



Composite Index Daily Technical Analysis, 16/01/2008, by Straits Index (M) Sdn Bhd

As shown on the chart above, the KLCI had a sharp correction on Wednesday, closing 52.05 points lower to 1453.66 points. As indicated by A, the KLCI is now temporary supported by the 1450 level, which was the previous resistance of the Ascending Triangle pattern. Meanwhile, the KLCI is also testing the 14, 21, 31 EMA dynamic support. A rebound from this level is absolutely important if the KLCI should resume its positive movement. Nevertheless, resistance for the KLCI remains at the 1524.69 level.

As indicated by B, total market increased 2.7% on Wednesday. Despite the KLCI having a sharp drop on Wednesday, total market volume remains relatively mild. Therefore, this suggests that the selling pressure was not too significant. Nevertheless, if the KLCI should resume its uptrend movement, volume must increase while remain above the 40-day VMA level.

As circled at C, the Stochastic also fall sharply on Wednesday. At the moment, the Stochastic %K line is suggesting a short term neutral signal, and even breaking slightly below the 30%. If the Stochastic %D line should fall below the 70% level, it would confirm an end to the short term bullish signal, and the market movement for the short term would turn to neutral.

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