



Straits Index (M) Sdn Bhd.
WinChart Technical Analysis
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Open:1171.940 High:1186.000 Low:1171.940 Close:1183.040 +13.920(1.2%) Volume:17,403,728 (+1830144,11.8%)
COMPOSITE INDEX [COMPOSITE] 27/09/2006 - 24/01/2007 Ticks=80 Moving Averages e[14,21,31] - Volume Daily 24-1-2007 17:03:41
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Composite Index Daily Technical Analysis, 24/01/2007, by Straits Index (M) Sdn Bhd

KLCI opened with a gap up on Wednesday while ended the day 13.92 points higher to 1183.04 points. As pointed by A, the KLCI formed a Continuation Gap (Middle Gap) with increased of volume, this suggested the KLCI rally was speeding up, and therefore, it is always a good strategy to tighten the stop level for the continuation gap could suggest an end of the rally could be around the corner. (Study A)

Nevertheless, the 14, 21, 31 EMA shall remained as the dynamic support to the KLCI, and the immediate resistance for the KLCI is temporary seen at 1186 points.

Total market volume increased another 11.8%, with over 1.74 billion shares traded. The increase of volume is typical for the continuation gap in KLCI on Wednesday, suggested the KLCI is speeding up its bullish rally. However, since gaps are usually not common in the KLCI, there is risk for the KLCI in filling up the gap, thus a correction. (Study B)

As of Wednesday, Stochastic remained above 90% level, which suggested that the KLCI has gone over-heated and the technical correction is due to take place. However, with Stochastic still remained above 70% short-term bullish region, the market movement for the short-term is likely to stay bullish bias. (Study C)