



**STRAITS
index**

Straits Index (M) Sdn Bhd
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Open:111.440 High:111.760 Low:110.600 Close:111.320 -0.090(-0.1%) Volume:2,869,804 (+401189,16.3%)
2ND-BOARD [2ND-BOARD] 10/07/2007 - 31/10/2007 Ticks=80 { Indices } Bollinger Band(10,2) 12% - Volume Daily (Fibo)
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2nd Board Index Daily Technical Analysis 31/10/2007

As shown on the chart above, the Bollinger Bands Width continue to expand but with a slower rate, suggesting a lower volatility. Meanwhile, as circled at A, the 2nd board index formed a Spinning Top candlestick pattern on Wednesday, suggesting some profit taking in the market. Nonetheless, as long as the 2nd board index should find its support at the Bollinger Middle Band, there is a chance of a continuation of the bullish Bollinger Bands signal. Resistance for the 2nd board index is still at 113.06 Fibonacci Retracement line.

As indicated by B, volume for the 2nd board market increase 16.3%. Although generally, increase of volume helps to sustain the bullish sentiment. If the 2nd board index is going through a correction with high volume, it would actually imply an increase of selling pressure, thus not an unhealthy correction.

As mentioned in yesterday's analysis, the Stochastic %K line remains above the 90% level on Wednesday. If the Stochastic %K should fall below the 90% level, it would be a signal suggesting a beginning of a short term technical correction. Nevertheless, if the Stochastic should remain above the 70% level after its correction, the market movement for the short term shall remain bullish biased. (Study C)