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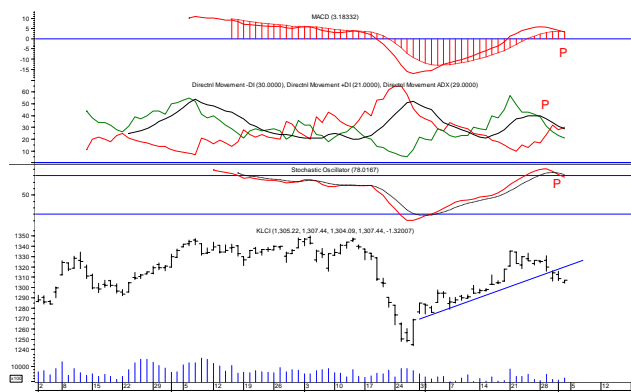
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MARKET FLASH

FBM KLCI

Mon, 5 July 2010



MARKET STATISTICS (2/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,307.44	- 1.32
FBM 100	8,603.81	- 1.09
FBM ACE	3,784.46	- 15.74
Volume (m)	626.1	
Value (RMm)	974.2	
Up	206	
Down	300	
Unchanged	263	

FOREIGN

Nikkei	9,203.71	+ 12.11
Hang Seng	19,905.32	- 223.67
STI	2,844.19	+ 23.84
Shanghai CI	2,382.90	+ 9.11

BURSA MOVERS

Gainers	Close	Chg
Warisan	2.35	+ 0.19
Nestle	34.86	+ 0.18
Proton	4.57	+ 0.15
MMSV	0.28	+ 0.15
Khind	1.25	+ 0.15

Losers	Close	Chg
DFZ	3.44	- 0.25
Sycal-WA	0.135	- 0.245
Tanjong	17.06	- 0.24
Amway	7.90	- 0.18
IRCB	0.64	- 0.14

Actives	Close	Chg
Sinotop-OR	0.045	- 0.005
Genm	2.62	- 0.12
IRCB	0.64	- 0.14
Carotech	0.09	- 0.045
Talam	0.12	-

Today's Market Direction :

FBM KLCI would likely to trade **above** 1,307.44 level.

Market Buying Strength :

About **83%** of total market volume on 2/7/2010 was on buying side compared to **27%** in the preceding trading day.

"Movement" in Strong Hands :

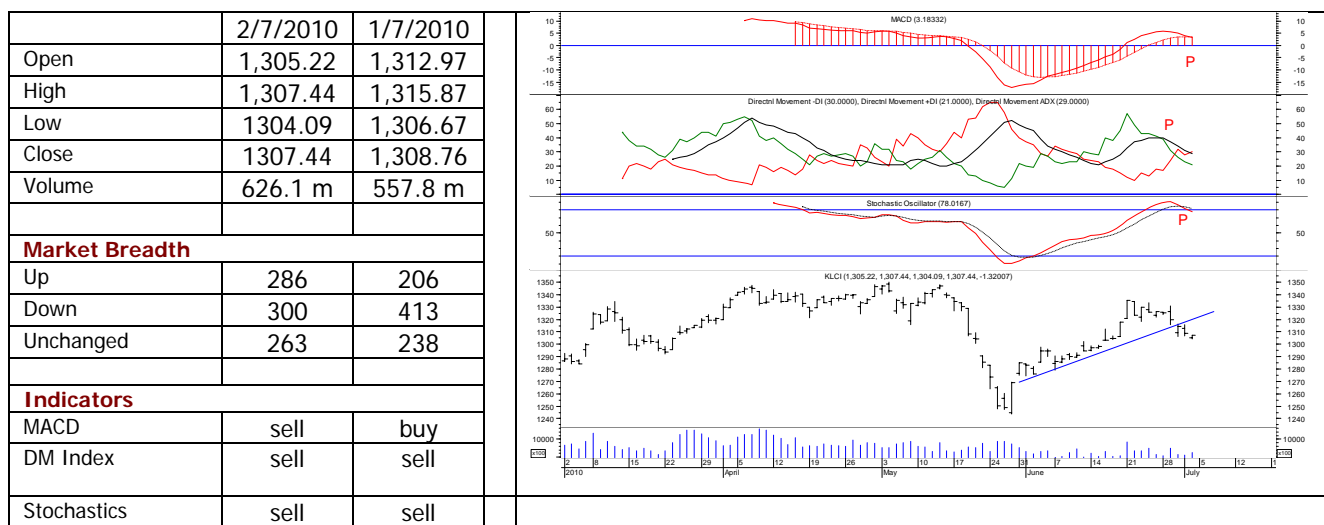
Strong hands were seen **liquidating** a small portion of stock positions on 2/7/2010.

Pivot Point Studies for Intra-Day :

For **Monday (5/7/2010)**, 1st resistance @ 1,308.5 & 2nd resistance @ 1,309.6 ; 1st support @ 1,305.2 & 2nd support @ 1,302.9.

To read more

Technical Analysis – Daily FBM KLCI



Supportive at 1,300 psychological level

Market Commentary :

Dampened by an increase in initial claims for unemployment benefits by 13,000 last week to 472,000, a drop in home purchase for May 2010, and a fall in manufacturing index for June 2010 (ISM), DJIA had on 1/7/2010 lost 41.49 points to close below 10,000 level for 3rd consecutive day at 9,732.53.

The double-digit drop in Wall Street sent another dampening effect on Bursa Malaysia in the opening bell on 2/7/2010, FBM KLCI traded lower to a day low of **1,304.09** as traders continued to play on selling side in anticipation of lower market. However, in the absence of stronger selling pressure in area of **1,304.09**, renewed buying interest rolled in, this lifted stock index to a day high of **1,307.44** before settled at **day high**.

The **fall** of **1.32** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.04), **IOI Corp** (down RM0.02), **KLK** (down RM0.02), **Genm** (down RM0.12) and **Sime Darby** (down RM0.01).

What was the chart saying

Market came under another round of selling attack to go lower than the immediate low of 1,306 (30/6/2010) yesterday. An attempt to push the market as near to 1,300 level as possible was made on 2/7/2010; but, selling steam got a little cautious as stock index drew near to 1,300 level at this juncture with many traders seen unwilling to jump into the game to establish stock positions.

The sell down to **1,304.09** on 2/7/2010 was not a surprise, because the downside violation of 1,320 level on 29/6/2010 had already indicated higher degree of selling pressure in the market, and the external negative factor somehow helped to expedite the selling pace to lower level. **Like what we had said in our marker report on 29/6/2010**, this market would not look “healthy” if the stock index were to continue to drag its feet in such a lacklustre manner as this would create a higher tendency for traders to play a selling game.

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Will this be an indication of more selling today (2/7/2010) ? What happened on 29/6/2010 was basically the result of inability on the part of traders to prop up the market higher than 1,336 level (24/6/2010) prior to the inside day bar pattern on 28/6/2010. Of course, bearish traders' scepticism about the market potential to go very far up, and also the 32 points sharp rise on 18/6/2010 & 21/6/2010 had also played their roles in capping the market to the upside. [In view of how the market carried itself on 2/7/2010, renewed buying interest should be making an inroad today on a conservative basis.](#)

Why didn't the market trade higher on 2/7/2010 ? It was nothing more than expectation of a weakening market. Furthermore, the market attempt to "breakaway" to the up on 29/6/2010 ended with greater selling pressure continued to work in traders' mind psychologically.

With market traded down to a day low of 1,304.09 on 20/7/2010, what would likely happen to the market now ? The lower low market scenario on 30/6/2010 was indeed not a friendly sign to see a positive move resistance pegged at 1,320 level with support at 1,300. [Many eyes are looking at 1,300 psychological level, because a downside violation to go below 1,300 level after the recent crossover of 1,300 level on 16/6/2010 would not go well with bullish game play; thus, it is critical see how market would put up a defensive play here.](#)

Can we possibly be bullish again about the market ? The market may be seen with higher inclination to fall further; but, if this market can stay in a range environment between 1,285 and 1,300 (assuming market makes way to the bears on a downside breakout of 1,300 level) without much volatility, then to be followed by a climb back up above 1,320 level accompanied by increasing volume. A stronger brand new bullish play cannot be ruled out.

What were the strong hands doing

A check of internal market strength on 2/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a small portion of buying positions, the number of stock positions established on 2/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 48% from 47% in the preceding trading day (1/7/2010).

Conclusion :

The short term market outlook turned negative with medium term remained fragile.

[The analysis of overall daily market action\(s\) on 2/7/2010 revealed that buying power\(s\) was stronger compared to selling pressure\(s\), FBM KLCI would thus likely to trade above 1,307.44.](#)

Today's Hot Pick – Eng

	2/7/10	1/7/10
Open	2.28	2.29
High	2.29	2.29
Low	2.27	2.25
Close	2.28	2.26
Volume	782	5,274
Indicators		
MACD	sell	sell
DM index	sell	sell
Stochastics	sell	sell

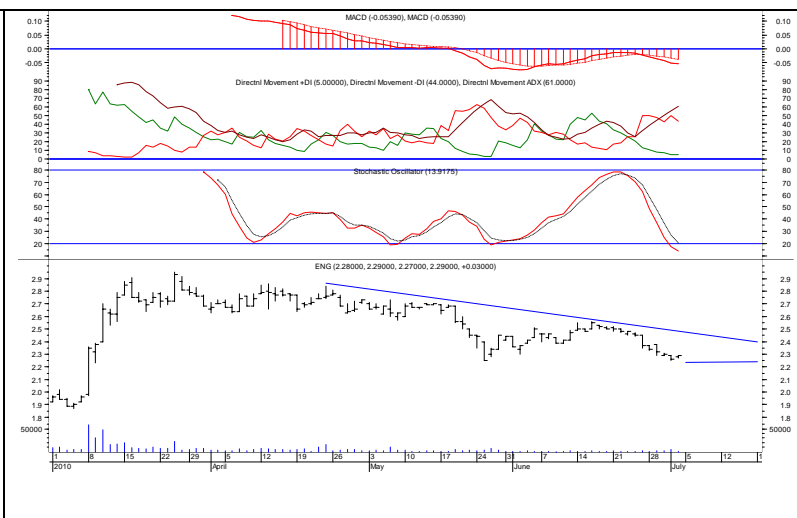


Chart wise : *A quick rebound seen in the making*

Eng (8826 - MainBoard) had on 2/7/2010 tested previous day high of **RM2.29** before settled at **RM2.28**.

Next Potential Upside Target : With the stock keeping its low above RM2.25 level, **Eng** looked set to trade upward with next immediate upside target at **RM2.38**.

Entry Level : Risk taking traders may establish buying position at **RM2.27** as a small pull back is seen likely before making attempt(s) to go higher.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM2.24** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Genting

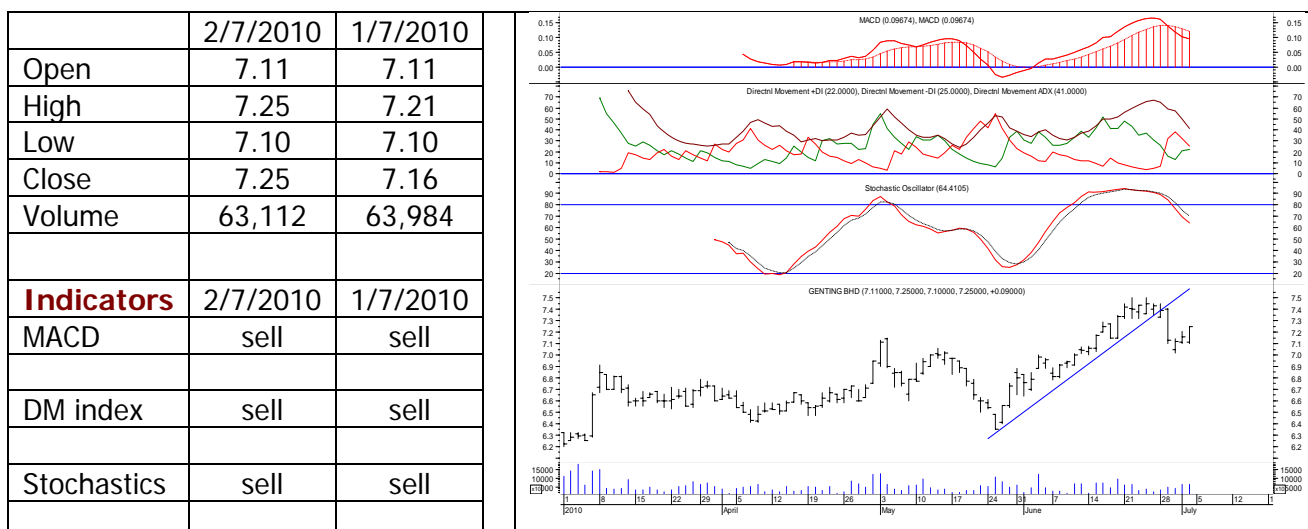


Chart wise : Resistance seen at RM7.45

Genting (3182 - MainBoard) had on 2/7/2010 traded higher to a day high of RM7.25 before settled at RM7.25.

Price Direction

In view of a decrease in market participation, the stock could be expected to trade sideways in coming day(s) with an overhead resistance pegged at RM7.45 and support at RM7.00.

What to watch for

A turnaround of prices to close below RM7.00 level would see an immediate short term reversing direction in the stock.



Chart wise:

Neutral

Eastern & Oriental Bhd (3417) - Main Market- Properties.

Although E & O's share momentum indicators have perked up slightly during intraday trades on Friday, especially the oversold stochastics, they are still insufficient to give the stock a strong upward momentum as yet. Thus, it is likely that the stock will continue on its' sideways trend, unless it can take out the 97 sen, which is also near its short-term high.

If this occurs, then the stock is a trading buy, otherwise we are neutral. The other resistance is at RM1.00. The support, meanwhile, is at 85.5 sen, the recent low.

Technical Analysis – Weekly FBM KLCI

	2/7/10	25/6/10
Open	1,326.06	1,320.78
High	1,331.09	1,335.31
Low	1,304.09	1,318.52
Close	1,307.44	1,326.45
Volume	3.02 bil	3.59 bil
Pivot	1,314.2	1,326.7
1 st Resis.	1,324.3	1,335.0
2 nd Resis.	1,341.2	1,343.5
1 st Supp.	1,297.3	1,318.2
2 nd Supp.	1,287.2	1,309.9
Indicators		
MACD	sell	sell
DM Index	sell	buy
Stochastics	sell	sell

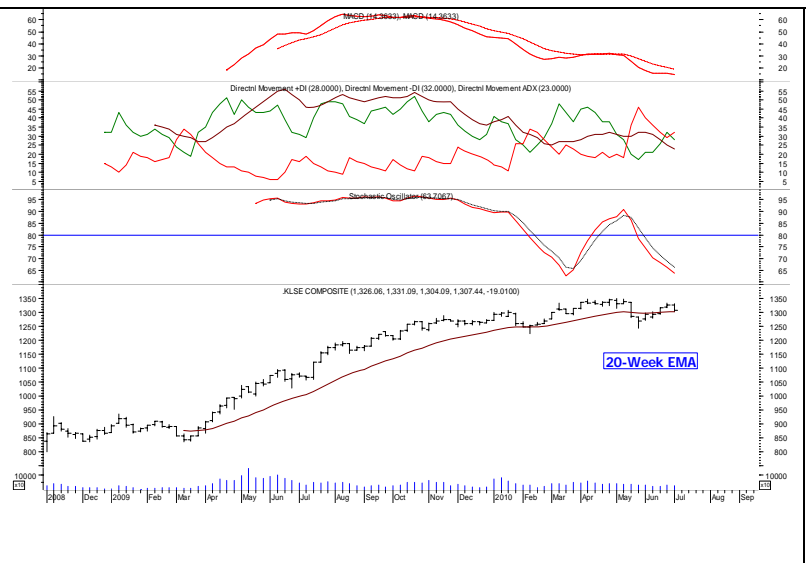


Chart wise : .

..... **15% of total weekly market trading activity was on buying side**

Weekly Market Commentary :

Affected by the non-friendly US reports on jobs, housing and manufacturing, DJIA came under renewed selling pressure to go below 10,000 level to reach a week low of 9,621.89 before settled at **9,732.53** for the week ended 1/7/2010.

The downward move in Wall Street sent a dampening effect to Bursa Malaysia, FBM KLCI only rose to a week high of 1,331.09 until traders chose to change their game play from buying to selling, that gave a pressure to the market to decline. KLCI traded down to a week low of **1,304.09** before settled at **1,307.44** last week.

Total market turnover was **3.02** billion shares for week ended **2/7/2010** compared to **3.59** billion shares in the previous week, the **smaller market volume in a down close** scenario suggested **weaker buying pressure**.

With a week high (1,331.09) lower than previous week high (1,335.31) and a lower low (1,304.09) than previous week low (1,318.52), can market continue to go upward ? The lower weekly high and weekly low last week (2/7/2010) with weekly high above the 20-week MA on settlement basis was still seen friendly to the market development. And, the decline to 1,304 level was viewed adequate to allow a fair pull back in consideration of the market quick rise to 1,335.31 in the previous week.

On examination of the market behaviour for the week ended 2/7/2010, the weekly **down close** of **1,307.44** did not paint a friendly picture onto the chart with **support** pegged at **1,300** and **overhead resistance** at **1,330** level.

A mathematical calculation showed that about **15 %** of the total market trading activity for week ended 2/7/2010 was on the **buying side** compared to the **66 %** in the previous week.

Conclusion :

The market action(s) for week ended 2/7/2010 revealed that buying power was **weaker** than selling pressure, FBM KLCI would thus be making attempt to trade **below 1,304.09** with certain amount of supportive play expected at 1,300 level.

MAJOR NEWS

Commodity, Currency and Economic News

The Kuala Lumpur **CPO futures** market joined other major world stock and commodity markets in a collective meltdown last week. The actively-traded third month forward futures contract - the benchmark September 2010 contract - plunged not only to a new low for the year, but also to a nine-month bottom. It settled last Friday at RM2,335 a tonne, down RM49 or 2.06 per cent over the week. News reports have of late put much of the blame for the global financial markets meltdown on the slowdown in China's economy. China is the world's single largest buyer of palm oil and it would be unavoidable that the prospects for palm oil would be dented if that country's economic growth is indeed slowing down. (BTimes)

The US dollar was near its lowest level in six weeks against the euro as traders added to bets the Federal Reserve will keep interest rates near zero on signs the world's largest economy is slowing. The greenback completed a fourth week of declines against the yen on July 2 after a government report showed U.S. employment fell for the first time this year. Service industries in the U.S. expanded at a slower pace in June, indicating the economy started to cool entering the second half, economists said before a report this week. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	9686.46	-46.05	-0.47	Nasdaq CI	2091.58	-9.57	-0.46
S&P 500	1022.58	-4.79	-0.47	FTSE 100	4838.09	32.34	0.67

Global and Local Headlines

U.S. stocks plunged last week, giving the Dow Jones Industrial Average its first seven-day loss since 2008, after reports showing slower-than-estimated growth in jobs and factory orders and amid concern China's economy has slowed. Alcoa Inc. and Boeing Co. slumped more than 9.9 percent this week after the Conference Board slashed its estimate of Chinese growth and U.S. government reports on employment and manufacturing trailed the median economist estimates. Financial institutions in the Standard & Poor's 500 Index dropped 7.6 percent as a group after Moody's Investors Service said JPMorgan Chase & Co. and Bank of America Corp. may face lost revenue. The S&P 500 fell 5 percent to 1,022.58 last week, slumping all five days and closing at the lowest level since Sept. 4. The Dow retreated 457.33 points, or 4.5 percent, to 9,686. It last fell seven days the month after Lehman Brothers Holdings Inc. filed the world's biggest bankruptcy. (Bloomberg)

Wilmar International Ltd., the world's largest palm oil trader, agreed to buy CSR Ltd.'s sugar unit for an enterprise value of A\$1.75 billion (\$US1.5 billion), countering an offer from China's Bright Food Group Co. "Sucrogen has a good strategic fit with Wilmar's existing portfolio of high quality, processed agri-products," Wilmar Chief Executive Officer Kuok Khoon Hong said today in a statement. The offer includes A\$1.347 billion in equity and A\$403 million in net debt, Wilmar said in the statement. Bright Foods intended to trim its offer for Sucrogen, as the unit is known, to between A\$1.65 billion and A\$1.7 billion, from its initial offer of A\$1.75 billion, the Australian Financial Review said today, citing unidentified people close to the deal. Buying Sucrogen will give Wilmar mills that produce 45 percent of Australia's raw sugar and account for about 4 percent of international trade. (Bloomberg)

India's central bank signaled it's set to raise interest rates again after an unscheduled increase last week, on concern that increased consumer spending and higher fuel prices will stoke inflation. The Reserve Bank of India, led by Governor Duvvuri Subbarao, on July 2 boosted the reverse repurchase and repurchase rates by a quarter point each, to 4 percent and 5.5 percent, and added it will "take further action as warranted." (Bloomberg)

European Central Bank President Jean-Claude Trichet pressed governments to trim their budget deficits, saying such action would boost economic growth by improving confidence of consumers and investors. "We are in a period where we have to manage budgets very tightly," Trichet told journalists in Aix-en-Provence, France. "I have no problem with austerity, rigor. I call this good budgetary management." (Bloomberg)

The Australian central bank may keep its benchmark interest rate unchanged for a second month on signs the Group of 20's most aggressive round of increases is cooling retail sales and the property market. Reserve Bank of Australia Governor Glenn Stevens and his board will leave the overnight cash rate target at 4.5 percent, according to all economists surveyed by Bloomberg News. Stevens has returned borrowing costs to "average" levels in Australia, one of the few economies to skirt last year's global recession, increasing his "flexibility" to react should Europe's sovereign debt crisis derail the global recovery. Policy makers have also signaled that the decision to resume rate gains will hinge on inflation figures due late this month. (Bloomberg)

Despite the soft economic conditions, **Panasonic Malaysia** expects to record sales of RM2bil this year compared with last year's RM1.75bil. It had RM1.54bil sales in 2008. Panasonic Malaysia Sdn Bhd managing director Jeff Lee attributed this to the wide range of products sold in Malaysia as well as the strength of the brand. "We are No. 1 in terms of sales in a number of product ranges, the first being air-conditioners, selling between 30,000 and 35,000 units a month in Malaysia. "We are also very strong in the audio-visual products. In the last several months, we sold an average 12,000 plasma TVs a month because of the World Cup as well as the advent of the flat screen," he said. (Star)

The opening of the Indira Gandhi International (IGI) Airport's new Terminal 3 (T3) here last Saturday, has enhanced **Malaysia Airports Holdings Bhd's** (MAHB) stature as an airport operator and manager beyond the Malaysian borders. MAHB owns a 10 per cent stake in a consortium led by India's GMR group, which built the estimated US\$1.5 billion (RM4.8 billion) terminal in a record time of 37 months. The consortium was given a 30-year concession in 2006 to manage, operate and expand the IGI Airport, which now handles 25 million passengers a year. The new T3 increases passenger traffic capacity by another 34 million. In terms of area, it is the eighth largest airport terminal in the world, and fifth largest in Asia, after Dubai, Beijing, Hong Kong and Bangkok. (BTimes)

Eastern and Oriental Bhd (E&O) is set to add to Penang's attractions with one of its newest offerings: a water limousine service operating between the 125-year-old Eastern and Oriental (E&O) Hotel and the Seri Tanjung Pinang development. Executive director Eric Chan Kok Leong said the E&O water limousine will ferry passengers between the new pier at the E&O Hotel Annexe and the retail marina at Straits Quay in Seri Tanjung Pinang in Tanjung Tokong. "These plans are subject to the authorities' approval and we are currently evaluating potential partners with the necessary expertise in type of craft and caliber of operations management," he told Business Times. (BTimes)