



Straits Index (M) Sdn Bhd.  
 WinChart Technical Analysis  
 Tel: (03) 8941 6828  
 Fax: (03) 8941 9828  
 email: [info@straitsindex.com](mailto:info@straitsindex.com)

Open:953.100 High:953.100 Low:944.240 Close:947.780 -10.620(-1.1%) Volume:8,567,869 (-2474919,-22.4%)  
 COMPOSITE INDEX [COMPOSITE] 01/12/2005 - 18/05/2006 Ticks=111 Moving Averages e(14,21,31) - Volume Daily  
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**Composite Index Daily Technical Analysis, 18/05/2006, by Straits Index (M) Sdn Bhd**

As indicated by the A box, the Composite Index opened gapped down on Thursday, losing 10.62 points to close at 947.78 points. The break-away gap on Thursday suggested a strong resistance at 954 – 957 level, which has also signaled a possible Island Reversal Top pattern. The Island Reversal Top pattern is a very rare, where by the gap away from the island (A box) suggested a strong resistance.

The Composite Index is likely to retest the gapped resistance at 954 – 957 level in the short-term, and if the Composite Index failed to break above this resistance with strong volume, the up trend would come to an end, and a reversal is likely. (Study A)

Mean while, 14, 21, 31 EMA failed to support the Composite Index; thus, the market force is likely to stay bearish at the moment. If the Composite Index would to remain below the 14, 21, 31 EMA, the market movement would remain bearish.

As circled by B, Volume continued to decline, with 8.567 million shares traded on Thursday. Again, the volume failed to break above the 40 days VMA suggested that the market was losing interests. The uptrend of the KLCI is unlikely to continue with such relatively low volume. (Study B)

As indicated by the C circle, %K of the Stochastic has dropped into below the 30% level, thus entered the short-term bearish region. If the %K line continue to stay in the bearish region, market sentiment for the short-term is likely to stay bearish. (Study C)