



Straits Index (M) Sdn Bhd.
 WinChart Technical Analysis
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Open:937.560 High:938.850 Low:932.410 Close:934.720 -2.040(-0.2%) Volume:5,396,601 (-2223512,-29.2%)
 COMPOSITE INDEX [COMPOSITE] 05/04/2006 - 28/07/2006 Ticks=80 Moving Averages e[14,21,31] - Volume Daily
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Composite Index Daily Technical Analysis, 28/07/2006, by Straits Index (M) Sdn Bhd

As shown on the chart above, the KLCI retreated after hitting the T2 resistance of the up trend channel. (Study A) Therefore, T2 shall remained as the current resistance together with the 937 Fibonacci Retracement. While the KLCI technical correction is likely to continue, look for the support at the 14, 21, 31 EMA or the Bollinger middle band, and the next support would be at the T1.

As pointed by B, total market volume on Friday declined 29.2%. Although the volume failed to hold up above the 40 days VMA level, this is usually a good sign for a healthy consolidation. In general, volume is expected to decline during KLCI correction or consolidation. However, if the KLCI were to pick up the upward momentum again, a higher volume is absolutely important. (Study B)

Stochastic ended lower on Friday's closing in line with the KLCI technical correction, while remained above the bullish region. As shown by the C circle, %D is still above 90% over-bought region, therefore, the KLCI is still at an over-bought condition. Nevertheless, as long as the Stochastic can remain its position above the bullish region, the bullish sentiment shall continue. (Study C)