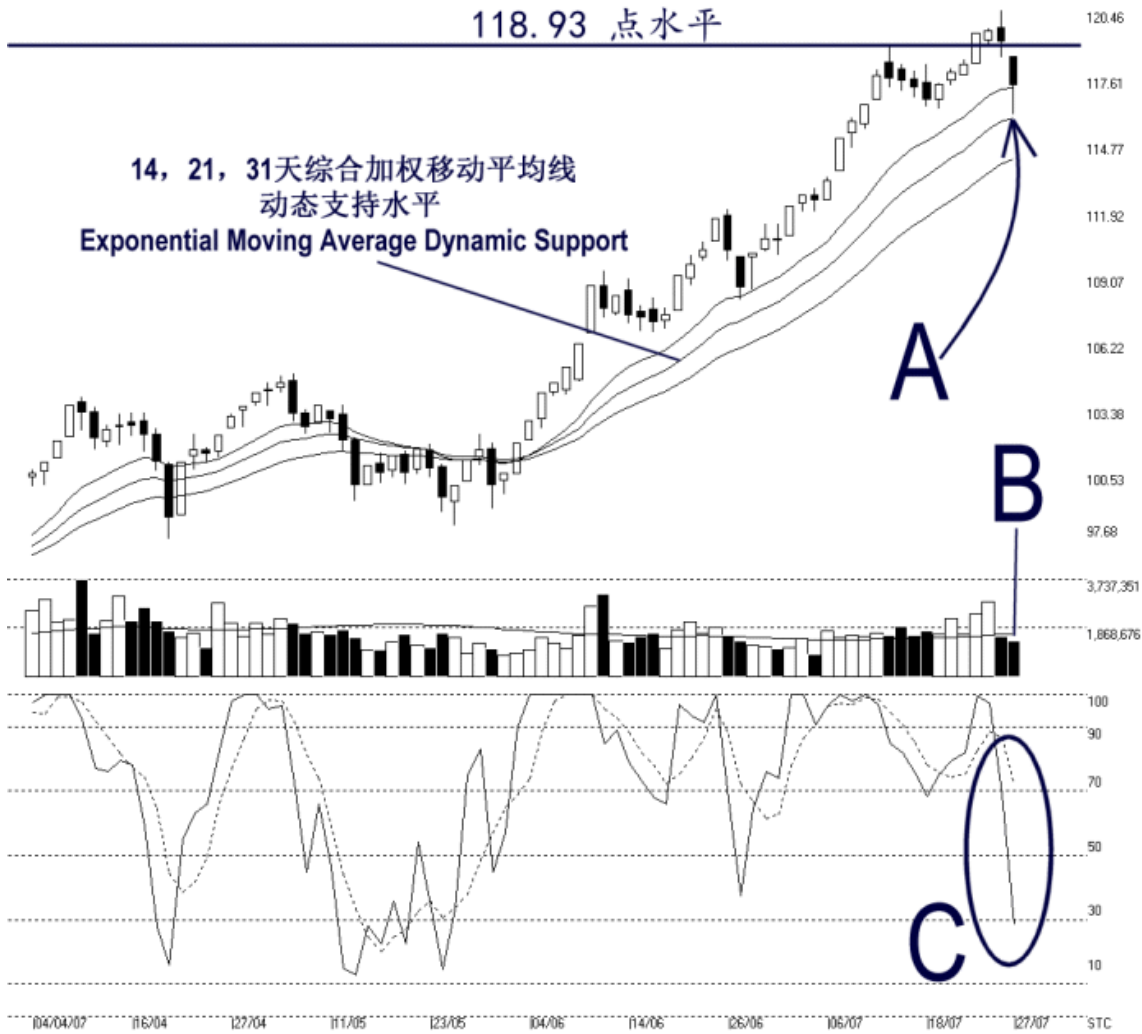




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Open:118.470 High:118.470 Low:115.990 Close:117.270 -1.890(-1.6%) Volume:1,383,606 (-170352,-11.0%)  
 2ND-BOARD [2ND-BOARD] 04/04/2007 - 27/07/2007 Ticks=80 { Indices } Moving Averages e[14,21,31] - Volume Daily  
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### 2<sup>nd</sup> Board Index Daily Technical Analysis 27/07/2007

Due to the over night losses in the US market as well as the losses in the regional markets, the 2<sup>nd</sup> board index also retreated on Friday. As shown on the chart above, the 2<sup>nd</sup> board index falls below the 118.93 level, and had a daily low at 115.99 before successfully rebounded from the 14, 21, 31 EMA dynamic support. Therefore, the 14, 21, 31 EMA is still serving as the dynamic support to the 2<sup>nd</sup> board index. As long as the 2<sup>nd</sup> board index is still supported by the rising dynamic support, the uptrend is still intact. (Study A)

As indicate by B, volume for the 2<sup>nd</sup> board market on Friday decreased another 11% with the volume staying below the 40-day VMA level. This suggests that the participation of

2<sup>nd</sup> board market was relatively low. It is considered normal or healthy to have a lower volume during a retreat, but if the 2<sup>nd</sup> board index should resume its uptrend, more volume is definitely needed. (Study B)

As circled at C, the Stochastic %K line falls marginally below the 30% level, which is a short term bearish region. If the %D line should fall below the 30% level, it should confirm the %K line signal, and the market movement for the short term would turn bearish biased. (Study C)