



**STRAITS
index**

Straits Index (M) Sdn Bhd.
 WinChart Technical Analysis
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Open:1386.670 High:1388.720 Low:1379.330 Close:1379.730 -12.450(-0.9%) Volume:21,283,261 (+1726482.88%)
 COMPOSITE INDEX [COMPOSITE] 02/04/2007 - 25/07/2007 Ticks=80 { Indices } Moving Averages e(14,21,31) - Volume Daily
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Composite Index Daily Technical Analysis, 25/07/2007, by Straits Index (M) Sdn Bhd

Due to the overnight losses of the US market, the KLCI opened lower, and ended the Wednesday trading 12.45 points lower. As shown on the chart above, despite Wednesday's losses, the KLCI remains supported by the rising 14, 21, 31 EMA dynamic support. Mean while, T2 is also a dynamic support to the KLCI, while the 1391.57 level is still the immediate resistance level. (Study A)

Total market volume on increased another 8.8% on Wednesday, with volume obviously staying above the 40-day VMA level. This suggests that the market was well-participated. If the KLCI should rebound from the T2 with volume remains above the 40-day VMA level level, the bullish sentiment for the market is expected to continue. (Study B)

As the KLCI retreats, the Stochastic %K falls below the 70% level, leaving the short term bullish region to neutral. As circled at C, since the Stochastic %D line is still above the 70% level, this gives a mixed signal to the short term market movement. Therefore, if the Stochastic %K line should return to above the 70% level in the near future, the short term bullish signal shall resume. (Study C)