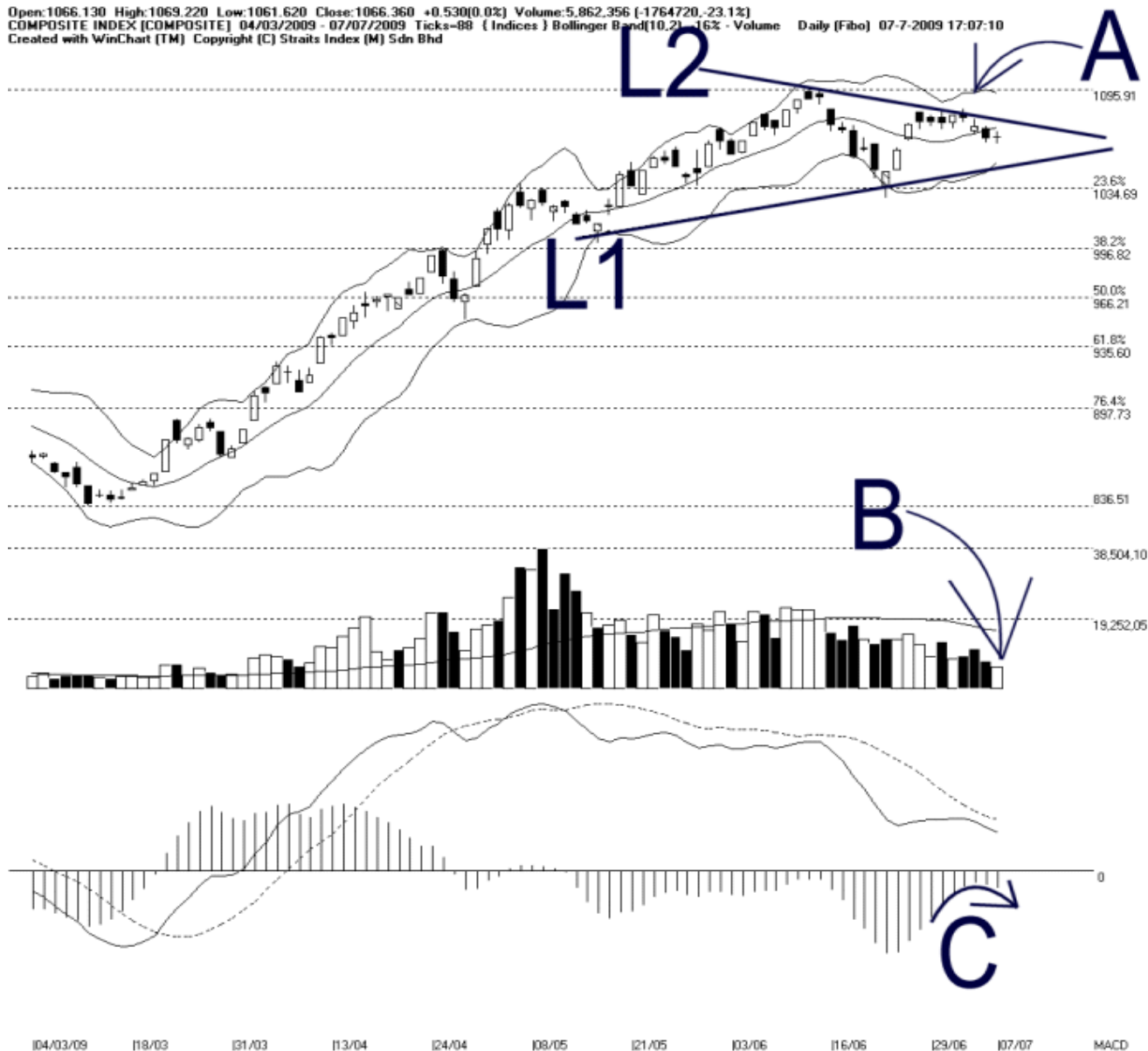


Open:1066.130 High:1069.220 Low:1061.620 Close:1066.360 +0.53(0.0%) Volume:5.862.356 (-1764720,-23.1%)
 COMPOSITE INDEX [COMPOSITE] 04/03/2009 - 07/07/2009 Ticks=88 (Indices) Bollinger Band(10,2) -16% - Volume Daily (Fibo) 07-7-2009 17:07:10
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Composite Index Daily Technical Analysis, 07/07/2009, by Straits Index (M) Sdn Bhd

As indicated by A, the Bollinger Bands Width contracted 16%, with the KLCI slightly below the Bollinger Middle Band. This shows that the KLCI is still consolidating. On Tuesday, the KLCI was trading at a narrow range, closing 0.53 points higher at 1066.36 points, and therefore, the immediate outlook for the KLCI is slightly negative biased, fortunately, the Bollinger Bands Width has not expanded, thus the KLCI is still consolidating.

As shown on the chart above, the KLCI remains inside the Symmetrical Triangle, thus showing a consolidation signal just like the contraction of the Bollinger Bands. Supports for the KLCI is at the L1

dynamic line and 1035 WinChart Automatic Fibonacci Retracement, while the resistance are at Bollinger Middle Band and the L2 dynamic resistance line.

As indicated by B, total market volume declined 23.1%, while staying further below the 40-day VMA level. This shows that the market participation is indeed low, as the inflow of fresh capital is still insufficient. Therefore, the KLCI is likely to consolidate.

As indicated by C, the MACD histogram falls on Tuesday, forming a rounding top. The rounding top of the MACD histogram suggests that the KLCI short term movement is weakening, and the weakening short term movement is expected to continue until the MACD histogram should rebound and form a rounding bottom.

Despite negative signals from the Bollinger Middle Band and MACD histogram, the KLCI has not broken below the Symmetrical Triangle. Therefore, the KLCI has not formed a downtrend yet. If the KLCI should regain its strength, it must break above the L2 line with strong volume, as the lack of volume is still the main factor to the weakness of KLCI.

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