



**STRAITS
index**

Straits Index (M) Sdn Bhd
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Open:106.990 High:108.280 Low:105.910 Close:107.870 +1.100(1.0%) Volume:3,921,940 (+375498,10.6%)
 2ND-BOARD [2ND-BOARD] 26/10/2006 - 22/02/2007 Ticks=80 Bollinger Band(20,2) 33% - Volume Daily
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2nd Board Index Daily Technical Analysis 22/02/2007

2nd board index ended higher on Thursday, up 1.10 points to 107.87 points. Based on the chart reading, the 2nd board index remained in an uptrend. However, as circled by A, the 2nd board index has gone over the 20 days Bollinger Upper Band for the second day, and this suggested that the 2nd board has gone over-heated. Therefore, a pull-back effect is due to take place in the near future as a form of technical correction. Nevertheless, with the 2nd board index remained supported by the 14, 21, 31 EMA dynamic support, the uptrend remained intact.

Volume for the 2nd board market marked an all time new high. Although the increased of the volume help sustaining the bullish sentiment, it also, on the other hand,

increase the risk of technical correction; because whenever volume reach its peak, it usually imply the market is at its top. (Study B)

As circled by C, Stochastic continued staying above 90% level, which is the short-term over-bought region. Therefore, there is risk for a technical correction for the 2nd board index. However, if after the correction, Stochastic remained above 70% level, the short-term market sentiment for the 2nd board index is likely to be bullish bias. (Study C)