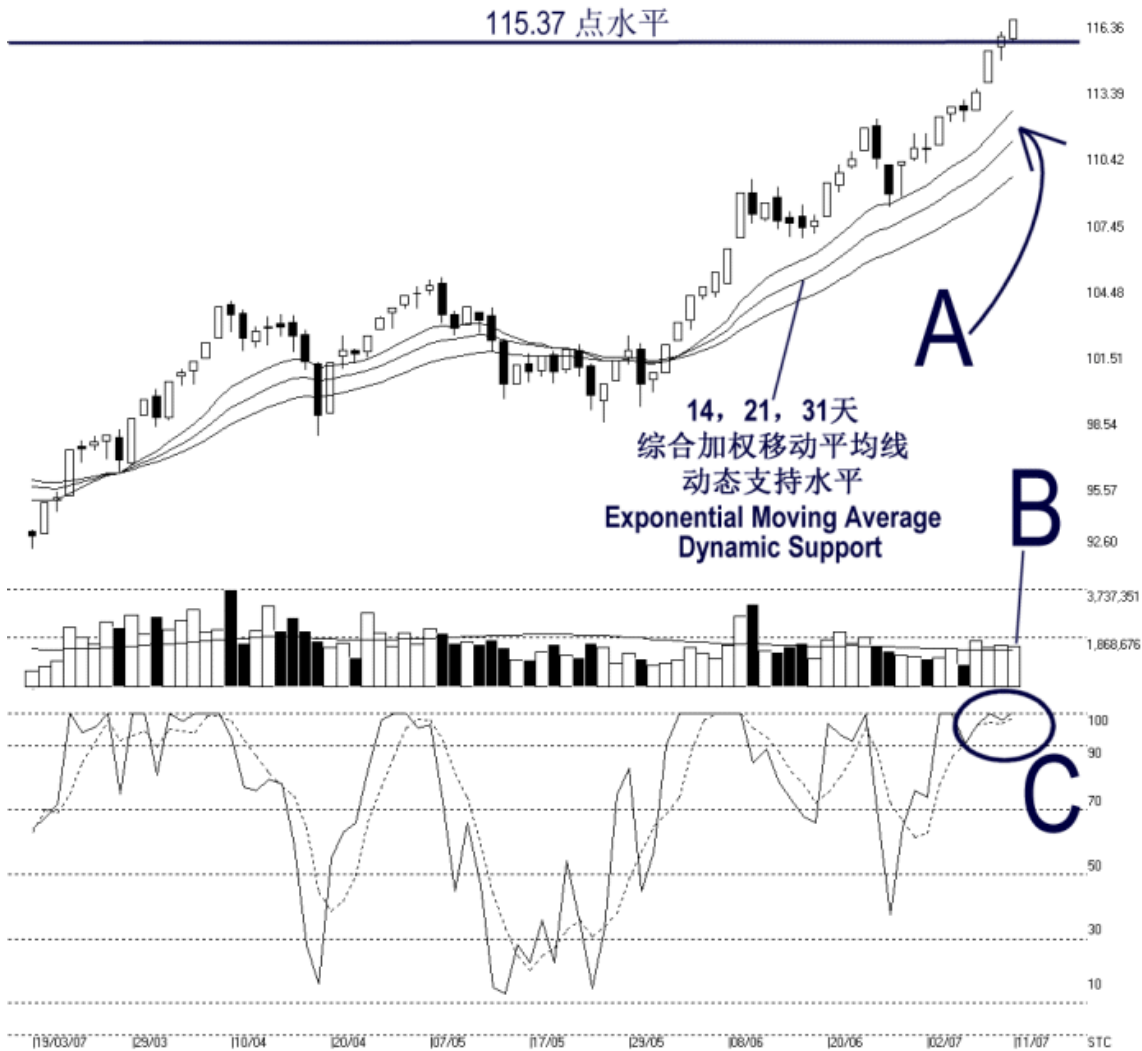




**STRAITS  
index**

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Open:115.580 High:116.360 Low:115.340 Close:116.410 +0.730(0.6%) Volume:1,533,512 (-58732,-3.7%)  
2ND-BOARD [2ND-BOARD] 19/03/2007 - 11/07/2007 Ticks=80 Moving Averages e(14,21,31) - Volume Daily  
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## 2<sup>nd</sup> Board Index Daily Technical Analysis 11/07/2007

On Wednesday, the 2<sup>nd</sup> board index was precisely supported by the 115.37 level, ended the higher 0.73 of a point higher to 116.41 points. Despite the 2<sup>nd</sup> board index break out from the 115.37 level, volume on Wednesday failed to support the break out, and therefore, there is a risk of having a false breakout.

Nevertheless, as indicated by A, as long as the 2<sup>nd</sup> board index is still supported by the 14, 21, 31 EMA dynamic support, the outlook shall remain bullish biased./

As indicated by B, volume for the 2<sup>nd</sup> board market declined 3.7%, and therefore, it failed to confirm the break out of the 115.37 level. By right, in order to sustain the bullish sentiment, volume must increase and continue staying above the 40-day VMA level. If

volume should decline and fall below the 40-day VMA level, it would be a sign of lack of continuity of capital inflow, thus the bullish sentiment of 2<sup>nd</sup> board index is less likely to sustain.

As circled at C, the Stochastic is still showing a short term over-bought signal. Based on the historical static of the 2<sup>nd</sup> board index, when the Stochastic is near 100% level for over 1 week, a technical correction would take place, and therefore, chances for the 2<sup>nd</sup> board index to have a short term technical correction is relatively higher. (Study C)