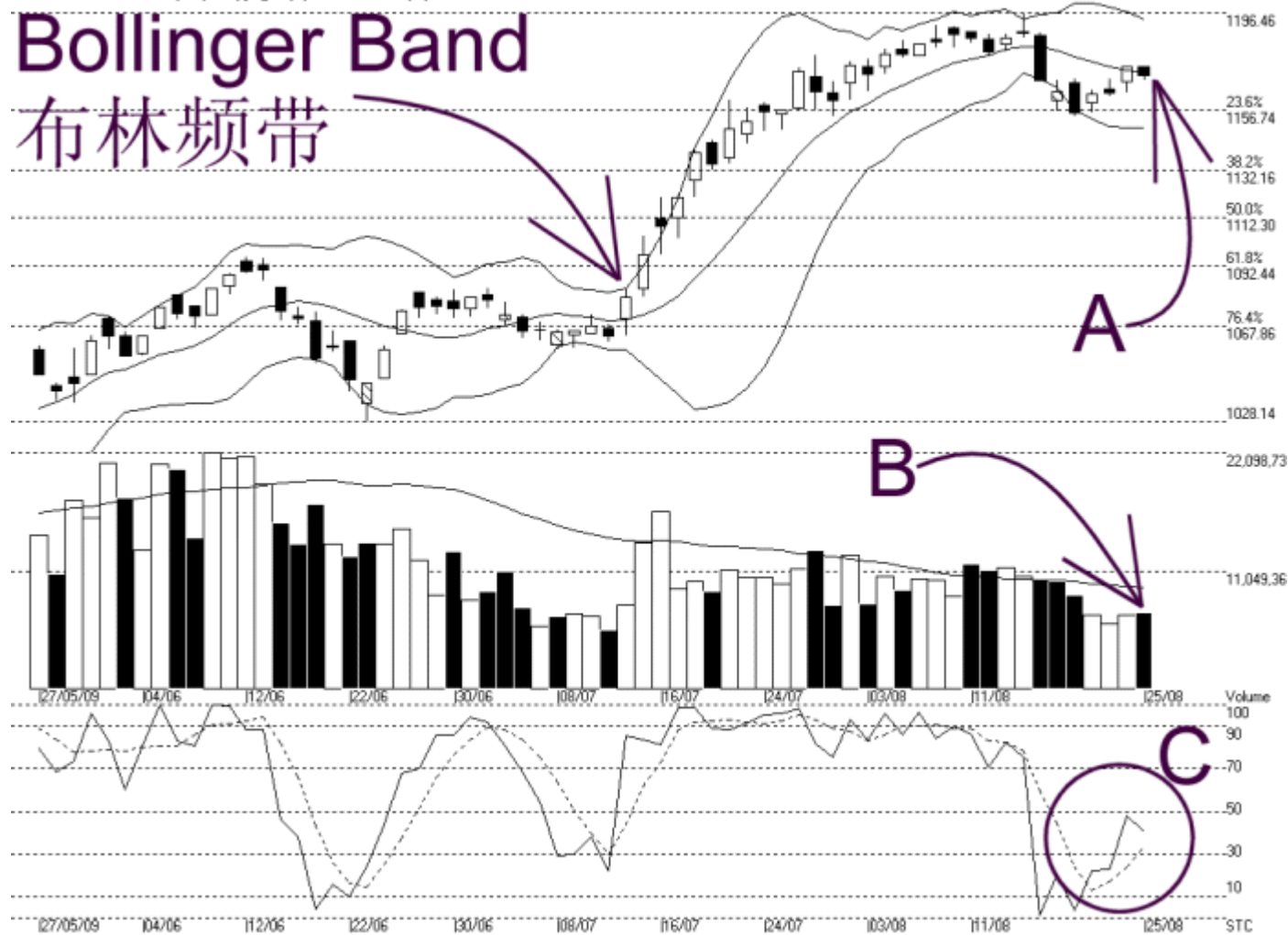


Open:1174.600 High:1174.740 Low:1168.950 Close:1171.090 -3.400(-0.3%) Volume:7,092,483 (+140597.2.0%)
COMPOSITE INDEX [COMPOSITE] 27/05/2009 - 25/08/2009 Ticks=65 { Indices } Bollinger Band(10,2) -7% -STC(9,3) %K=40.29, %D=33.49 (6.8) Daily (Fibo) 25-8-2
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FBM Composite Index Daily Technical Analysis, 25/08/2009, by Straits Index (M) Sdn Bhd

The KLCI was precisely resisted at Bollinger Middle Band, therefore, this Dynamic Resistance remains as the primary resistance of the KLCI (Refer to arrow A), the other immediate resistance is 1186 pt WinChart Automatic Fibonacci Retracement (WAFR), while the support stood at 1163 pt WAFR.

As shown in the chart, the Bollinger Bands contracted 7% today, this shows that the KLCI is still consolidating, and that is why the KLCI is still unable to confirm the uptrend signal on Monday, despite the gaining 10.7 pt or nearly 1%. In other words, the narrowing Bollinger Bands means the KLCI is still consolidating, and the outlook of the KLCI shall remain unclear at the moment.

Volume traded increased 2%, but it is still below the 40 days Volume Moving Average (Refer to B), and as a result, the KLCI failed to regain its strength as the market participation was insufficient. Technically,

volume is required to reach the 40 days VMA in order for the KLCI to climb steadily.

As circled by C, the Stochastic was resisted by the 50%; therefore, the KLCI short term is still unable to break away from the down trend, and this is the signal suggesting that the KLCI short term movement is still weak, until the Stochastic is able to break above the 70%. Nevertheless, with the Bollinger Bands still contracting, it is normal that the Stochastic may react too sensitively.

In conclusion, the Bollinger Band contracting means the KLCI is consolidating, and the KLCI outlook remains unclear; however, with KLCI below the Bollinger Middle Band, the risk of the forming a downtrend remains high. In other words, when the Bollinger Bands begins to expand, the KLCI has to break above the Bollinger Middle Band in order to pick up its strength.

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