

Open:1075.130 High:1079.400 Low:1071.380 Close:1079.400 +4.160(0.4%) Volume:8,260,701 (-4622834,-35.9%)  
 COMPOSITE INDEX [COMPOSITE] 11/03/2009 - 01/07/2009 Ticks=80 (Indices) Bollinger Band(10,2) 4% - Volume Daily (Fibo)  
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### Composite Index Daily Technical Analysis, 01/07/2009, by Straits Index (M) Sdn Bhd

As shown on the chart above, the KLCI ended slightly higher on Wednesday, but have not successfully broken above the L2 dynamic resistance of the Symmetrical Triangle. Therefore, the consolidation of the KLCI remains intact. Resistance for the KLCI remains at 1095.91 WinChart Automatic Fibonacci Retracement while the supports are found at the Bollinger Middle Band followed by the 1035 WinChart Automatic Fibonacci Retracement.

As indicated by A, the Bollinger Bands Width expanded 4%, but not significant to give any signals. Nevertheless, with the KLCI above the Bollinger Middle Band, the immediate outlook of the KLCI is still

on the positive side. Therefore, if the Bollinger Bands Width should expand, the KLCI is likely to test the overhead resistance of 1095.91 WinChart Automatic Fibonacci Retracement.

Despite a sign of a possible expansion of the Bollinger Bands Width, total market volume remains low. As indicated by B, total market volume is still staying further below the 40-day VMA level, suggesting that the market participation is still insufficient, as investors' confidence remains low.

As circled at C, the Stochastic is still rising, while maintain above the 70% level, which is a short term bullish region. This suggests that the KLCI short term has not yet weakening, and provided that the Stochastic could remain above 70%, the short term movement of the KLCI is on the positive side.

In short, the KLCI is about to break above the L2 line, and the only important criteria missing is the increased of volume. If the KLCI should break above the L2 line without the support of volume above the 40-day VMA level, it would suggest a weaker rally, which is less likely to sustain.

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