

Open:1078.520 High:1079.470 Low:1072.410 Close:1075.840 +0.070(0.02%) Volume:8,773,348 (-3264187,-27.1%)
 COMPOSITE INDEX [COMPOSITE] 06/03/2009 - 29/06/2009 Ticks=80 (Indices) Bollinger Band(10,2) -9% - Volume Daily (Fibo)
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Composite Index Daily Technical Analysis, 29/06/2009, by Straits Index (M) Sdn Bhd

As shown on the chart above, the KLCI ended flat on Monday, and as a result, the KLCI might be forming a Symmetrical Triangle (study L1 and L2), which suggests a consolidation for the KLCI. If the KLCI should remain resisted by the L2 line, it shall confirm the formation of the Symmetrical Triangle.

As indicated by A, the Bollinger Bands Width contracted 9%, suggesting the KLCI is indeed consolidating. Resistance for the KLCI remains at 1095.91 while the support is at Bollinger Middle Band and 1035 WinChart Automatic Fibonacci Retracement.

As indicated by B, total market volume declined 27.1%, with volume staying below the 40-day VMA level. This implies that investors' confidence is still low as the market participation is relatively insufficient. If volume should remain below the 40-day VMA level, the KLCI is expected to stay in its consolidation mood.

As circled at C, the Stochastic breaks above 70%, but however, due to the lower volume on Monday, the short term bullish signal is yet to be confirmed by the increased volume. Nevertheless, the Stochastic has to remain above 70% in order to suggest the short term bullish signal, or else, it might just be an over-sensitive signal, as the Stochastic is highly sensitive.

During the contraction of the Bollinger Bands Width, the KLCI is also forming a possible Symmetrical Triangle pattern. Other than suggesting a consolidation signal, the Symmetrical Triangle can also indicate the timing of a beginning of a new movement. If the KLCI should break above the Symmetrical Triangle with strong volume, it would be a bullish signal for the KLCI. Other wise, if the KLCI should break below the Symmetrical Triangle, it would be a bearish signal for the KLCI. This is why chart patterns is still the most important aspect in Technical Analysis.

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