

Open:1080.420 High:1080.420 Low:1070.370 Close:1072.850 -2.650(-0.2%) Volume:20,549,943 (-493969,-2.3%)  
 COMPOSITE INDEX [COMPOSITE] 13/02/2009 - 08/06/2009 Ticks=80 (Indices) Bollinger Band(10.2) 7% - Volume Daily  
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### Composite Index Daily Technical Analysis, 08/06/2009, by Straits Index (M) Sdn Bhd

As indicated by A, the Bollinger Bands Width expanded only 7%, from the previous 9%, this implies that the Bollinger Bands might be contracting, thus a consolidation signal for the KLCI.

As shown on the chart above, the KLCI opened higher on Monday breaking above the 1077, but soon the KLCI started to decline as profit taking activities took place. At the close, the KLCI lost 2.65 points. Therefore, the 1077 WinChart Automatic Fibonacci Retracement is still the resistance for the KLCI while the T2 uptrend line and the Bollinger Middle Band are still the dynamic support for the KLCI.

As indicated by B, total market volume declined 2.3%, with volume still above the 40-day VMA level. This shows that the overall market is still actively participated. However, on most of the active counters are second and third liners, and therefore, the volume failed to reflect the true movement of the major trend.

As circled at C, the Stochastic retreated after hitting 100%, but still above the 70% level, which suggests that the short term movement of the KLCI is still bullish biased, unless the Stochastic should break below 70% level.

In conclusion, the KLCI failed to break above the 1077 WinChart Automatic Fibonacci Retracement. Coupled with the Bollinger Bands Width is likely to contract, the KLCI is likely to be trading at sideways with some downside biased. However, this does not means that the KLCI is turning into a bearish movement, for the KLCI is still supported by the T2 line and the Bollinger Middle Band. If the KLCI should break below these dynamic supports, we shall expect more downside biased movement.

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