

Open:1060.330 High:1066.360 Low:1058.120 Close:1065.470 -0.890(-0.1%) Volume:6,728,689 (+866333.14.8%)
 COMPOSITE INDEX [COMPOSITE] 05/03/2009 - 08/07/2009 Ticks=88 (Indices) Bollinger Band(10,2) -37% - Volume Daily (Fibo) 08-7-2009 17:32:11
 Created with WinChart (TM) Copyright (C) Straits Index (M) Sdn Bhd



Composite Index Daily Technical Analysis, 08/07/2009, by Straits Index (M) Sdn Bhd

As indicated by A, the Bollinger Bands Width contracted another 37% on Wednesday, as the KLCI ended 0.89 points lower. Since the Bollinger Bands Width is already narrowed, it implies that the Bollinger Bands Width is about to re-expand in the near future, thus the KLCI will begin its new movement.

As shown on the chart above, the KLCI remains in the Symmetrical Triangle, as the consolidation continues. Resistance for the KLCI remains at the Bollinger Middle Band and the L2 line, while the supports are still at the L1 line and 1035 WinChart Automatic Fibonacci Retracement.

As indicated by B, total market volume increased 14.8%, but still further below the 40-day VMA level. This suggests that the market confidence is still low, thus the KLCI is less likely to regain its strength amid the low market participation.

As indicated by C, the MACD histogram is still falling, while the Rounding Top remains intact. This shows that the short term movement of the KLCI is still weakening. The weakening movement is expected to continue, until the MACD histogram should form a Rounding Bottom.

With the KLCI nearing the end of the Symmetrical Triangle, coupled with the narrowed Bollinger Bands Width, the KLCI is expected to break away from the consolidation soon. If the KLCI should break above the L2 line with substantial volume, it is likely to test the 1095.91 WinChart Automatic Fibonacci Retracement. Otherwise, if the KLCI should break below the L1 line, the weaker KLCI movement shall remain intact.

© 2009 Straits Index (M) Sdn Bhd

www.straitsindex.com

WinChart – Designed by investor for investors, since 1998