

Open:1070.250 High:1077.430 Low:1067.840 Close:1072.690 -6.020(-0.6%) Volume:10,972,884 (+1905677.21.0%)  
 COMPOSITE INDEX [COMPOSITE] 02/03/2009 - 03/07/2009 Ticks=88 (Indices) Bollinger Band(10,2) -3% - Volume Daily (Fibo) 03-7-2009 17:03:26  
 Created with WinChart (TM) Copyright (C) Straits Index (M) Sdn Bhd



### Composite Index Daily Technical Analysis, 03/07/2009, by Straits Index (M) Sdn Bhd

As shown on the chart above, the KLCI failed to break above the L2 dynamic resistance of the Symmetrical Triangle, ended 6.02 points lower to close at 1072.69 points. Resistance for the KLCI remains at 1095.91 while the supports are still seen at the Bollinger Middle Band followed by the 1035 WinChart Automatic Fibonacci Retracement.

As indicated by A, the Bollinger Bands Width contracted 3%, as the KLCI ended lower after resisted by the L2 line. Therefore, the Bollinger Bands Width is now suggesting a consolidation signal for the KLCI, showing a similar signal in-line with the Symmetrical Triangle.

As indicated by B, total market volume increased 21%, but still below the 40-day VMA level. This suggests that the market is still lightly participated as investors confidence is still low. In short, without sufficient volume, the KLCI is less likely to pick up its strength.

As circled at C, the Stochastic started falling, but still staying above 70%, if the Stochastic should break below 70%, it would be a first signal suggesting a weakening short term movement of the KLCI. Meanwhile, the MACD histogram is about to form a rounding top. If the MACD histogram should form a rounding top, it would be a signal suggesting a weaker short term movement for the KLCI.

Despite many attempts, the KLCI failed to break out above the L2 line, and therefore, the consolidation continues. However, the KLCI has not formed a downtrend, for it has not broken below the L1 line. Nevertheless, the KLCI is now moving towards the tip of the Symmetrical Triangle, and therefore, soon it will break away from the Triangle. If the KLCI should break below the L1 line, there is a risk of a downtrend formation. On the other hand, if the KLCI should break above the L2 line, it would be a bullish biased movement, and of course, the upside break out has to be confirmed by a strong volume.

© 2009 Straits Index (M) Sdn Bhd

[www.straitsindex.com](http://www.straitsindex.com)

*WinChart – Designed by investor for investors, since 1998*