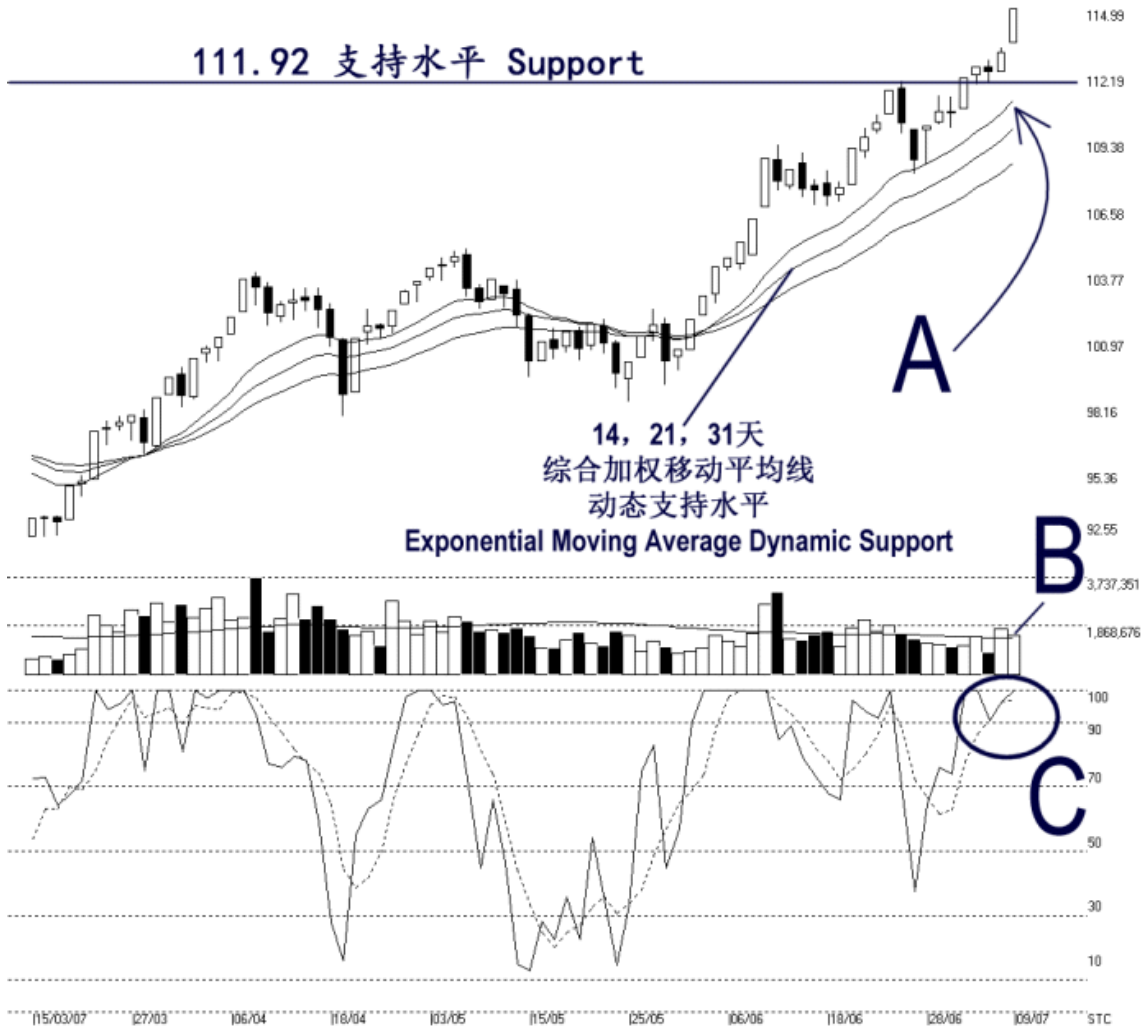




**STRAITS
index**

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Open:113.590 High:114.990 Low:113.590 Close:114.990 +1.860(1.6%) Volume:1,490,017 (-253858,-14.6%)
 2ND-BOARD [2ND-BOARD] 15/03/2007 - 09/07/2007 Ticks=80 Moving Averages e(14,21,31) - Volume Daily
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2nd Board Index Daily Technical Analysis 09/07/2007

The 2nd board index opened with a gap, and ended at the daily high of 114.99 points, up 1.86 points. By right, the gap for the 2nd board index should be a “Continuation Gap”; however, the gap was not backed by an increase of volume, and therefore, there is a risk of forming a “Exhaustion Gap” if the 2nd board index should fall back and fill the gap.

Nonetheless, as indicated by the A, the 14, 21, 31 EMA is still serving as the dynamic support to the 2nd board index, and therefore, provided that the 2nd board index is still supported by the rising dynamic support, the outlook for the 2nd board index is likely to be bullish biased. (Study A). The next resistance for the 2nd board is now at 115.37 WinChart Automatic Fibonacci Retracement level.

Volume for the 2nd board market declined 14.6% on Monday, and as indicated by B, the volume failed to confirm the “Continuation Gap” of the 2nd board index, and therefore, there is a risk of forming an “Exhaustion Gap.” Nevertheless, volume needs to be higher than the 40-day VMA level in order to sustain the bullish sentiment. (Study B)

As circled at C, the Stochastic is still showing a short term over-bought signal, suggesting that the 2nd board index is indeed over-heated. Therefore, if the Stochastic should fall below the 90% level, that would be the signal of the begin of a technical correction. However, if the Stochastic should remain above the 70% level after a possible technical correction, the market movement for the short term shall remain bullish biased. (Study C)