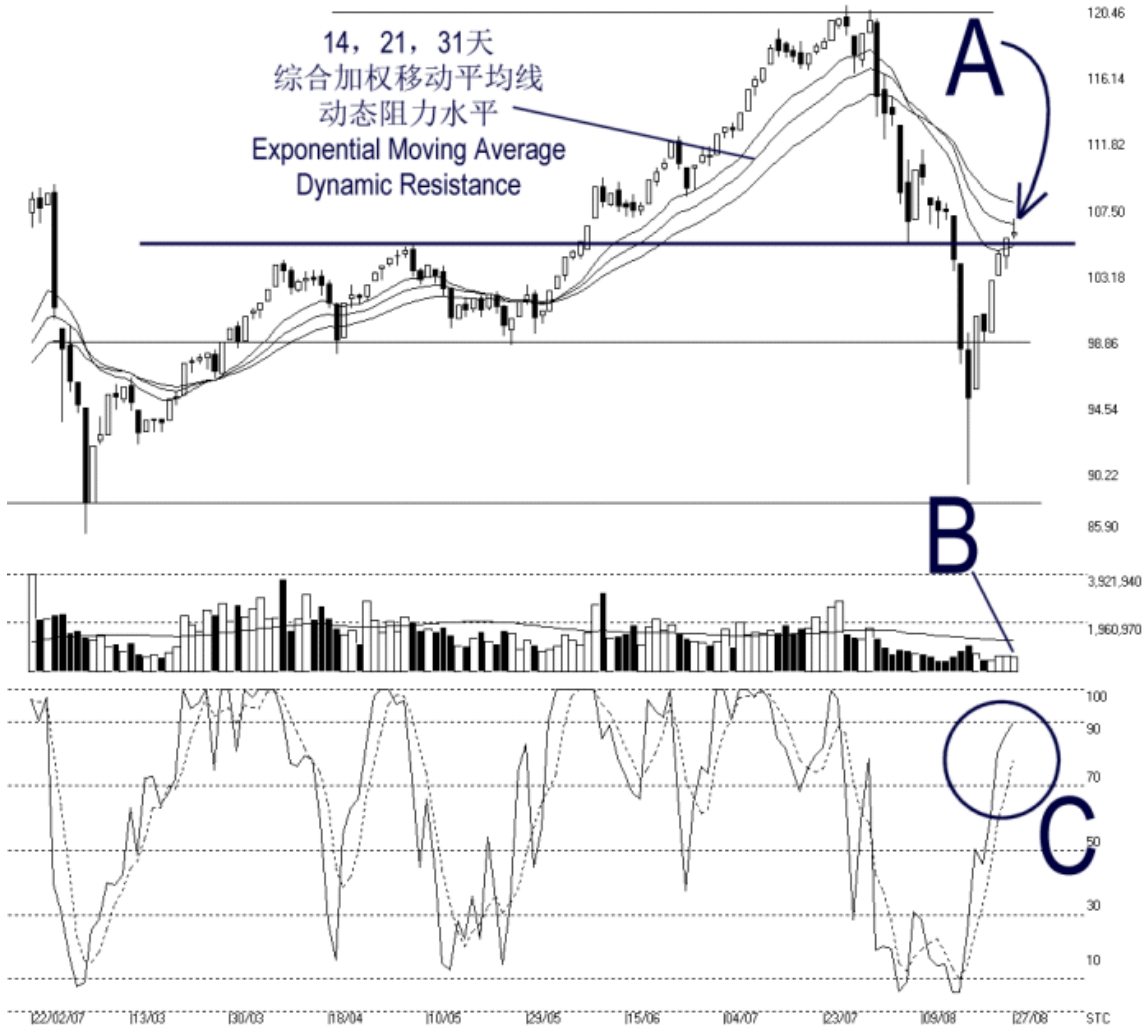




**STRAITS  
index**

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Open:105.500 High:106.550 Low:105.190 Close:105.610 +0.310(0.3%) Volume:605.903 (-27638.44%)  
2ND-BOARD [2ND-BOARD] 22/02/2007 - 27/08/2007 Ticks-130 { Indices } Moving Averages e(14,21,31) - Volume Daily  
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## 2<sup>nd</sup> Board Index Daily Technical Analysis 27/08/2007

On Monday, the 2<sup>nd</sup> board index had a daily high touching at 106.55 points, but it retreats to close at 105.61 points. As indicated by A, the 14, 21, 31 EMA is still serving as the dynamic resistance to the 2<sup>nd</sup> board index, and therefore, if the 2<sup>nd</sup> board index should retreat below the dynamic resistance, the outlook for the 2<sup>nd</sup> board index shall remain bearish biased.

As indicated by B, volume for the 2<sup>nd</sup> board market remains below the 40-day VMA level. This suggests that the participation in the 2<sup>nd</sup> board market is still low. In other words, the 2<sup>nd</sup> board market is lack of the fresh capital inflow; and therefore, without sufficient inflow of fresh capital, the 2<sup>nd</sup> board index is less likely to regain its strength.

As circled at C, the Stochastic %D line breaks above the 70% level, confirming the short term bullish signal. However, the Stochastic must remain above the 70% level in order to sustain the bullish signal. Nevertheless, the Stochastic is only a Secondary Indicator in Technical Analysis. Still, chart patterns and primary indicators are still the most important aspect in Technical Analysis.