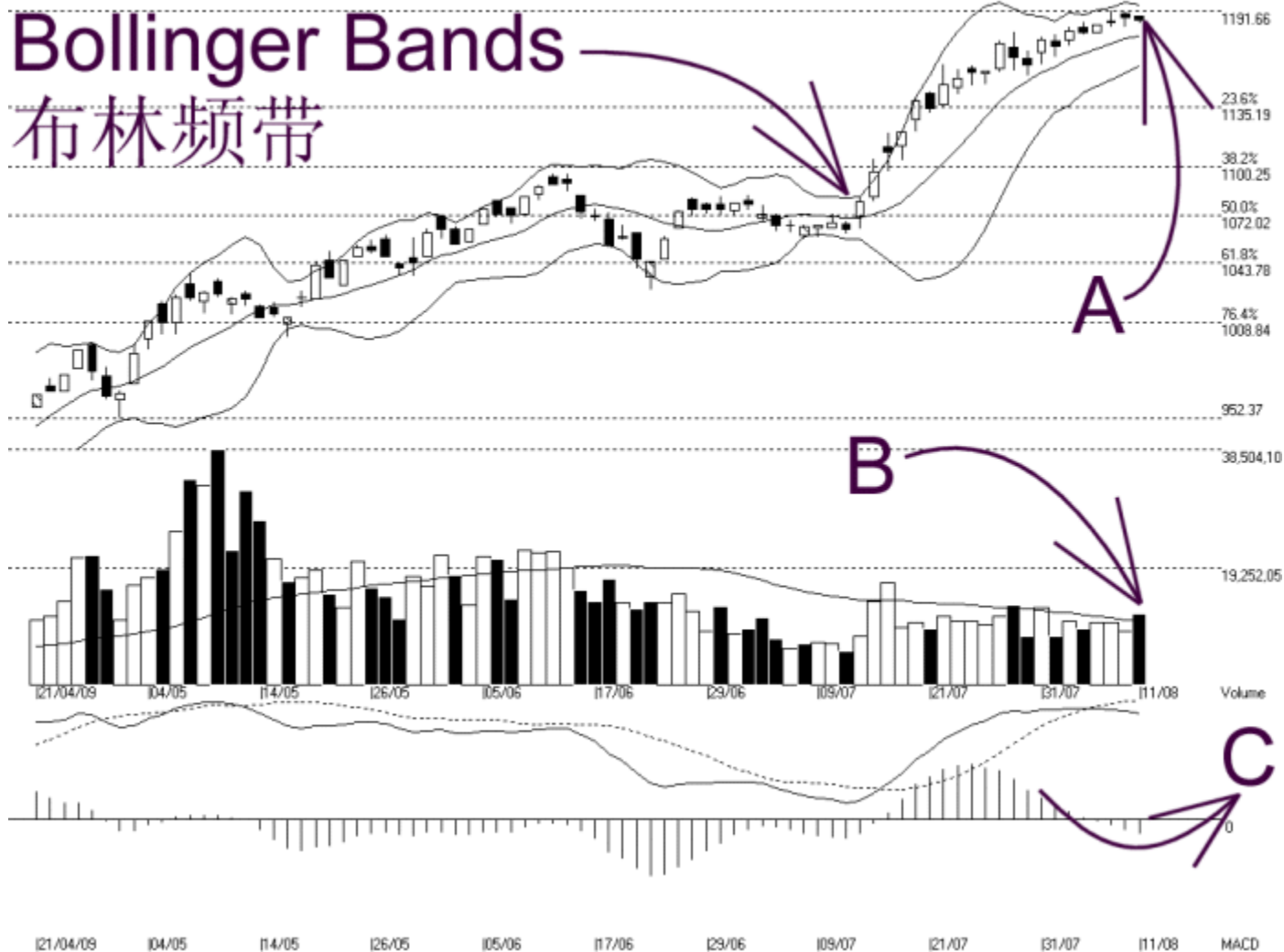


Open:1188.980 High:1188.980 Low:1184.080 Close:1186.280 -1.720(-0.1%) Volume:11,651,653 (+2947224,33.9%)
 COMPOSITE INDEX [COMPOSITE] 21/04/2009 - 11/08/2009 Ticks=80 { Indices } Bollinger Band(10,2) -14% - MACD(12,26,9) Daily (Fibo) 11-8-2009 17:13:28
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Composite Index Daily Technical Analysis, 11/08/2009, by Straits Index (M) Sdn Bhd

As indicated by A, despite the FBM KLCI shading 1.72 point, it managed to stay above the 1166 WinChart Automatic Fibonacci Retracement, and therefore, the 1186 WinChart Automatic Fibonacci Retracement is still the current support for the KLCI, while the resistance is at 1200 psychological level.

As shown on the chart, the Bollinger Bands Width contracted 14%, suggesting the KLCI is still consolidating. The contraction of the Bollinger Bands Width is a typical characteristic of the KLCI consolidation, it also means that the KLCI is now preparing for a new movement, and the direction of the new movement shall only be revealed once the Bollinger Bands Width re-expands, therefore, the Bollinger Bands can suggest buy or sell signal.

As indicated by B, total market volume increased 33.9% in spite of the KLCI consolidation, therefore,

volume is now breaking above the 40-day VMA level, suggesting some increased of market participation. If volume should remain above 40-day VMA level, it would be a positive element for the KLCI movement as the increased of volume suggests an increased of inflow of fresh buyers.

As circled at C, the MACD histogram is still falling, suggesting the KLCI short term movement is still weakening. Nevertheless, if the MACD histogram should rebound and form a Rounding Bottom, it would be a signal suggesting the KLCI is regaining its strength.

To sum up, the KLCI is still preparing for its new movement as seen from the contraction of the Bollinger Bands Width. The contraction of the Bollinger Bands Width with the KLCI consolidating is usually the ideal chart pattern for it provides a clear visual signal suggesting whether the KLCI is still consolidating or the KLCI has started its new movement. When the Bollinger Bands Width re-expands, it would be a signal suggesting the beginning of a new movement, and the direction of the new movement shall be determined by the relative position of the KLCI above or below the Bollinger Middle Band.

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