



**STRAITS
index**

Straits Index (M) Sdn Bhd.
WinChart Technical Analysis
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Open:938.230 High:939.870 Low:936.910 Close:939.080 +0.600(0.1%) Volume:4,261,114 (-52642,-1.2%)
COMPOSITE INDEX [COMPOSITE] 17/04/2006 /08/08/2006 Ticks=80 Bollinger Band(10.2) -37% - Volume Daily
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Composite Index Daily Technical Analysis, 08/08/2006, by Straits Index (M) Sdn Bhd

As shown on the chart above, 10 days Bollinger Bands width continued its contraction over 5 trading days. As indicated by A, the KLCI remained above the Bollinger middle band dynamic support with the band width contracted another 37% on Friday. This suggested that the KLCI was still consolidating thus market direction was unclear. (Study A) However, contraction of the Bollinger Band width also

suggests that the KLCI is gearing up for the next movement. If the KLCI could stay above the Bollinger middle band when Bollinger Band width expands, it would be a bullish signal, otherwise, a bearish signal. In other words, the consolidation of the KLCI might be coming to an end.

Market volume continued to stay low at only around 426 million shares. Volume was also below the 40 days VMA level, suggested that the market was not actively participated. If the Bollinger Bands showed a bullish signal, an increase of volume above the 40 days VMA would be the confirmation.
(Study B)

Stochastic remained unchanged, in the short-term bullish region. As a result, market sentiment for the short-term was still positive. Nevertheless, the sustainability of the bullishness is highly subjected to the low market volume. Therefore, volume is still the key-element to the performance of the KLCI.
(Study C)