



**Straits Index (M) Sdn Bhd.**  
**WinChart Technical Analysis**  
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Open:944.250 High:945.860 Low:923.680 Close:925.510 -18.890(-2.0%) Volume:10,010,010 (+2014408.25.2%)  
 COMPOSITE INDEX [COMPOSITE] 02/12/2005 - 22/05/2006 Ticks=112 Moving Averages e(14,21,31) - STC(9.3) %K=3.91, %D=14.03 (-10.12) Daily  
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**Composite Index Daily Technical Analysis, 22/05/2006, by Straits Index (M) Sdn Bhd**

On Monday, 22<sup>nd</sup> of May, 2006, the Composite Index ended lower, losing a total of 18.89 points to 925.51 points. As pointed by A, the Composite Index remained below the falling 14, 21, 31 EMA, thus the EMAs (Exponential Moving Average) are serving as the dynamic resistance of the KLCI. As long as the KLCI is below the EMA resistance, the bearish movement shall continue. (Study A)

Mean while, the KLCI on Monday has dropped partially below the 20 days Bollinger lower band, thus signaled an over-sold market condition. Therefore, a pull-back effect is likely in the near future, which is a form a technical rebound. Nevertheless, support for the KLCI is now at the 913 level, while the strongest resistance level is at the 954 – 957 level, which is the gap level of the Island. (Study the red rectangle)

Mean while, Stochastic remained below the 30% level, the short-term bearish region, and therefore, the market sentiment for the short-term is still on the bearish bias. However, %K of the Stochastic has dropped below the 10% level, which triggered the first over-sold signal. As a result, a technical rebound is likely in the near future. (Study B)

As indicated by C arrow, the Momentum has broken below the previous low, (refer to C1) thus suggested the speed of the recent decline was much greater. Mean while, since the momentum has fallen below the zero level, market movement is likely to stay weak. If the moment remained below the zero level, the bearish movement shall continue. (Study C)