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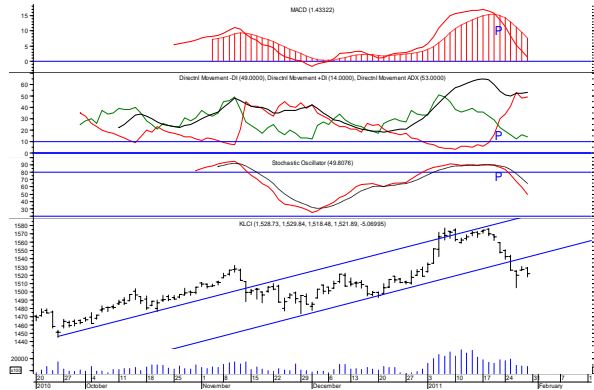
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MARKET FLASH

FBM KLCI

Mon, 31 Jan 2011
KDN : PP 10800/08/2011



MARKET STATISTICS (28/1/11)

	Close	Chg.
LOCAL		
FBM KLCI	1,521.89	- 5.07
FBM 100	10,202.93	- 31.23
FBM ACE	4,252.80	+ 12.33
Volume (m)	1,346.7	
Value (RMm)	1,976.3	
Up	301	
Down	462	
Unchanged	280	

FOREIGN

Nikkei	10,360.34	- 118.32
Hang Seng	23,617.02	- 162.60
STI	3,229.69	+ 9.86
Shanghai CI	2,752.95	+ 3.80

BURSA MOVERS

Gainers	Close	Chg
DFZ	3.62	+ 0.46
Tahps	4.80	+ 0.38
TWS	7.20	+ 0.16
HwaTai	0.795	+ 0.15
PPG	0.54	+ 0.14

Losers	Close	Chg
DLady	16.66	- 0.22
APM	5.26	- 0.21
Gnealy	4.85	- 0.20
Petgas	11.20	- 0.18
Bursa	8.20	- 0.17

Actives	Close	Chg
Tejari-or	0.02	+ 0.005
Hwgb	0.64	- 0.005
Hwgb-wb	0.56	=
MuiInd	0.25	+ 0.025
Mahsing-CB	0.305	+ 0.045

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,518.48 level.

Market Buying Strength :

About **19%** of total market volume on 28/1/2011 was on buying side compared to **54%** in the preceding trading day.

"Movement" in Strong Hands :

Strong hands were seen **acquiring** a portion of stock positions on 28/1/2011.

Pivot Point Studies for Intra-Day :

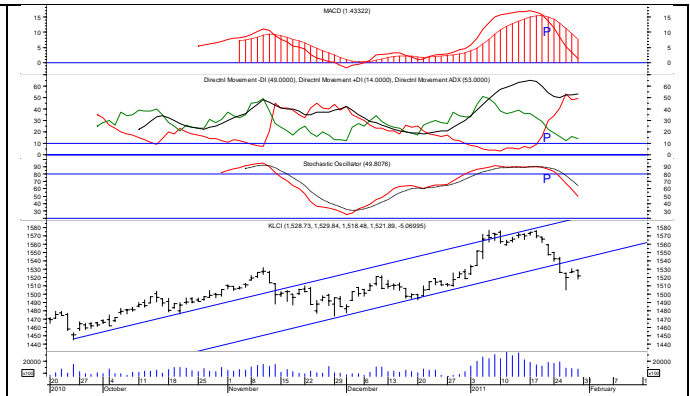
For **Monday (31/1/2011)**, 1st resistance @ 1,528.3 & 2nd resistance @ 1,534.7 ; 1st support @ 1,516.9 & 2nd support @ 1,512.0.

To read more



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.

Today's Hot Pick – **HwaTai**

	28/1/2011	27/1/2011
Open	0.66	0.60
High	0.84	0.65
Low	0.66	0.60
Close	0.795	0.645
Volume	1602,91	14,641
Indicators (buy or sell signal based on cross over or under) :-		
MACD	buy	Buy
DM index	Buy	Buy
Stochastics	Buy	Buy

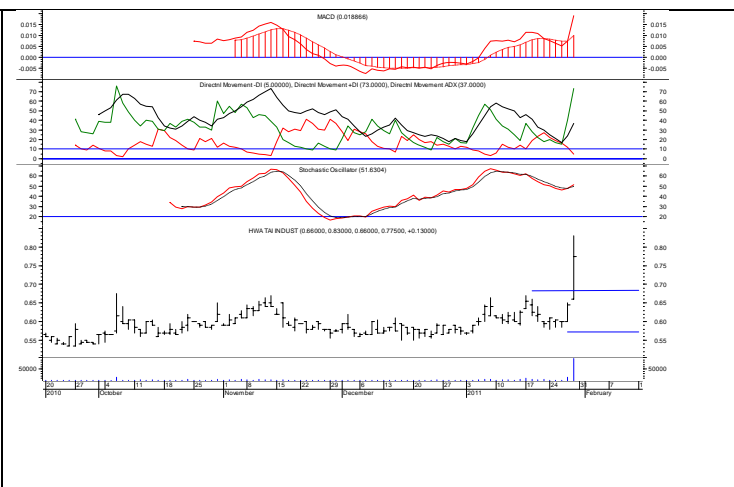


Chart wise : *An upward move seen in the making*

HwaTai (8478 - MainBoard) had on 28/1/2011 crossed over the immediate high of **RM0.67** (17/1/2011) to reach highest **high of RM0.84** since 3/3/2008 before settled at **RM0.795**.

Next Potential Upside Target : With the upside violation of **RM0.67** level, **HwaTai** looked set to trade upward with next upside target at **RM0.90**.

Entry Level : Risk taking traders may establish buying position at **RM0.765** as a small pull back is seen likely before making attempt(s) to go higher.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM0.67** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Note : A conservative trading approach should be employed with an eye to preserve capital.

Current Active Stock Review – Dataprep

	28/1/2011	27/1/2011
Open	0.325	0.315
High	0.365	0.325
Low	0.325	0.315
Close	0.34	0.325
Volume	130,535	13,426
Indicators (buy or sell signals based on lines crossover or under)		
MACD	Sell	sell
DM index	Buy	Buy
Stochastics	sell	Sell

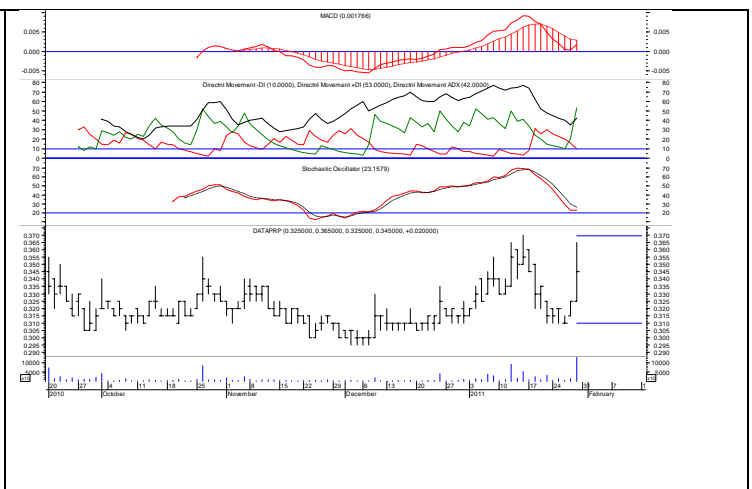


Chart wise : *Keep close watch at RM0.375 for upside breakout*

Dataprep (8338 - MainBoard) had on 28/1/2011 traded higher to a day high of **RM0.365** before settled at **RM0.34**.

Price Direction

In view of **an increase** in market participation, the stock can be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at **RM0.375** and support at **RM0.33**.

What to watch for

A turnaround of prices to close **above RM0.375** level would likely see a change of stock direction in the immediate short term.

Note : A **conservative trading approach** should be employed with an eye to preserve capital.

Stock review – Mah Sing Bhd.

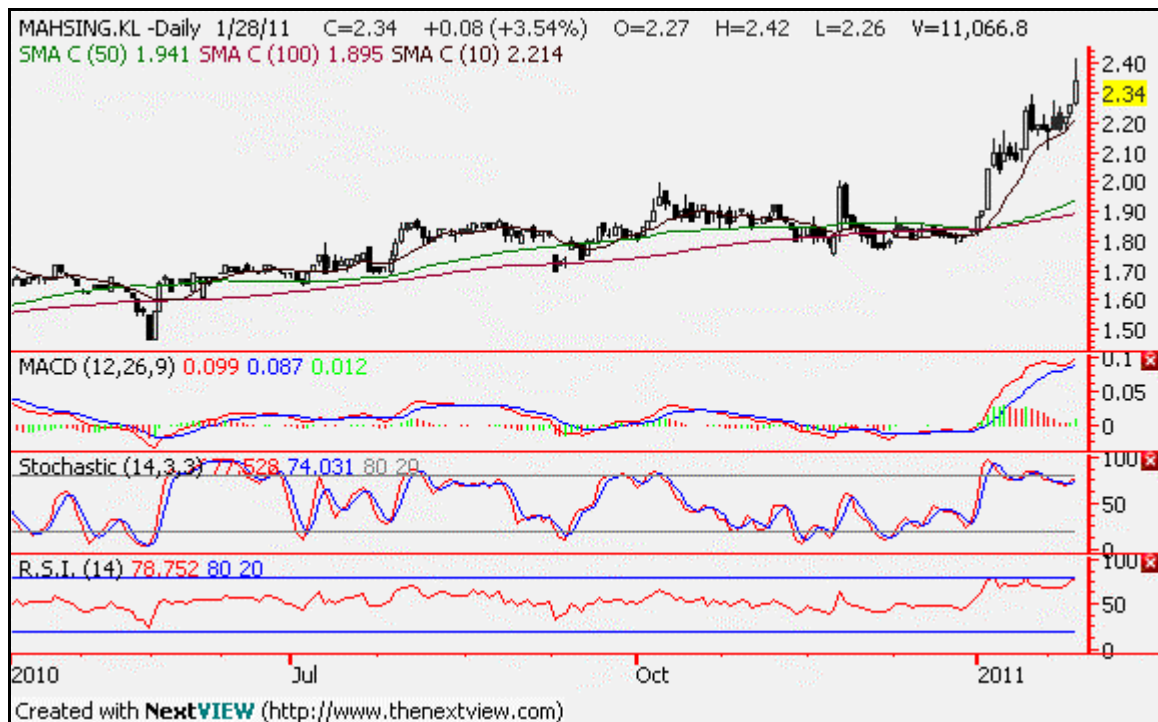


Chart wise:

Trading Buy on Weakness.

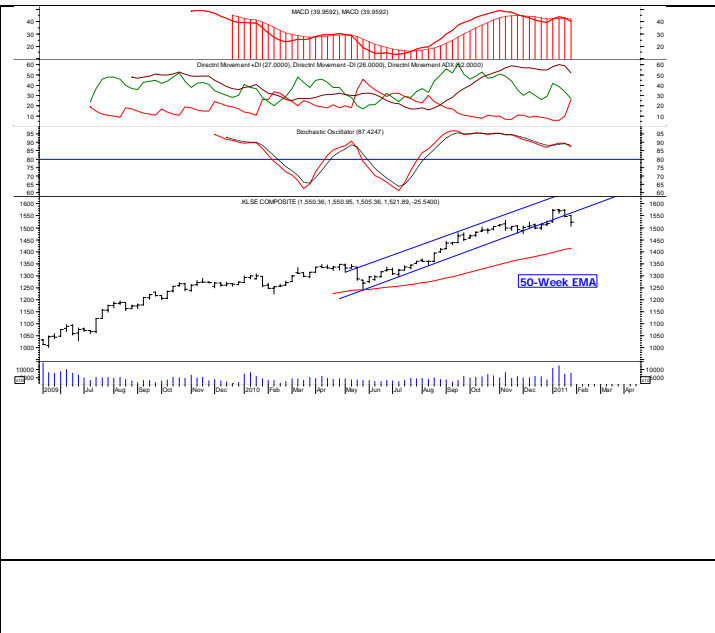
Mah Sing Group Bhd (8583 - Main Market- Properties)- RM2.34.

Since attracting interest as a property play, Mah Sing has surged ahead strongly as investors and traders alike jumped into the bandwagon. Along the sharp up-trend channel, the share price had corrected twice, once at the RM2.00-2.10 sen range and is in another one recently.

It recently rebounded from the 10-day moving averages and surged to RM2.38 before closing at RM2.34 on Friday. Hence, a correction is likely to emerge in the near term as the appreciated price will trigger profit taking. Nevertheless, another trading opportunity will emerge at lower levels during the correction as we believe the uptrend still has further headroom. Hence, we are recommending a trading buy on weakness for Mah Sing at around RM2.30 range.

**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**.

MAJOR NEWS

Commodity, Currency and Economic News

Japan's industrial production increased the most in 11 months in December, boosted by overseas demand that's spurring the nation's recovery. Factory output climbed 3.1 percent from November, when it rose 1 percent, the Trade Ministry said in Tokyo today. The median estimate of economists surveyed by Bloomberg News was for a 2.8 percent gain. Honda Motor Co. and Nissan Motor Co. are among companies increasing production to meet demand from China and the U.S., Japan's largest export markets. Benchmark 10-year Japanese government bond yields have risen 10.5 basis points this year amid expectations of a domestic economic recovery. (Bloomberg)

Oil advanced for a second day in New York after unrest in Egypt prompted concern that protests may spread to crude-producing parts of the Middle East. Futures increased 4.3 percent on Jan. 28, the most since September 2009, after clashes between police and protesters demanding an end to Egyptian President Hosni Mubarak's 30-year regime. Any disruption to Middle East oil supplies "could actually bring real harm," U.S. Energy Secretary Steven Chu said on a conference call. Crude for March delivery climbed as much as 85 cents, or 1 percent, to US\$90.19 a barrel, in electronic trading on the New York Mercantile Exchange, and was at \$89.82 at 10:07 a.m. Sydney time. The contract surged \$3.70 to \$89.34 on Jan. 28. Oil climbed 0.3 percent last week and is down 1.7 percent this year. (Bloomberg)

The Australian and New Zealand dollars fell as futures signalled Asian stocks will decline amid concern political turmoil in Egypt will spread, damping demand for higher-yielding assets. Both currencies weakened for a second day against the yen as investors sought safer assets after Egyptian protesters defied a curfew and gathered to demand the resignation of President Hosni Mubarak. New Zealand's dollar also fell after a government report showed home-building approvals dropped in December. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	11823.70	-166.13	-1.39	Nasdaq CI	2686.89	-68.39	-2.48
S&P 500	1276.34	-23.20	-1.79	FTSE 100	5881.37	-83.71	-1.40

Global and Local Headlines

U.S. stock-index futures fell, indicating the Standard & Poor's 500 Index may extend the biggest decline since August, as investors speculated Egypt's crisis will slow the global recovery. Futures on the S&P 500 expiring in March tumbled 0.7 percent to 1,263 as of 8:21 a.m. in Tokyo. Dow Jones Industrial Average futures retreated 79 points, or 0.7 percent, to 11,696. Middle East shares sank yesterday, sending Abu Dhabi's index down 3.7 percent, its biggest drop in 14 months. (Bloomberg)

The Reserve Bank of Australia is likely to keep interest rates unchanged tomorrow as policy makers survey the economic damage and inflation-accelerating effects of floods across the nation's east coast. Governor Glenn Stevens and his board will leave the overnight cash rate target at 4.75 percent in Sydney, according to all economists surveyed by Bloomberg News. Prime Minister Julia Gillard is proposing a one-time levy on taxable income of more than A\$50,000 to help pay for flood reconstruction. Treasurer Wayne Swan predicts a food-price "spike" as the deluge's A\$1 billion (US\$988 million) in farm losses lift fruit and vegetable costs "for a while." The RBA may tolerate quicker inflation and slower growth because the economy decelerated in the second half of last year after seven rate increases from October 2009 to November 2010. (Bloomberg)

Japanese stock futures and Australian shares fell on concerns political turmoil in Egypt will hamper the global economic recovery. American depositary receipts of Canon, the world's largest camera maker, fell 1.5 percent from the closing share price in Tokyo on Jan. 28. Those of Toyota Motor Corp., an automaker that earns about 70 percent of its revenue abroad, lost 1.5 percent after the yen strengthened, cutting the outlook for export earnings. BHP Billiton Ltd., the world's No. 1 mining company and Australia's biggest oil producer, dropped 1.8 percent to A\$43.89 in Sydney even as prices of metals and oil advanced. (Bloomberg)

Barisan Nasional has won the Tenang state by-election with a bigger majority despite the havoc caused by incessant rain and floods in many parts of the constituency. Barisan candidate Mohd Azahar Ibrahim trounced PAS' Normala Sudirman with a majority of 3,707 votes, a marked improvement from the 2,492-vote majority managed by the late Datuk Sulaiman Taha in the 2008 general election. (Star)

Spanish savings banks struggling to find private cash as part of new recapitalisation rules will have access to state-backed funds from March, the economy ministry said yesterday. The mostly unlisted savings banks, highly exposed to a crashed property market, were ordered on Jan 24 to raise core capital levels by attracting private investors by September or face state intervention. El Pais reported the plan had been criticised because some weaker banks would be unable to survive the nine-month grace period without government help, prompting the government to bring the offer of support forward to March. The option to apply for help earlier than September was always available, an economy ministry spokesman said. "This has always been the case. The time limit is September, but if capital is needed before then, it will be available," she said. (Star)

The **second mass rapid transit (MRT)** line, which circles the Kuala Lumpur city centre (KLCC) orbital and known as the "circle line", is already in the final planning stage. The details are expected to be announced in March. "Its alignment must depict the current and future business districts in Kuala Lumpur," said Minister in the Prime Minister's Department and chief executive officer of Pemandu Datuk Seri Idris Jala recently. In the longer term, a third line to Port Klang was being contemplated, he said. The circle line is expected to cover the hotspots surrounding the KLCC, Jalan Bukit Bintang, the new Kuala Lumpur International Financial District in Dataran Perdana, KL Ecocity, Pusat Bandar Damansara and Sentul, among others. Meanwhile, the "blue line" the first line which is a 50km alignment that covers Sungai Buloh to Kajang, via Pusat Bandar Damansara and Bukit Bintang is slated for completion in 2016. The network of all the three MRT lines will be fully operational by 2020. (Star)

Ireland's upper house of parliament on Saturday passed a key finance bill needed to secure the country's bailout package, paving the way for embattled Prime Minister Brian Cowen to call elections. The budget, which hikes taxes and slashes spending as part of the price for the 67.5 billion euro (US\$91 billion) European Union-International Monetary Fund bailout -- had already passed the lower house of parliament on Thursday. "The finance bill now goes to the president for signing into law," a government spokesman said. The vote is expected on February 25. (BTimes)

Digi.Com Bhd's (DIGI) fourth quarter net profit grew by more than a third, thanks to its bundle services where it packages phones, call and data plans, as well as increased data usage on a larger subscriber base. The company registered a net profit of RM332.02 million for the financial period ended December 31 2010 compared with RM246.48 million the year before. Revenue for the fourth quarter on a year-on-year basis was also almost 13 per cent higher at RM1.4 billion. The telecommunications group now has a subscription base of 8.8 million as opposed to 7.7 million in 2009. "Today, we have 4.2 million Internet users and we foresee demand for Internet trending up from both existing and new customers. (BTimes)

The Genting group is making a bid for Pan Malaysian Pools Sdn Bhd (PMP), the numbers forecast operator (NFO) owned by Tanjong plc, according to sources. (EdgeDaily)