



Straits Index (M) Sdn Bhd.
WinChart Technical Analysis
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Open:1081.640 High:1081.930 Low:1071.000 Close:1075.770 +1.660(0.22%) Volume:12,037,535 (-2893497,-19.42%)
COMPOSITE INDEX [COMPOSITE] 05/03/2009 - 26/06/2009 Ticks=80 (Indices) Bollinger Band(10,2) -6% - Volume Daily (Fibo)
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Composite Index Daily Technical Analysis, 26/06/2009, by Straits Index (M) Sdn Bhd

Due to the overnight gains of the Dow Jones Industrial Average, the KLCI opened higher on Friday, but soon it started to decline as profit taking activities kicked in. The KLCI closed 1.66 higher to 1075.77 points. Resistance for the KLCI remains at 1095.91 WinChart Automatic Fibonacci Retracement while the supports are at the Bollinger Middle Band as well as the 1035 WinChart Automatic Fibonacci Retracement.

As indicated by A, the Bollinger Bands Width contracted another 6%, suggesting that the KLCI is likely to consolidate, and the consolidation is expected to continue all the way until the Bollinger Bands Width should re-expand.

As indicated B, total market volume declined 19.4%, with volume below the 40-day VMA level. This shows that the market overall participation is still low, as the investors' confidence has not totally recovered. Therefore, as long as the volume is still below 40-day VMA level, the KLCI is less likely to regain its strength.

As circled at C, the Stochastic continued to climb on Friday but failed to break above 70%. Therefore, the Stochastic has not suggested a bullish biased signal for the KLCI. Generally, Stochastic has to break above and remain above 70% to signal a short term bullish signal. On the other hand, if the Stochastic should fall and break below 50%, it would be a signal suggesting the KLCI short term is weakening.

Since rebounding from the 1035 WinChart Automatic Fibonacci Retracement, the KLCI has risen for 4 days. However, the Bollinger Bands Width remains contracting, and therefore, did not suggests any bullish signal. When the Bollinger Bands Width is contracting, it suggests that the KLCI is preparing for a new movement, and the direction of the new movement shall only be revealed once the Bollinger Bands Width re-expands.

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