

20 August 2007

# Straits Times Index

| <u>Key Singapore Indices</u> |         |       |       |
|------------------------------|---------|-------|-------|
|                              | Close   | Chg   | % Chg |
| STI                          | 3,130.7 | -21.5 | -0.7  |
| Sesdaq                       | 201.8   | -12.0 | -5.6  |
| Finance                      | 2,235.9 | -3.6  | -0.2  |
| Property                     | 1,292.5 | -25.2 | -1.9  |
| Electronics                  | 108.2   | 0.8   | 0.7   |
| Vol (m)                      | 3,635.8 | 830.2 | 29.6  |
| Val (\$m)                    | 4,906.4 | 587.5 | 17.7  |

| <u>World Indices</u> |          |        |       |
|----------------------|----------|--------|-------|
|                      | Close    | Chg    | % Chg |
| Dow Jones            | 13,079.1 | 233.3  | 1.8   |
| Nasdaq               | 2,505.0  | 54.0   | 2.2   |
| S&P500               | 1,445.9  | 34.7   | 2.5   |
| FTSE                 | 6,064.2  | 205.3  | 3.5   |
| KLCI                 | 1,119.6  | -16.1  | -1.3  |
| Hang Seng            | 20,387.1 | -285.3 | -1.4  |
| Nikkei               | 15,273.7 | -874.8 | -5.4  |
| SET                  | 758.4    | 7.7    | 1.0   |
| KOSPI                | 1,638.1  | -53.9  | -3.2  |
| TWSE                 | 8,090.3  | -111.1 | -1.4  |

| <u>Market Statistics (SG)</u> |                   |
|-------------------------------|-------------------|
| STI 52-week range             | 2,427.1 - 3,688.6 |
| No. of gainers                | 195               |
| No. of losers                 | 823               |
| No. of unchanged              | 0                 |

## Post mid-year sale!

- The Straits Times Index (STI) sliced through all our forecasted support levels and hit a low of 2,962.01 on 17th August and reversed thereafter in late afternoon, closing at 3,130.71. The plunge downwards has broken through the medium-term uptrend line, this might not bode well for the STI over the next few weeks.

- However, given the extent of the correction, we can expect a rebound in the week ahead, which has been signaled by 2 indicators. The first being the Doji candlestick formation on the 17th of August that was on the back of very high volume. The second is that the short-term RSI and stochastic indicators are trading within oversold regions.

- Elliot wave counts indicate the STI is currently undergoing wave 4 of a 5-wave up cycle.

- Our forecasted rebound should face strong resistance around the levels of 3,250 - 3,350. A break above this zone would result in the index testing the medium-term uptrend line. This would be a crucial gauge of the market strength going forward. Should the STI break above the trend line, we can expect a test of support on that up-trend line. The support of that trend line would need to hold to signal that the STI would climb higher.

- A failure to break through the trend line could result in the index pulling back towards our support level at 2,800.

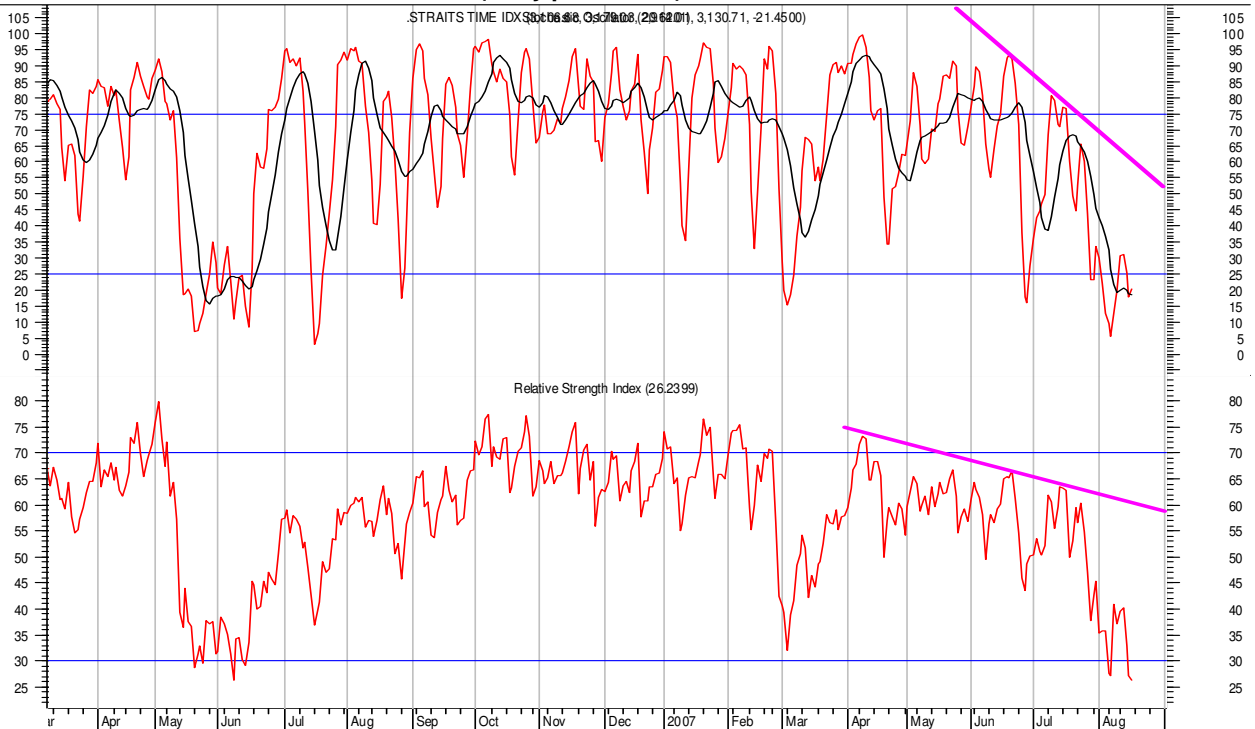
**Charts on pages 2**

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**Chart 1: Straits Times Index (Daily price chart)**



**Chart 2: Straits Times Index Price Indicators (Daily price chart)**



Data source: Telegote

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