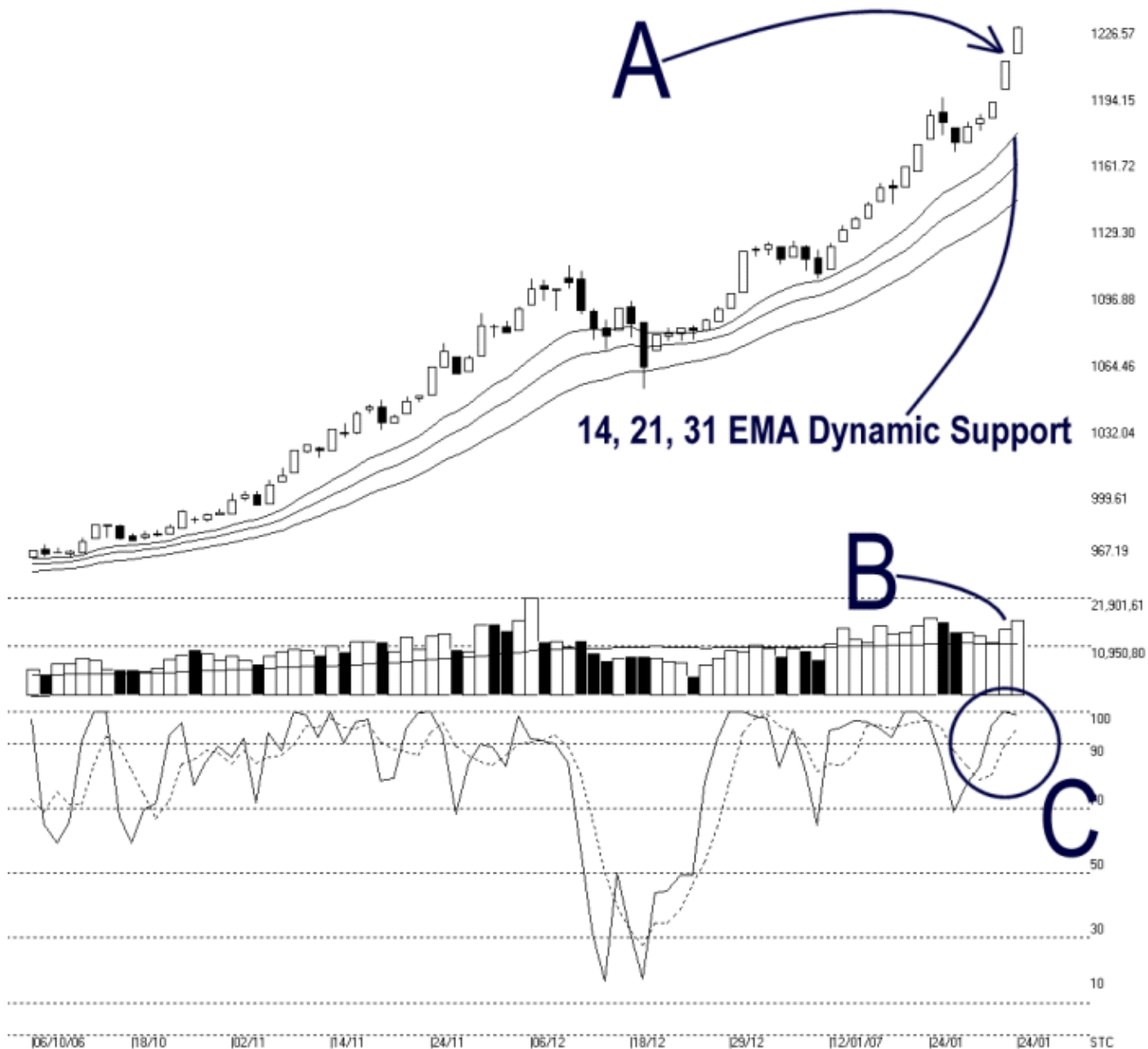




Straits Index (M) Sdn Bhd.
WinChart Technical Analysis
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Open:1213.500 High:1226.570 Low:1213.500 Close:1225.730 +16.250(1.3%) Volume:16,890,224 (+2146983,14.6%)
COMPOSITE INDEX [COMPOSITE] 06/10/2006 - 05/02/2007 Ticks=80 Moving Averages e[14,21,31] - Volume Daily
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Composite Index Daily Technical Analysis, 05/02/2007, by Straits Index (M) Sdn Bhd

As pointed by A, the KLCI had another gap on Monday, which is a “Continuous Gap”. This suggested that the KLCI rally is speeding up, and therefore, a good strategy is to keep a tighter protective stops to reduce the risk should the KLCI retreat and fill up the gaps. Nevertheless, the 14, 21, 31 EMA is still the dynamic support to the KLCI with the immediate support at 1191 level.

Total market volume increased another 14.6% on Monday. The increase of volume also confirmed the Continuous Gap, and therefore, the market sentiment is still bullish bias. However, readers are advised to pay attention to the volume for if the KLCI gap up again but with lower volume, it is likely that it would be an Exhausted Gap, which would suggested an end to the rally. (Study B)

Stochastic %D line has breached above 70% level on Monday, entering the short-term over-bought region. This suggested the market movement for the short-term was indeed bullish, but over-heated. Therefore, the risk of a technical correction will increase. Nevertheless, with the Stochastic staying above 70% level, the short-term bullishness is expected to continue. (Study C)