



Straits Index (M) Sdn Bhd.  
 WinChart Technical Analysis  
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Open:889.070 High:897.380 Low:889.070 Close:893.500 +7.020(0.8%) Volume:4,257,927 (+1222585,40.3%)  
 COMPOSITE INDEX [COMPOSITE] 01/12/2005 - 16/06/2006 Ticks=132 Moving Averages e(14,21,31) - STC(9,3) %K=19.61, %D=8.53 (11.09) Daily  
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**Composite Index Daily Technical Analysis, 16/06/2006, by Straits Index (M) Sdn Bhd**

As mentioned on yesterday's analysis, the 20 days Bollinger bands pull-back effect did take place and KLCI rebounded on Friday, ending the day 7.02 points higher to 893.50 points. As shown on the chart above, 883 Fibonacci Retracement is the current support level while 14, 21, 31 EMA are still descending, which is still serving as the dynamic resistance to the KLCI. (Study A) Therefore, Friday's

rebound is viewed as a temporary correction while the overall market movement is still bearish.

Despite the technical rebound, Stochastic remained in the bearish region, suggested that the short-term market sentiment is still weak. If Stochastic could break above the 30% level, market sentiment for the short-term would turn from bearish to neutral. (Study B)

As circled by C, the MACD histogram stopped descending. Therefore, the histogram might be forming a round bottom signal, which would suggest that the weakening bearish signal. Nevertheless, MACD has not triggered any bullish signal at the moment. (Study C)