

Open:1061.880 High:1061.880 Low:1040.400 Close:1045.970 -13.530(-1.3%) Volume:12,381,289 (-1151810,-8.5%)
 COMPOSITE INDEX [COMPOSITE] 27/02/2009 - 22/06/2009 Ticks=80 (Indices) Bollinger Band(10,2) 25% - Volume Daily (Fibo)
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Composite Index Daily Technical Analysis, 22/06/2009, by Straits Index (M) Sdn Bhd

As indicated by A, the Bollinger Bands Width expanded 25% on Monday, with the KLCI below the Bollinger Middle Band. This suggests that the immediate outlook for the KLCI is bearish biased. Provided that the KLCI is still below the Bollinger Middle Band, the bearish biased view is expected to continue.

As the KLCI is turning weaker, the Bollinger Middle Band is now the dynamic resistance for the KLCI, while the supports are at 31-EMA and the 1035 WinChart Automatic Fibonacci Retracement.

As indicated by B, total market volume declined 8.5%, with volume still below the 40-day VMA level. This

shows that the market participation is relatively quite, thus the inflow of fresh capital is insufficient to offset the selling pressures. Nevertheless, should volume remains below 40-day VMA level, the KLCI is less likely to pick up its strength.

As circled at C, the Stochastic remains below 30%, which is the short term bearish region, suggesting the market movement for the short term is still bearish biased. If the Stochastic should touch 0%, it would be a signal suggesting an over-sold condition, and the KLCI is likely to technically rebound. However, this is not a signal suggesting a reversal, unless the Stochastic should also rebound and break above 30% level successfully.

After breaking below the T2 uptrend line, the KLCI also broke below the Bollinger Middle Band. Now that the Bollinger Bands Width is expanding, with the KLCI below the Bollinger Middle Band, the KLCI is also weakening. Generally, if the KLCI should attempt to rebound, the first resistance is the Bollinger Middle Band. In other words, provided that the KLCI is still situated below the Bollinger Middle Band, the outlook shall remains bearish biased.

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