



**STRAITS
index**

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Open:106.530 High:109.720 Low:106.530 Close:109.720 +3.380(3.2%) Volume:706,574 (-136815,-16.2%)
2ND-BOARD [2ND-BOARD] 21/02/2007 - 08/08/2007 Ticks=118 (Indices) Moving Averages e[14,21,31] - Volume Daily
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2nd Board Index Daily Technical Analysis 08/08/2007

As shown on the chart above, the 2nd board rebounded successfully after being supported by the 105 points support level. However, as indicated by A, the 14, 21, 31 EMA remains falling, and continue serving as the dynamic resistance to the 2nd board index. Therefore, if the 2nd board index should remains resisted by the falling dynamic resistance, the outlook for the 2nd board index remains bearish biased.

Despite the technical rebound, volume for the 2nd board market remains below the 40-day VMA level. This suggests that the market sentiment for the 2nd board market is still weak, as most investors are still staying on the sidelines. Therefore, if the volume should

remains below the 40-day VMA level, the 2nd board index is less likely to regain its strength. (Study B)

On Wednesday, the Stochastic %K line breaks above the 30% level marginally. If the Sto %D line should also break above the 30% level, it would confirm the %K signal, and the 2nd board index short term signal should turn from bearish biased to neutral. Therefore, the 2nd board index would temporary stop falling and consolidate. (Study C)