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(A Participating Organisation of Bursa Malaysia)

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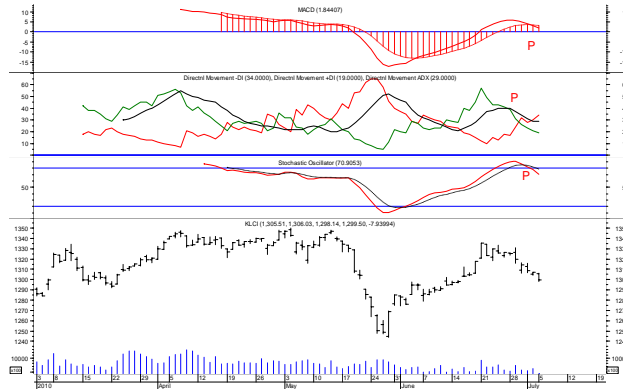
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MARKET FLASH

FBM KLCI

Tues, 6 July 2010



MARKET STATISTICS (5/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,299.5	- 7.94
FBM 100	8,550.41	- 53.40
FBM ACE	3,747.19	- 37.27
Volume (m)	449.5	
Value (RMm)	717.9	
Up	182	
Down	425	
Unchanged	270	

FOREIGN

Nikkei	9,266.78	+ 63.78
Hang Seng	19,842.20	- 63.12
STI	2,844.02	- 0.17
Shanghai CI	2,363.95	- 18.95

BURSA MOVERS

Gainers	Close	Chg
LPI	15.96	+ 0.64
Titan	1.62	+ 0.17
Tahps	3.78	+ 0.16
Hdbs	1.73	+ 0.13
Daiboci	3.19	+ 0.10

Losers

Losers	Close	Chg
BAT	43.18	- 1.02
Digi	22.74	- 0.26
Proton	4.36	-0.21
Sime	7.58	- 0.20
HLFG	8.10	- 0.20

Actives

Actives	Close	Chg
Sinotop-OR	0.03	- 0.015
Talam	0.115	- 0.005
Gamuda-wd	0.975	- 0.055
IRCB	0.595	- 0.045
Carotec	0.08	- 0.01

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,298.14 level.

Market Buying Strength :

About **11%** of total market volume on 5/7/2010 was on buying side compared to **83%** in the preceding trading day.

"Movement" in Strong Hands :

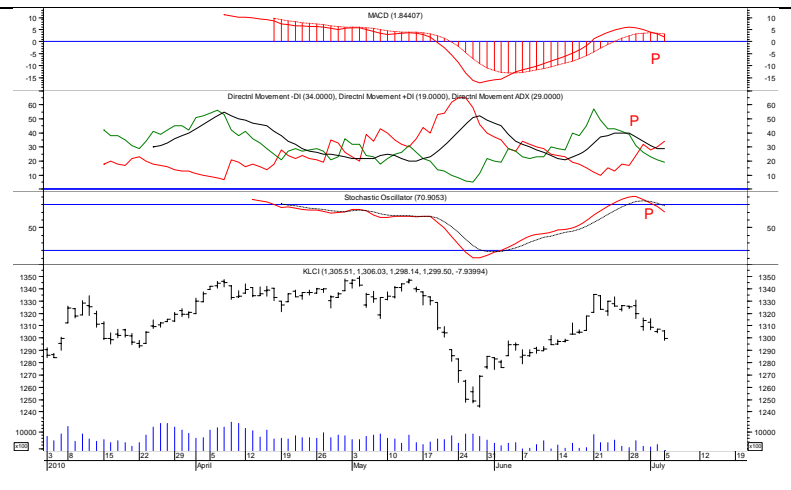
Strong hands were seen **liquidating** a small portion of stock positions on 5/7/2010.

Pivot Point Studies for Intra-Day :

For **Tuesday (6/7/2010)**, 1st resistance @ 1,304.3 & 2nd resistance @ 1,309.1 ; 1st support @ 1,296.4 & 2nd support @ 1,293.3.

To read more

Technical Analysis – Daily FBM KLCI

	5/7/10	2/7/2010	
Open	1,305.51	1,305.22	
High	1,306.03	1,307.44	
Low	1,298.14	1304.09	
Close	1,299.50	1307.44	
Volume	449.5 m	626.1 m	
Market Breadth			
Up	182	286	
Down	425	300	
Unchanged	270	263	
Indicators			
MACD	sell	buy	
DM Index	sell	sell	
Stochastics	sell	sell	

Market lost its fort at 1,300

Market Commentary :

Dampened by the disappointing job report impact on economic recovery momentum, DJIA had on 5/7/2010 lost 46.05 points to close below 10,000 level for 4th consecutive day at 9,686.48.

The double-digit drop in Wall Street sent another dampening effect on Bursa Malaysia in the opening bell on 5/7/2010, FBM KLCI only traded to a day high of **1,306.03** as traders were seen not comfortable to play on buying side. In the absence of stronger buying pressure in area of **1,306.03**, renewed selling interest rolled in, this pushed stock index below 1,300 level to a day low of **1,298.14** before settled at **1,299.5**.

The **fall** of **7.94** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.07), **HL Bank** (down RM0.02), **Maybank** (down RM0.04), **Genm** (down RM0.01) and **Sime Darby** (down RM0.20).

What was the chart saying

Market came under another round of selling attack to break below 1,300 level yesterday; but, selling steam remained cautious on fear of a snap market rebound with traders still seen unwilling to jump into the game to establish stock positions yet.

The sell down to **1,298.14** on 5/7/2010 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 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.

Will this be an indication of more selling today (6/7/2010) ? 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 5/7/2010, renewed selling interest should be observed.](#)

Why didn't the market trade higher on 5/7/2010 ? 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 1,298.14 on 5/7/2010, what would likely happen to the market now ? The lower low market scenario on 30/6/2010 was indeed not a friendly sign resistance pegged at 1,320 level with new market support expected at between 1,275 and 1,285. [Market volume was lower yesterday compared to that of preceding day \(2/7/2010\) with only 182 advancers against 425 decliners. Decliners overwhelmed advancers on the downside breakout, and there wasn't any bull around the corner to gain an immediate control here.](#)

Can we possibly be bullish again about the market ? The market has a higher inclination to fall further with support at between 1,275 and 1,285 level. At this moment, there is nothing out there to change what is taking place

What were the strong hands doing

A check of internal market strength on 5/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a small portion of buying positions, the number of stock positions established on 5/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 50% from 48% in the preceding trading day (2/7/2010).

Conclusion :

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

[The analysis of overall daily market action\(s\) on 5/7/2010 revealed that buying power\(s\) was weaker compared to selling pressure\(s\), FBM KLCI would thus likely to trade below 1,298.14.](#)

Today's Hot Pick – GHLSys

	5/7/10	2/7/10
Open	0.24	0.245
High	0.245	0.245
Low	0.24	0.245
Close	0.245	0.245
Volume	262	2,017
Indicators	5/7/2010	2/7/2010
MACD	sell	sell
DM index	sell	sell
Stochastics	sell	sell

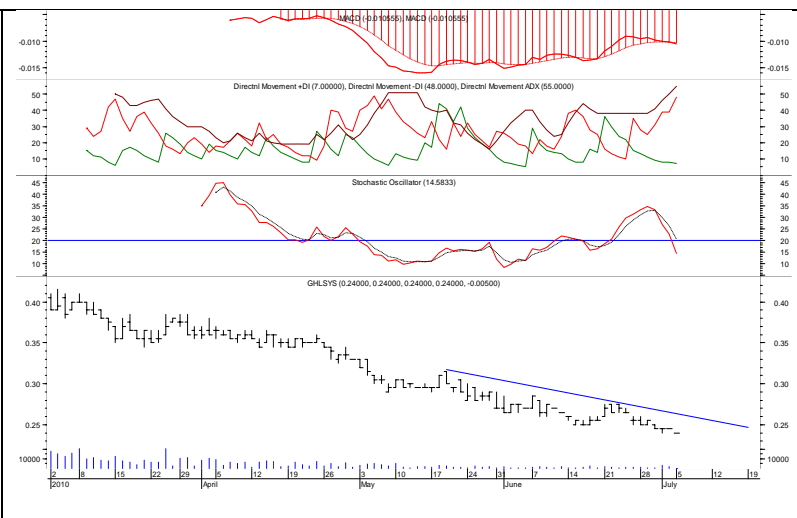


Chart wise : Supportive play seen at RM0.24

GHLSys (0021 - MainBoard) had on 5/7/2010 tested immediate low of **RM0.24** (1/7/2010) before settled at **day high of RM0.245**.

Next Potential Upside Target : With the stock still trending downward, **GHLSys** appears likely to find its price support at RM0.24 level.

Entry Level : Risk taking traders may establish buying position at **RM0.24**.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM0.23** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – IJM

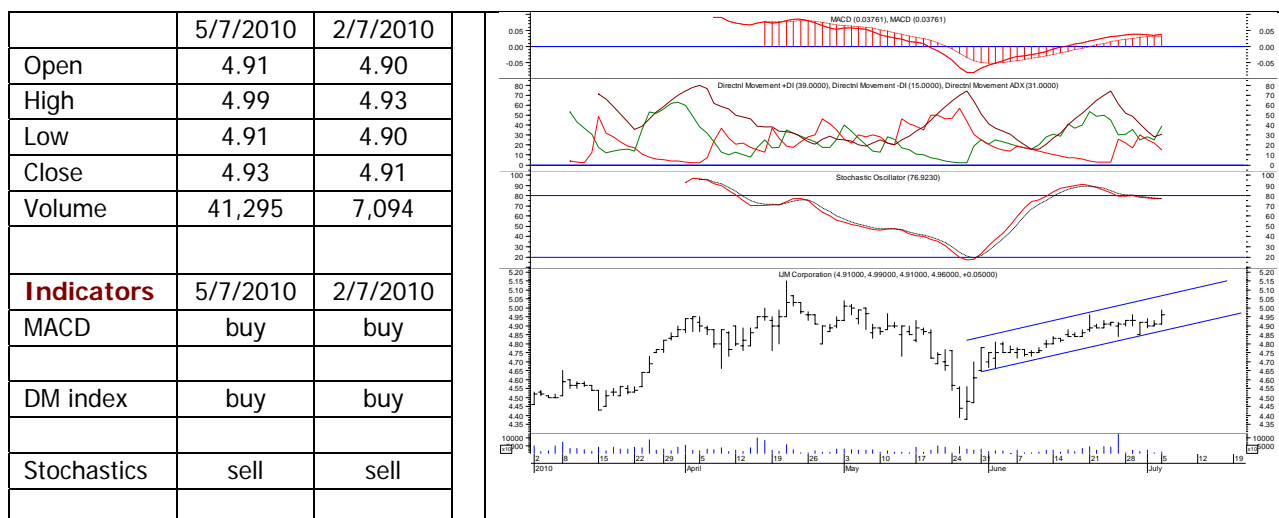


Chart wise : *Within upward sloping channel.....*

IJM (3336 - MainBoard) had on 5/7/2010 traded higher to a day **high of RM4.99** before settled at **RM4.93**.

Price Direction

In view of **an increase** in market participation, the stock could be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at **RM5.05** and support at **RM4.85**.

What to watch for

A turnaround of prices to close **below RM4.85** level would see an immediate short term reversing direction in the stock.

Active Stock Review – **Tanjong Bhd**



Chart wise

Bearish.

Tanjong Public Limited Bhd (2267-Main Market-Trading/Services)

After a period of sideways consolidation, Tanjong appears to be on the verge of going into a downtrend. Since the government announced an increased betting duty on gaming proceeds from 6% to 8%, the decline has accelerated and it broke through the long-term support line.

This calls for caution in trading the stock as the previous long-term upward channel could have been compromised. Hence, it is better to avoid trading in this stock for the time being until a clearer picture emerges. In the moment, Tanjong is expected to trade with a bearish bias.

MAJOR NEWS

Commodity, Currency and Economic News

Growth in Europe's services and manufacturing industries slowed for a second month in June, adding to indications the recovery is losing momentum. A composite index based on a survey of euro-area purchasing managers in both industries fell to 56 from 56.4 in May, London-based Markit Economics said today. That's in line with an initial estimate published on June 23. A reading above 50 indicates expansion. The European economy is showing signs of weakening after Greece's fiscal crisis undermined investor confidence and forced governments to step up austerity measures. In Germany, the region's largest economy, investor confidence plunged in June and U.K. services growth also weakened in June. Volkswagen AG, Europe's largest carmaker, is among companies that have relied on faster-growing markets including China to boost sales. (Bloomberg)

The yen rose toward a seven-month high against the dollar on speculation a slowing global economy will stop central banks from withdrawing stimulus. Australia's dollar approached the lowest level in three weeks against the U.S. currency before its central bank is forecast to hold interest rates unchanged today for a second month. The euro yesterday ended three days of gains against the greenback before the European Central Bank is expected to keep rates at a record low on July 8 and after President Jean-Claude Trichet supported deficit-cutting measures by governments in the region. (Bloomberg)

The euro declined from near its strongest level in six weeks against the dollar on speculation the region's central bank will keep interest rates at a record low as efforts to trim national budget deficits damp growth. The euro weakened against 13 of its 16 most actively traded peers. The European Central Bank will leave rates unchanged at 1 percent when policy makers meet on July 8, according to all 55 economists in a Bloomberg survey. ECB President Jean-Claude Trichet yesterday pressed governments to trim deficits to improve consumer and investor confidence. (Bloomberg)

The **crude palm oil (CPO) futures** market closed lower yesterday on expectation of rising supplies in the next few months, dealers said. "The immediate trend is towards a bearish-divergence and the market will continue to remain under selling pressure from long-liquidation and unwinding of long-hedge," a dealer said. Crude palm oil hit a 7½ month low below RM2,300 a tonne yesterday due to a stronger local currency and concerns about demand for vegetable oils. A dealer said palm oil production in the next three months may rise as much as 10 per cent due to the seasonal rise in supply. July 2010 declined RM26 to settle at RM2,380 a tonne, while August 2010 fell RM47 to RM2,311. September 2010 slid RM45 to RM2,290 and October 2010 depreciated RM40 to close at RM2,282. Turnover, surged to 11,214 lots from 8,853 lots last Friday while open interests rose to 72,771 contracts from 72,093, previously. (BTimes)

The ringgit closed higher against the US dollar yesterday on better demand for the local currency, dealers said. At 5pm, the ringgit was quoted at 3.2060/2090 against the greenback from 3.2220/2250 last Friday. They said the US dollar was under some selling pressure as the market focused on a slowdown in the US economy and weaker share prices last week. Based on the current trend, the next upside target for the ringgit is at 3.18, probably today, a dealer said. (BTimes)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	9686.48	-46.05	Closed	Nasdaq CI	2091.79	-9.57	Closed
S&P 500	1022.58	-4.79	Closed	FTSE 100	4823.53	-14.56	-0.30

Global and Local Headlines

Australian stock futures fell as Europe's services and manufacturing growth slowed, raising concern the global economic recovery will falter. Futures on Australia's S&P/ASX 200 Index dropped 0.3 percent today. The market in the U.S. was closed yesterday for a holiday. Nikkei 225 stock futures were bid in the pre-market at 9,200 in Osaka, Japan, at 8:05 a.m. local time. The gauge closed at 9,266.78 yesterday. New Zealand's NZX 50 Index declined 0.1 percent in Wellington. (Bloomberg)

China's property market is beginning a "collapse" that will hit the nation's banking system, said Kenneth Rogoff, the Harvard University professor and former chief economist of the International Monetary Fund. As China's economy develops, "especially at the speed it's growing, it's going to have bumps," said Rogoff, speaking in an interview with Bloomberg Television in Hong Kong. He also said that while recoveries across the global economy are "very slow," the danger of a return to recession isn't "elevated." Rogoff's concern echoes that of investors, who sent China's benchmark stock index to its worst loss in more than a year last week. China's data have been a focus because the nation has led the global recovery from the worst postwar recession. (Bloomberg)

The US' Justice Department is conducting a criminal investigation of HSBC Holdings Plc clients who may have failed to disclose accounts in India or Singapore to the Internal Revenue Service, according to three people familiar with the matter. One client got a letter from the Justice Department in late June that said prosecutors had "reason to believe that you had an interest in a financial account in India that was not reported to the IRS on either a tax return" or a Treasury Department report disclosing foreign accounts, according to a copy read to Bloomberg News by a lawyer for one of the clients. (Bloomberg)

Bursa Malaysia has publicly reprimanded four companies – VTI Vintage Bhd, Oilcorp Bhd, Tasco Bhd and Ramunia Holdings Bhd – for breaching stock exchange rules. It said both VTI Vintage and Tasco had breached paragraph 9.16(1)(a) of the listing requirements of Bursa Malaysia, which state a listed issuer must ensure that each announcement is factual, clear, unambiguous, accurate, succinct and contains sufficient information to enable investors to make informed investment decisions. Both companies had failed to take into account adjustments (between the audited and unaudited results) when announcing them to the stock exchange. In the case of Oilcorp and Ramunia, both had breached paragraph 9.19(19) of listing requirements which state a listed issuer must immediately announce to Bursa winding-up proceedings or order made against the listed issuer or any of its subsidiaries or major associated companies. (Star)

Mewah Group, a palm oil company with refineries in Malaysia, is planning to raise as much as RM1.6bil in a Singapore initial public offering (IPO) for expansion, according to two sources involved in the IPO. The planned listing, which would result in new investors owning 12% to 20% of Mewah's enlarged share capital, was scheduled for the fourth quarter of this year, the sources said. Credit Suisse and BNP Paribas would be managing the offer, they said. Mewah, whose main shareholders are Singaporean, owns three palm oil refineries in Malaysia and produces vegetable oil products, including cooking oil, margarine and specialty fats used in ice cream, according to its website. (Star)

Faber Group Bhd (FABER) subsidiary Faber LLC has been conditionally awarded a contract in Abu Dhabi worth RM20.38mil. In a filing with Bursa Malaysia, Faber Group said the contract from Abu Dhabi Health Services Co was related to the initial repair, maintenance and operation works for all mechanical systems and equipment, and various electrical installations and fittings at Sheikh Khalifa Medical City and affiliated buildings in Abu Dhabi Island. The project completion period is three years. (Star)

Gaming industry - Olympia Industries Bhd, Multi-Purpose Holdings Bhd (MPHB) and Berjaya Assets Bhd are the latest listed companies to comment on the effects that the new betting duty hike will have on them. In a filing with Bursa Malaysia yesterday, Olympia said the increase in the pool betting duty "is expected to have an adverse financial impact on the operating performance of the group for the financial year ending June 30, 2011." The betting duty was raised last week from 6% to 8% of gross sales proceeds after deducting gaming tax of 8%. The new rate applies to draws held from June 2010 onwards. Olympia's wholly-owned subsidiary, Lotteries Corp Sdn Bhd, is a numbers forecast operator (NFO) in Sabah. MPHB, on the other hand, said yesterday that the group's performance "will not be materially affected" from the increase in the pool betting duty. It said this was because the effects of the duty hike would be "mitigated by the positive contribution from the Jackpot games operated by Magnum Corp Sdn Bhd." Berjaya Assets, which owns 65% of Natural Avenue Sdn Bhd, said the new betting duty was not expected to have a material impact on the group's results for the financial year ended June 30, 2010 (FY10). Natural Avenue is the sole and exclusive agent appointed by Sarawak Turf and Equestrian Club (STEC) to operate the NFO on behalf of STEC. The announcements follow that of Berjaya Sports Toto Bhd and Tanjong plc last week. (Star)

CapitaMalls Malaysia Trust (CMMT), en route for a Bursa Malaysia listing on July 16, has been granted the option to buy the Gurney Plaza Extension for RM215 million by April 2011. The extension, which includes a nine-storey adjoining Gurney Plaza and car park bays, is owned by Gurney Plaza Sdn Bhd. The latter was granted a put option by CapitaRetail Gurney Sdn Bhd, a unit of CapitaMalls Asia Ltd. (BTimes)

Award-winning developer and contractor **Naim Cendera Engineering Sdn Bhd** has been awarded by Assar Senari Holdings Sdn Bhd a RM40 million contract to build an oil and gas jetty in Tanjung Manis, Sarawak. The project is part of the Central Oil Distribution Terminal (CODT) which will distribute oil from Petroliam Nasional Bhd and Shell to the central region of Sarawak. (BTimes)

Sunway City Bhd (SUNCITY), developer of the Sunway Integrated Resort City in Bandar Sunway, Selangor, expects prices at its property launches to increase by 20 per cent this year compared to the levels in 2008. Its managing director of property development in Malaysia, Ho Hon Sang, said this was in line with current market trends. "SunCity's launches for this year will mainly be in the Klang Valley, with a gross development value of RM1.5 billion," he said in an interview. (BTimes)