



Straits Index (M) Sdn Bhd.  
WinChart Technical Analysis  
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Open:1096.760 High:1117.090 Low:1096.760 Close:1117.090 +20.850(1.9%) Volume:9,749,648 (-200515,-2.0%)  
COMPOSITE INDEX [COMPOSITE] 24/08/2006 - 03/01/2007 Ticks=88 Bollinger Band(20.2) 21% - Volume Daily  
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### Composite Index Daily Technical Analysis, 03/01/2007, by Straits Index (M) Sdn Bhd

KLCI started the year 2007 with a strong gain, closing the day 20.85 points higher at 1117.09 points. KLCI broke above the 1110 resistance and made another multi-year new high. However, the break out was doubtful due to the lack of volume.

Nevertheless, as circled by A, the KLCI broke above the 20 days Bollinger Upper band partially,

suggested that the KLCI was over-heated. If the KLCI were to break above the 20 days Bollinger Upper Band entirely, a pull-back effect shall take place as a form of technical correction.

As pointed by B, total market volume on Wednesday failed to break above the 40 days VMA level, decreased 2% with 9.75 million shares traded. The volume failed to confirm Wednesday's break out of the 1110 resistance thus the break out was questionable. Overall, volume below the 40 days VMA suggested that the market participation as a whole was still insufficient. (Study B)

Stochastic %D broke above 90% level on Wednesday, entered the short-term over-bought region. This suggested that the short-term market movement was indeed bullish but however overheated. Therefore, the KLCI is likely to take a correction in the near term. (Study C)