

20 March 2007

Straits Times Index

<u>Key Singapore Indices</u>			
	Close	Chg	% Chg
STI	3113.4	45.6	1.5
Sesdaq	166.6	3.2	2.0
Finance	2306.2	18.9	0.8
Property	1350.8	32.6	2.5
Electronics	122.0	0.7	0.6
Vol (m)	1095.3	-55.0	-4.8
Val (\$m)	1114.3	-166.0	-13.0

<u>World Indices</u>			
	Close	Chg	% Chg
Dow Jones	12,226.2	115.8	1.0
Nasdaq	2,394.4	21.8	0.9
S&P500	1,402.1	15.1	1.1
FTSE	6,189.4	58.8	1.0
KLCI	1192.2	10.0	0.8
Hang Seng	19,266.7	313.2	1.7
Nikkei	17009.6	265.4	1.6
SET	669.1	-1.9	-0.3
KOSPI	1443.4	15.5	1.1
TWSE	7,737.5	17.7	0.2

<u>Market Statistics (SG)</u>			
STI 52-week range	2277.9	3316.2	
No. of gainers			437
No. of losers			241
No. of unchanged			-

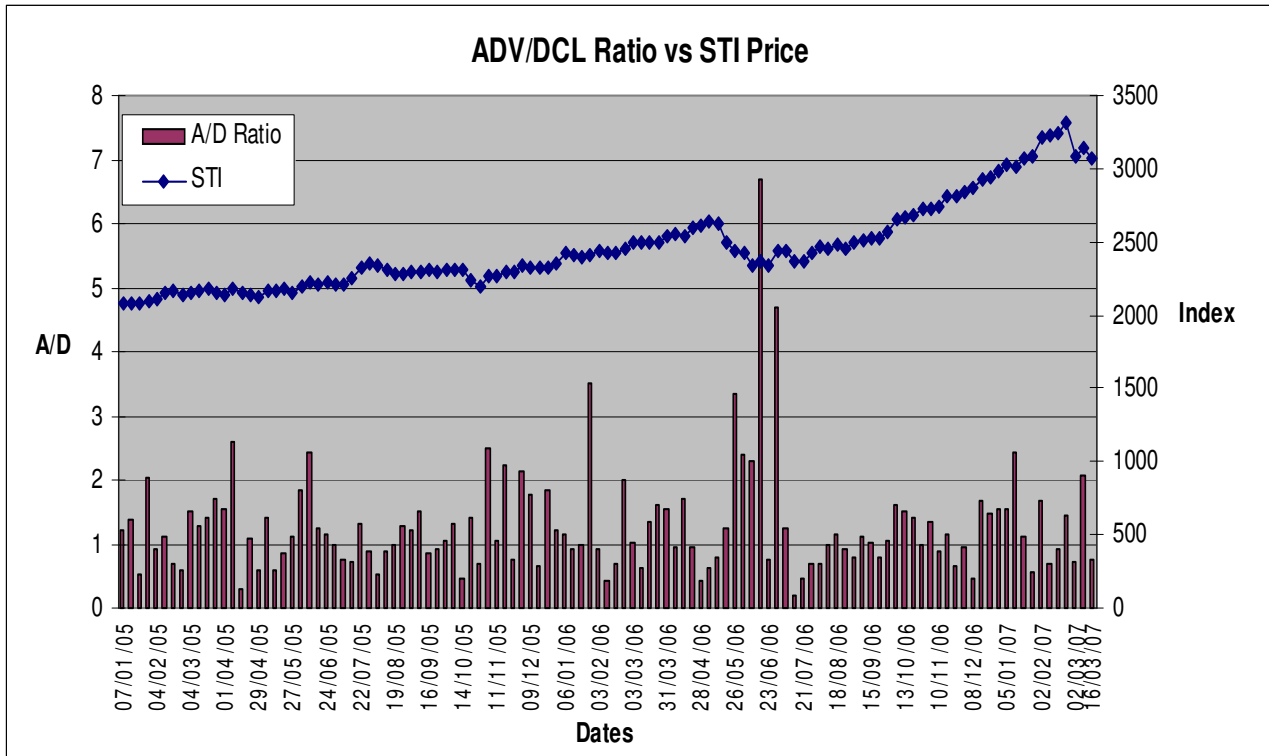
Searching for direction

- The STI has fallen into a consolidation pattern since the 14th of March, and is currently trapped within its 50 and 100-day moving averages.
- The recent rebound for the STI is accompanied by relatively low and declining traded volume. These indicate that the current price rebound may not be sustainable, as investors seem unwilling to commit their funds until the market has established a firmer footing.
- We also observe that the recent advance to decline ratio (ADR) of the index member stocks on a weekly basis has been relatively low. The recent ADRs are volatile, and there is no sign of a sustained rise in ADR to reaffirm the emergence of a sustainable uptrend for the STI. We expect this ambivalence in the market to continue for a while longer (refer to chart 1).
- The volatile ADR, low traded volume and the current downtrend of the 10-day moving average signal a current downside bias for the STI.
- Based on our previous quantitative analysis (6th of March), we maintain our 15% correction target from the peak at 3,316.22. This would have placed the bottom of the correction close to the upper band limit of our forecasted support zone of 2,700-2,800. The immediate resistance level for the STI remains at 3,220 (refer to chart 2).

REFER TO PAGE 2 FOR CHARTS 1 & 2.

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Chart 1: STI Advance/Decline Ratio vs Price (Weekly)



Data source: Bloomberg

Chart 2: Straits Times Index (Daily price chart)



Data source: Telequote

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