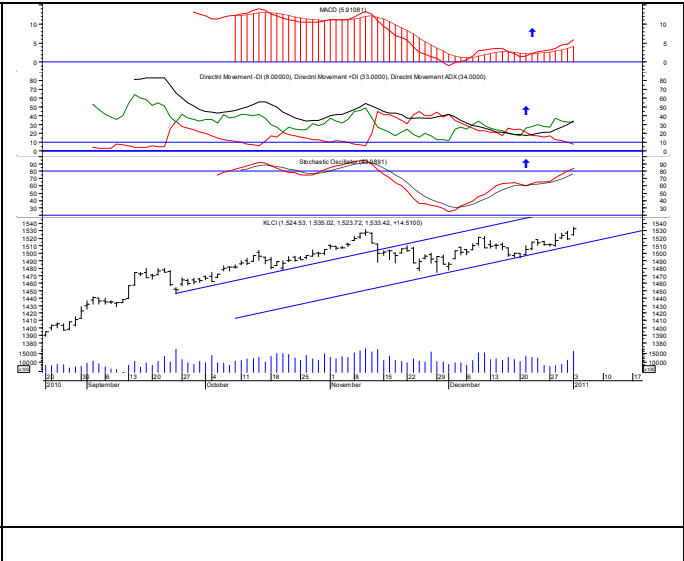


Technical Analysis – Daily FBM KLCI

| | | | |
|-----------------------|----------|------------|------------------------------------------------------------------------------------|
| | 3/1/2011 | 30/12/2010 |  |
| Open | 1,524.53 | 1,527.09 | |
| High | 1,535.02 | 1,529.95 | |
| Low | 1,523.72 | 1,518.76 | |
| Close | 1,533.42 | 1,518.91 | |
| Volume | 1,603 m | 1,119 m | |
| Market Breadth | | | |
| Up | 664 | 385 | |
| Down | 195 | 401 | |
| Unchanged | 229 | 278 | |
| Indicators | | | |
| MACD | buy | buy | |
| DM Index | buy | buy | |
| Stochastics | buy | buy | |

New record high

Market Commentary :

Supported by a drop in weekly initial claim benefits below 400,000 level, DJIA had on 31/12/2010 gained **7.80** points to close at **11,577.51**

The marginal rise of double-digit in Wall Street sent a relatively strong signal to Bursa Malaysia in the opening bell on 3/1/2011, FBM KLCI only traded to a day low of **1,523.72** as traders were seen not keen to play a selling game. In the absence of strong selling interest, renewed buying interest rolled in to lift the stock index higher into 1,530 zone with NEW high of **1,535.02** before settled at **1,533.42**.

The **rise** of **14.51** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **GenM** (up RM0.12 to RM3.51), **HL Bank** (up RM0.14 to RM9.34), **Maybank** (up RM0.05 to RM8.55), **Sime Darby** (up RM0.15 to RM8.95) and **KLK** (up RM0.28 to RM22.38).

What was the chart saying

Market did not go lower yesterday (3/1/2011) despite the down close scenario on last trading day of 2010 (30/12/2010). The higher low market level on 3/1/2011 was a surprise as there was a strong selling pressure on 30/12/2010 with stock index gave way to fall below 1,520 level. **Why a sudden turnaround to go higher ?** A closer look at the market found that it had nothing to do much with the overnight market performance in Wall Street; but, rather on the general optimism of seeing a higher market on first day of trading in 2011.

So, the way stock index carried itself on 3/1/2011 indicated that the downside violation of 1,520 level on 30/12/2010 was due to book closure on stock portfolios by trader before the start of trading for 2011.

Ladies & gentlemen, the market turnaround on 3/1/2011 was something to watch for as it provided us with latest information on what was in traders' mind. Traders were thus believed to be expecting to see this market to trade higher today (4/1/2011), this can be further confirmed by the volume increase to **1.60** billion shares on 3/1/2011 from 1.11 billion shares on 30/12/2010.

Given what happened on 30/12/2010, what would the market do next ? A higher market on the back of 1.6 billion shares on 3/1/2011 was encouraging as more traders would likely be riding on this positive sentiment to play an upward game.

What were the strong hands doing

A check of internal market strength on 3/1/2011 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, and the net number of stock positions **acquired** from **17/12/2010 to 3/1/2011** was about **68%** what was **liquidated** between 9/12/2010 and 16/12/2010 compared to **23%** in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,490.

The analysis of overall daily market action(s) on 3/1/2011 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,535.02.