



**STRAITS  
index**

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Open:115.220 High:115.840 Low:114.530 Close:115.680 +0.690(0.6%) Volume:1,592,224 (+102207.6%)  
 2ND-BOARD [2ND-BOARD] 16/03/2007 - 10/07/2007 Ticks=80 Moving Averages e(14,21,31) - Volume Daily  
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115.37 点水平



14, 21, 31天综合加权移动平均线  
 动态支持水平  
 Exponential Moving Average Dynamic Support

### 2<sup>nd</sup> Board Index Daily Technical Analysis 10/07/2007

The 2<sup>nd</sup> board index retreated in the morning session, but ended higher at the closing with the last minutes gains and ended 0.69 of a point higher. As shown on the chart above, the 2<sup>nd</sup> board index is testing the 115.37 resistance level. The 115.37 level was the resistance of the Double Top in the 2<sup>nd</sup> of 2004 and January of 2005. Therefore, in order to break out from this resistance successfully, volume for the 2<sup>nd</sup> board market must increase significantly.

Nevertheless, as indicated by A, the 14, 21, 31 EMA is still serving as the dynamic support to the 2<sup>nd</sup> board index; and therefore, provided that the 2<sup>nd</sup> board index is still supported by the 14, 21, 31 dynamic support, the outlook remains positive biased.

Volume for the 2<sup>nd</sup> board market increased only 6.9%, and therefore, insignificant to confirm the break out of the 115.37 resistance. In short, volume must continue increase and remains above the 40-day VMA level to sustain the bullish sentiment. (Study B)

Until today, the Stochastic is still showing an over-bought signal, which suggested that the 2<sup>nd</sup> board index was indeed over-heated. Therefore, there is still a risk of a technical correction. However, as stated in the previous analysis, if the Stochastic should remain above the 70% level after the short term correction, the market movement for the short term shall remains bullish biased. (Study C)