KLCI in fact came under great selling pressure to a low of **1,505.36** to settle at **1,521.89**.

Last week, total market turnover was **7.96** billion shares compared to **7.13** billion shares in the preceding week; thus, the **bigger** market volume in a **down close** scenario suggested stronger selling pressure.

With a week high (1,550.95) lower than previous week high (1,576.42) and a low (1,505.36) lower than previous week low (1,551.97), can market continue to go upward ? As **mentioned** in our report written for 24/1/2011, we said that the inability on the part of stock index to go higher than previous week high followed by a lower low was a negative sign as it showed that traders were not comfortable to play a more aggressive buying game as market approached its peak of 1,576.95. Thus, it was not surprise to see a follow thru selling pressure last week (28/1/2011).

The weekly chart showed that stock index had broken below the upward sloping channel. This downside breakout of upward sloping channel line should not be ignored, for it carried the significance of foreshadowing higher probability of more downside in coming week with still a chance to consolidate between 1,480 and 1,550 levels.

On examination of the market behaviour for the week ended **28/1/2011**, the weekly **down close** of **1,521.89** did not paint a friendly picture onto the chart with immediate **support** pegged at **1,480** and **overhead resistance** at **1,560** level.

A mathematical calculation showed that about **18%** of the total market trading activity for week ended **28/1/2011** was on the **buying side** compared to **5%** in the previous week.

Conclusion :

The market action(s) for week ended **28/1/2011** revealed that buying power was **weaker** than selling pressure, FBM KLCI would thus be likely to go **below 1,505.36**.