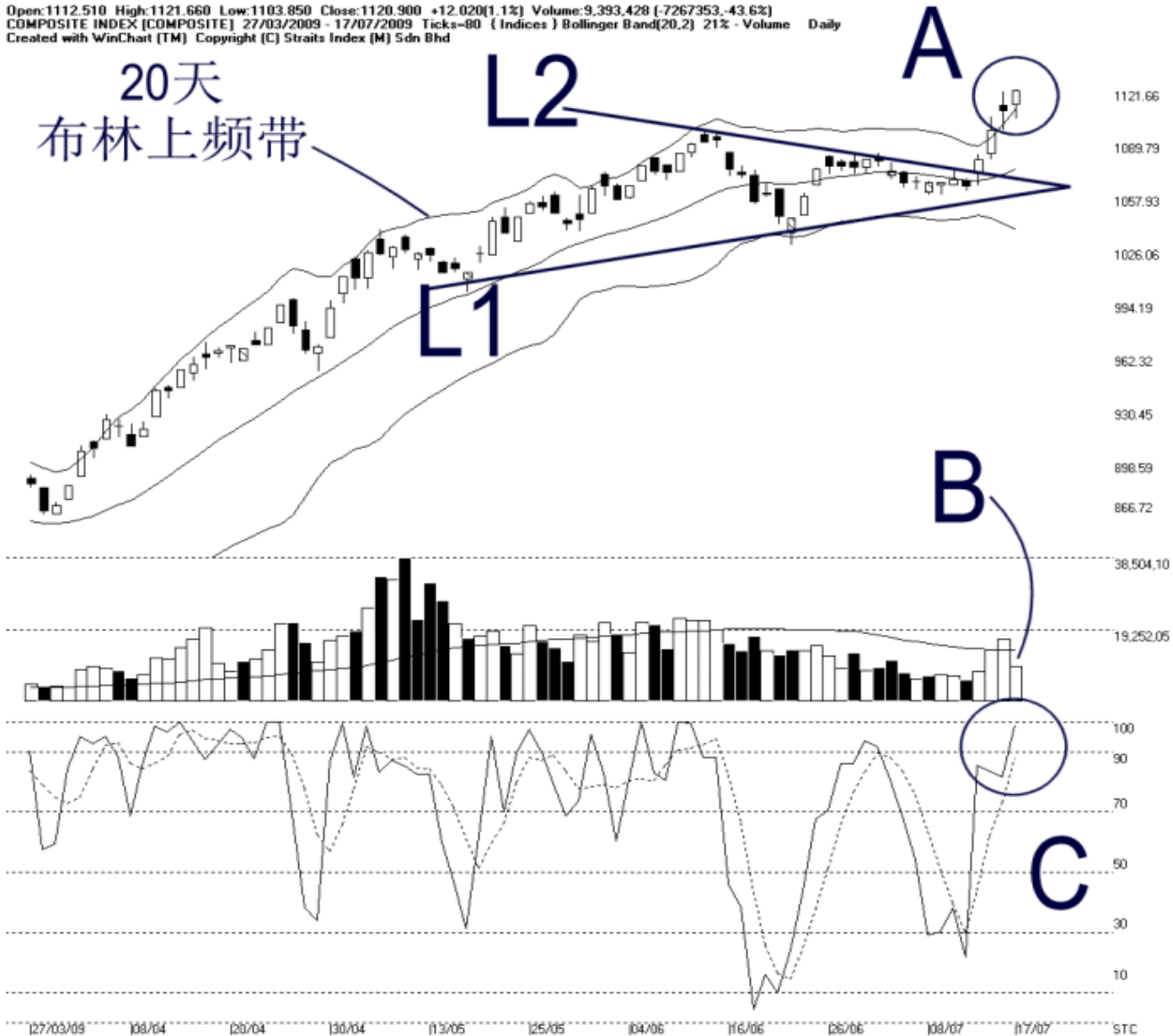


Open:1112.510 High:1121.660 Low:1103.850 Close:1120.900 +12.020(1.1%) Volume:9,393,428 (-7267353,-43.6%)
 COMPOSITE INDEX [COMPOSITE] 27/03/2009 - 17/07/2009 Ticks=80 (Indices) Bollinger Band(20,2) 21% - Volume Daily
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Composite Index Daily Technical Analysis, 17/07/2009, by Straits Index (M) Sdn Bhd

The KLCI had its technical correction on Friday morning, but it managed to regain its losses, lead by some blue chips counters as well as the positive regional market performance, the KLCI closed 12.02 points higher, making yet another new high. As circled by A, the KLCI is still above the 20-day Bollinger upper band, suggesting the KLCI is still over-bought, and therefore, the risk of a pullback effect remains.

Despite the KLCI making new high, total market volume, on the other hand, failed to increased. Therefore, the resistance for the KLCI shall remain at 1120 WinChart Automatic Fibonacci Retracement while the supports are seen at 1096 points and the 10-day Bollinger Middle Band.

As indicated by B, total market volume declined 43.6%, with volume below the 40-day VMA level, suggesting the market was lightly participated. This is partly due to investors are being cautious while waiting for more fresh leads amid the KLCI being over-bought. Nevertheless, if the KLCI should technically correct, a lower volume is usually normal.

As circled at C, the Stochastic nearly touched 100%, suggesting the KLCI short term movement is over-bought, and a chance of a technical correction in the near future. If the Stochastic should fall and break below 70% level, it would be a first signal suggesting the KLCI short term movement is weakening.

From technical analysis point of view, whenever the KLCI is making new high, the increased of volume is the most important confirmation, or else, the KLCI short term bullish movement might seem like losing its strength. Despite the KLCI new high, total market volume failed to confirm the new high.

Nevertheless, the 10-day Bollinger Bands Width is still expanding (+36%), suggesting the short term movement of the KLCI is still bullish biased. However, the risk of a pullback remains.

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