

Open:1064.700 High:1072.300 Low:1064.700 Close:1067.760 +2.080(0.2%) Volume:6.817.885 (-158109,-2.3%)
 COMPOSITE INDEX [COMPOSITE] 10/03/2009 - 10/07/2009 Ticks=88 (Indices) Bollinger Band(10,2) 2% - Volume Daily (Fibo) 10-7-2009 17:07:28
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Composite Index Daily Technical Analysis, 10/07/2009, by Straits Index (M) Sdn Bhd

As indicated by A, the FBM KLCI tested the Bollinger Middle Band as well as the L2 line of the Symmetrical Triangle on Friday, and it was precisely resisted at the L2 line, and therefore, the KLCI failed to break away from the consolidation pattern. The L2 line and the Bollinger Middle Band remain as the resistance for the KLCI while the L1 line and 1035 WinChart Automatic Fibonacci Retracement are still the supports.

As shown on the chart, the Bollinger Bands Width expanded only 2%, and therefore, insignificant to suggest any signal. At the moment, the KLCI is still preparing for a new movement, and the new movement shall

only be revealed when the Bollinger Bands Width expands clearly.

As indicated by B, total market volume declined 2.3%, with the volume clearly below 40-day VMA level. This shows that the market is indeed lightly participated, implying that investors confidence is still low. Therefore, if volume should remain below the 40-day VMA level, the KLCI is less likely to regain its strength.

As circled at C, the MACD histogram is still falling but at a slower pace. Therefore, the MACD histogram might be forming a rounding bottom. If the MACD histogram should form a rounding bottom, it would be a signal suggesting the short term movement of the KLCI is likely to pick up some strength.

The KLCI has been consolidating within the Symmetrical Triangle for a month, and the fluctuation is getting narrower. This is the typical characteristic of the Symmetrical triangle for the Buyers and Sellers are gradually building up a consensus about the market price while waiting for a fresh lead. Therefore, the break out of the Symmetrical is a crucial signal. If the KLCI should break above the L2 line, with substantial volume reaching the 40-day VMA level, it would be a bullish breakout. However, if the KLCI should break below the L1 line, the outlook for the KLCI shall remain weak.

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