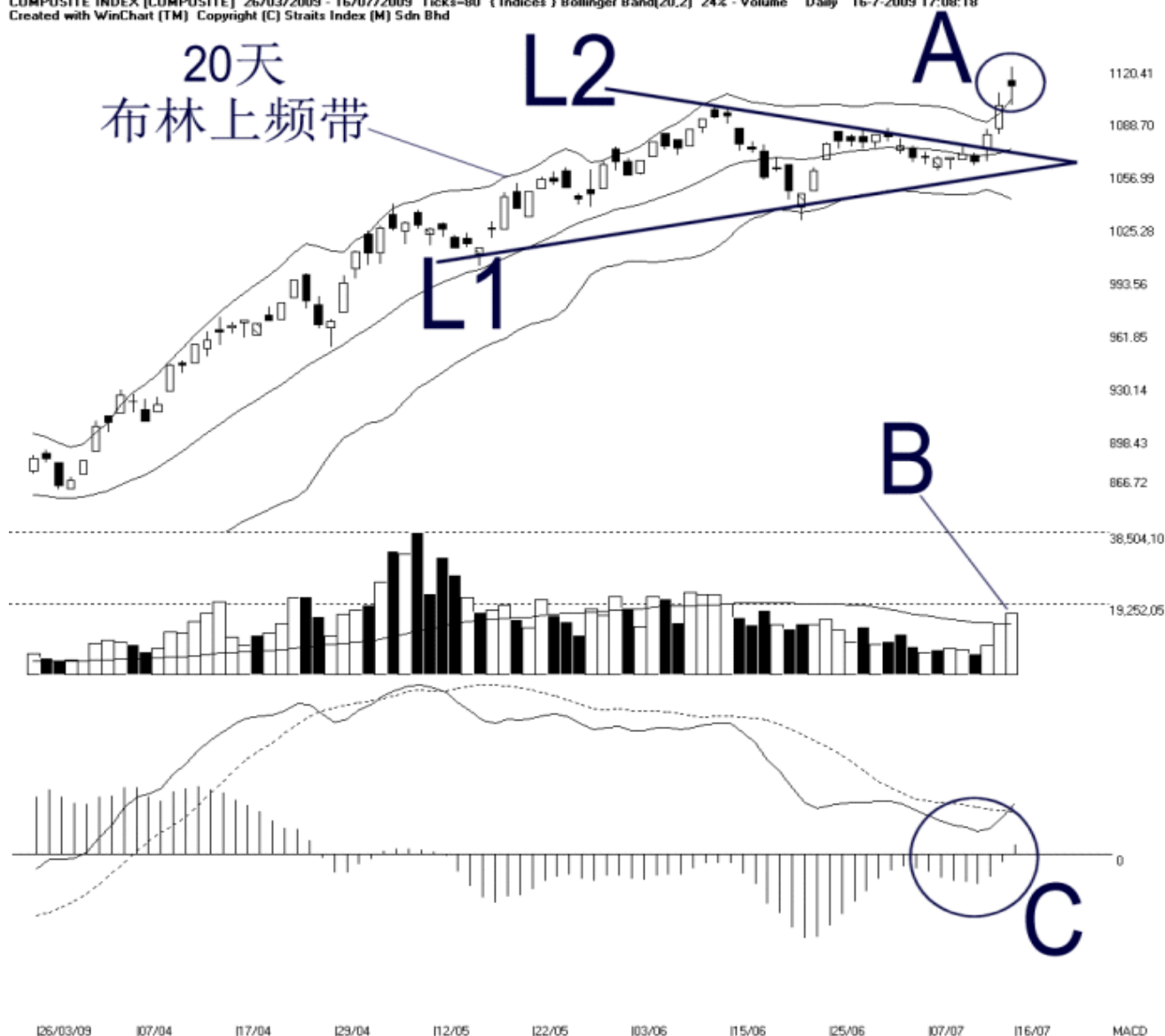


Open:1112.050 High:1120.410 Low:1097.240 Close:1108.880 +11.640(1.1%) Volume:16,660,781 (+3011948,22.1%)
COMPOSITE INDEX [COMPOSITE] 26/03/2009 - 16/07/2009 Ticks=80 (Indices) Bollinger Band(20,2) 24% - Volume Daily 16-7-2009 17:08:18
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Composite Index Daily Technical Analysis, 16/07/2009, by Straits Index (M) Sdn Bhd

As circled at A, the KLCI continued its rally on Thursday, with its intra-day high reaching 1120.41 points; the KLCI retreated some of its early gains as profit taking activities took place, and ended the day at 1108.88 points, up 11.64 points. Supports for the KLCI is now at 1096 level followed by the 10-day Bollinger Middle Band, while the immediate resistance is at 1120.41.

As shown on the chart above, the KLCI formed a Spinning Top candlestick pattern, after breaking above the 20-day Bollinger Upper Band. This shows that the KLCI is getting over-bought, thus a risk of a pullback effect shall take place in the near term.

As indicated by B, total market volume increased another 22.1%, with volume above the 40-day VMA level. This shows that the market was actively participated as the KLCI rally continues. Generally, if volume should remain above the 40-day VMA level, it would help to sustain the current positive market sentiment.

As circled at C, the MACD histogram continued rising, breaking above the zero level, into the positive region. This shows that the short term movement of the KLCI is still bullish biased, and the bullish biased short term movement is expected to continue until the MACD histogram should form a Rounding Top.

Since breaking above the Symmetrical Triangle on Tuesday, the KLCI gained a total of 45.22 points or 4.3%. With some sign of an over-heating, there is a risk of a technical correction for the KLCI in near term. Nevertheless, the first target of the technical correction is usually the 10-day Bollinger middle band, and if the KLCI should be supported by the 10-day Bollinger Middle Band, the rally is likely to resume.

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