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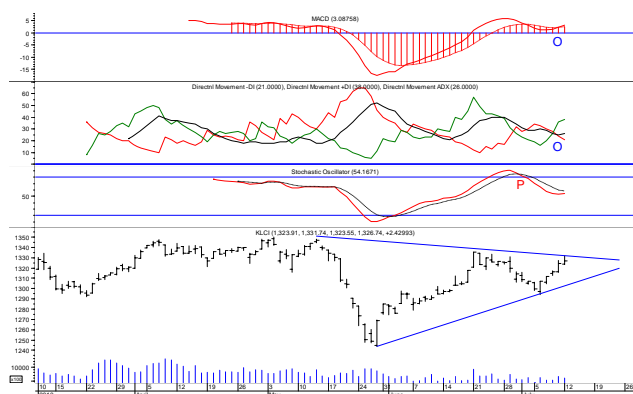
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## MARKET FLASH

### FBM KLCI

Tues, 13 July 2010



### MARKET STATISTICS (12/7/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,326.74	+ 2.43
FBM 100	8,731.22	+ 20.21
FBM ACE	3,741.06	- 20.67
Volume (m)	610.6	
Value (RMm)	990.8	
Up	371	
Down	265	
Unchanged	277	

### FOREIGN

Nikkei	9,548.11	- 37.21
Hang Seng	20,467.43	+ 88.77
STI	2,925.32	+ 8.15
Shanghai CI	2,490.72	+ 19.80

### BURSA MOVERS

Gainers	Close	Chg
F & N	13.30	+ 0.64
DLady	13.80	+ 0.50
LPI	17.14	+ 0.34
KFC	10.30	+ 0.30
Nestle	35.50	+ 0.30

Losers	Close	Chg
Tanjong	17.48	- 0.30
Ewein	0.795	- 0.175
Edaran	0.49	- 0.16
BJAsset-WA	0.12	- 0.13
Century-WB	0.525	- 0.13

Actives	Close	Chg
Sinotop-OR	0.005	- 0.01
Timecom	0.51	+ 0.01
Talam	0.11	=
SunREIT	0.88	- 0.005
Axiata	4.12	+ 0.12

### Today's Market Direction :

FBM KLCI would likely to trade **above** **1,331.74** level.

### Market Buying Strength :

About **67%** of total market volume on 12/7/2010 was on buying side compared to **85%** in the preceding trading day.

### "Movement" in Strong Hands :

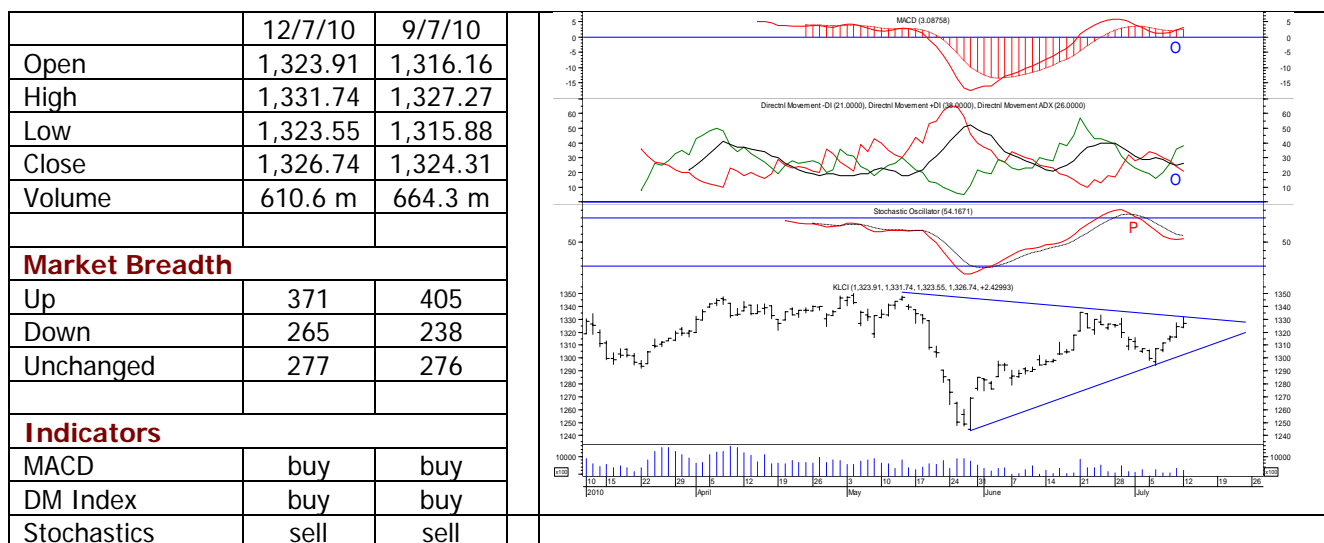
Strong hands were seen **acquiring** a small portion of stock positions on 12/7/2010.

### Pivot Point Studies for Intra-Day :

For **Tuesday (13/7/2010)**, 1<sup>st</sup> resistance @ **1,331.1** & 2<sup>nd</sup> resistance @ **1,335.5** ; 1<sup>st</sup> support @ **1,322.9** & 2<sup>nd</sup> support @ **1,319.1**.

**To read more .....**

## Technical Analysis – Daily FBM KLCI



**A small retreat should come first before upside breakout .....**

### Market Commentary :

Led by friendly optimism in the coming quarterly corporate results in US and more investors cast aside worries of another recession, DJIA had on 9/7/2010 registered another gain of 59.04 points to close at 10,198.03.

The double-digit gain in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 12/7/2010, FBM KLCI only traded to a day low of **1,323.55** as traders decided to further play the market on the buying side in anticipation of higher level. Under greater buying support, stock index rose higher to a day high of **1,331.74**; however, profit taking activity rolled in, this pushed stock index off day high to settle at **1,326.74**.

The **rise** of **2.43** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.02), **CIMB** (up RM0.01), **Maybank** (up RM0.04), **Axiata** (up RM0.12) and **Topglove** (up RM0.24).

### What was the chart saying .....

Market found another follow thru buying interest above 1,300 level yesterday (12/7/2010) after the near day high closing scenario in the preceding market day (9/7/2010). The **decrease** in buying on 12/7/2010 was not a surprise as majority of traders were not convinced of the market strength that had taken this market to this high even since the 1,300 level cross over on 6/7/2010, **Why ?** Because these traders were still seen shaken up by the downside violation of 1,300 level on 5/7/2010.

A game change to sideways was believed to have taken place on 6/7/2010, because **bearish traders were not seen taking advantage of the weak market situation on 5/7/2010 to aggressively press the stock index down in the following day on 6/7/2010 when they**

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had the upper hand to do so. But, somehow these bearish traders were held up for certain reason(s) which they themselves knew best ..... this could thus be interpreted as a signal to other traders **NOT** to get overly bearish about the market at this juncture.

**When can we see an end to this market uncertainty ?** Firstly, 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 (fall in DJIA) had helped to expedite the selling pace to lower level (day low of 1,294.37 on 6/7/2010). Secondly, this market must re-establish itself above 1,300 level with good supportive play in coming days. More importantly, the negative image of market earlier attempt to "breakaway" to the upside on 29/6/2010 ended with greater selling pressure must be cleared mentally and to follow by a higher market than 1,336 level on a decisive basis.

The way market carried itself on 6/7/2010 suggested that the 32 points sharp rise on 18/6/2010 & 21/6/2010 had more or less been "corrected", and there is a high chance of seeing this market to test higher ground. Of course, bearish traders' would still be sceptical about the market potential to go very far up.

**Ladies & gentlemen**, market trading environment may still be clouded by the present lingering negative sentiment; but, the higher lows and higher highs in the past 4 trading days (7/7/2010 - 12/7/2010) indicated a market with upward bias. **How high can this market go ?** The market is moving towards the upper downward sloping line of a converging triangle pattern as drawn on the chart above with resistance pegged at 1,336 level and market support at 1,294.

On 12/7/2010, the market hit the downward sloping upper line with; but, profit taking activity rolled in as traders with winning trades seized the opportunity to lock in a portion of their profits first while waiting for an upside breakout of the triangle pattern.

### **What were the strong hands doing .....**

A check of internal market strength on 12/7/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 12/7/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 15% from 24% in the preceding trading day (9/7/2010).

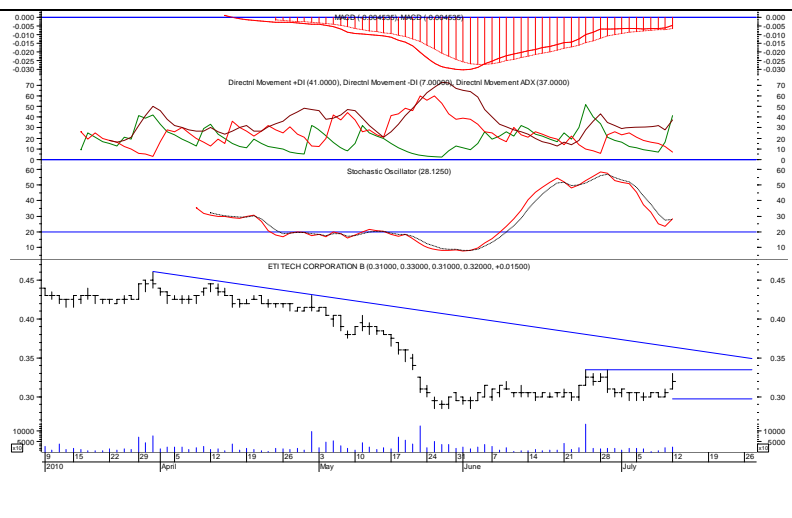
### **Conclusion :**

Market outlook got friendlier in the short term with settlement on **12/7/2010** above 50-day moving average.

The analysis of overall daily market action(s) on 12/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,326.74

## Today's Hot Pick – EtiTech

	12/7/2010	9/7/2010
Open	0.31	0.30
High	0.33	0.31
Low	0.31	0.30
Close	0.325	0.305
Volume	38,600	23,149
<b>Indicators</b>		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	sell



**Chart wise :** *Volume expanded* .....

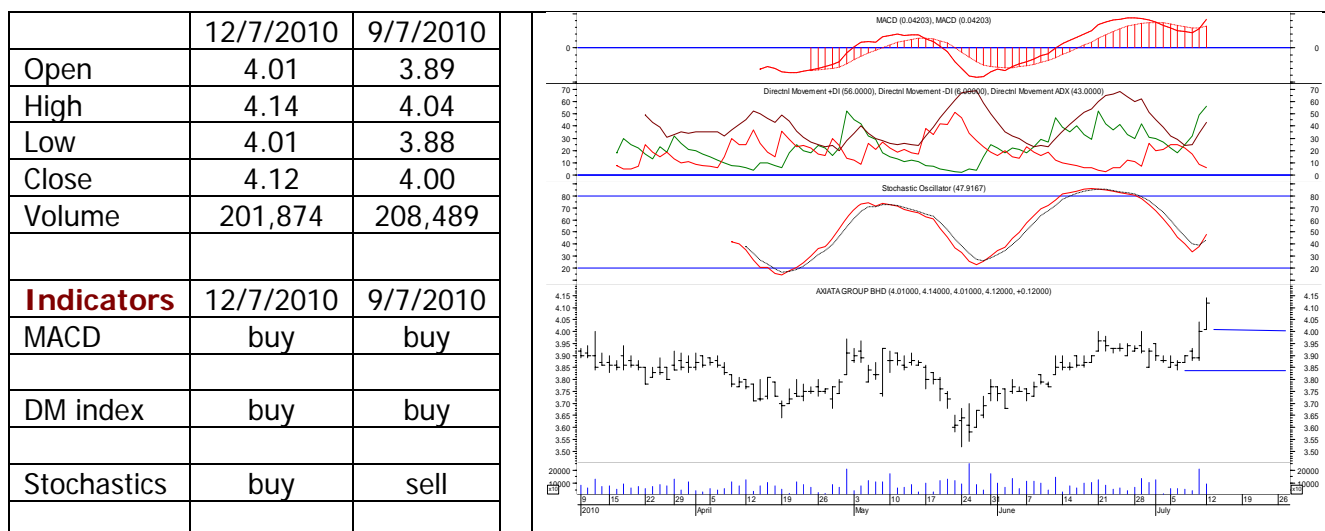
**EtiTech (0118** - MainBoard) had on 12/7/2010 crossed over RM0.31 hurdle to a day high of **RM0.33** before settled at **RMx**.

**Next Potential Upside Target :** With the upside violation of **RM0.31 level**, **EtiTech** looked set to trade upward with next upside target at **RM0.355**.

**Entry Level :** Risk taking traders may establish buying position at **RM0.315** 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 **RM0.30** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – Axiata



**Chart wise** : Small hurdle at RM4.18 seen .....

**Axiata (6888** - MainBoard) had on 12/7/2010 crossed over the immediate high of **RM4.05** (2/3/2010) to reach highest **high of RM4.14** since 24/9/2008 before settled at **RM4.12**.

**Price Direction** .....

In view of **a decrease** in market participation, the stock could be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at **RM4.18** and support at **RM4.00**.

**What to watch for** ....

A turnaround of prices to close **below RM3.85** level would see an immediate short term reversing direction in the stock.

## Active Stock Review – Titan Chemicals Corp Bhd



### Chart wise

**Hold.**

**Titan Chemicals Corp Bhd** (5103-Main Market-Industrial Products)

There were renewed buying on Titan's which saw the stock climbing to take out the top of the Fibonacci formation early this week. The stock is now retesting its recent intraday high of RM1.80. Its' momentum indicators however, appears toppish and may not support further rises, despite few weakness signs.

Consequently, the stock is still worth to hold for now, but should a consolidation sets in, then it would be best to lock in short-term profits first. The support is at RM1.65. The resistance, meanwhile is at RM2.00.

## **MAJOR NEWS**

### **Commodity, Currency and Economic News**

**The ringgit** ended lower against the US dollar yesterday as traders wound down their positions on the back of a stronger greenback, dealers said. At 5pm, the ringgit traded at 3.2030/2070 to the US dollar, weaker than Friday's close of 3.1970/1000. "The US dollar rose across the board, recovering from a fall versus a currency basket last week," said a dealer. The euro fell against the US dollar yesterday, as concerns about the effectiveness of the European banks stress tests prompted investors to trim long positions in the euro. (BTimes)

**Crude palm oil futures** prices on Bursa Malaysia Derivatives ended firmer yesterday as palm oil stocks took a nosedive to a 10-month low in June 2010 while exports rose, dealers said. According to the Malaysian Palm Oil Board, June stocks fell by 7.1 per cent to 1.45 million tonnes from the previous month while exports rose 1.44 million tonnes with demand coming in from India and China. "We expect the market to maintain its momentum," said one of the dealers. The July 2010 contract closed RM10 higher at RM2,440 a tonne, August 2010 and September rose RM40 each to RM2,384 and RM2,340 respectively, and October 2010 increased RM34 to RM2,321 a tonne. Volume, however, declined to 15,201 lots from 17,049 lots last Friday but open interest rose to 73,512 contracts from 72,569 contracts previously. (BTimes)

**Oil prices** retreated Monday as the dollar strengthened and traders awaited earnings from aluminum giant Alcoa Inc., which reports after the markets close. Benchmark crude lost \$1.14 to settle at US\$74.95 a barrel on the New York Mercantile Exchange. A stronger dollar hurt oil prices. Oil and other commodities are priced in dollars so a stronger dollar makes them more expensive for foreign buyers. (Star)

**Greece's** budget deficit shrank 46 percent in the first half of the year, preliminary data from the Finance Ministry showed, as the government cut spending and renewed efforts to increase revenue. The shortfall, on a fiscal basis, fell to 9.65 billion euros (US\$12.1 billion) from 17.87 billion euros in the year-earlier period. That beat the government's 39.5 percent target, according to an e-mailed statement from the Athens-based ministry. Net ordinary budget spending fell 12.8 percent, compared with a goal of 5.5 percent for the year, according to the statement. Ordinary budget revenue increased 7.2 percent in the period, falling short of a 13.7 percent target. (Bloomberg)

**Singapore's economy** probably grew more than 20 percent for a second quarter as rising exports boosted manufacturing output and the opening of two casinos spurred tourist arrivals. Gross domestic product rose an annualized 23 percent in the second quarter from the previous three months, after climbing 38.6 percent in the January-to-March period, according to the median estimate of economists surveyed by Bloomberg News. The trade ministry will release the data at 8 a.m. tomorrow. Singapore's strengthening economy has added to an Asian rebound that prompted central banks to raise interest rates in recent weeks, even amid concern that Europe's debt crisis will slow the global recovery. The nation has raised its GDP forecast twice this year and Credit Suisse Group AG and Oversea-Chinese Banking Corp. predict the island may overtake China as Asia's fastest-growing economy in 2010. (Bloomberg)

## Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10216.27	18.24	0.18	Nasdaq CI	2198.36	1.91	0.09
S&P 500	1078.75	0.79	0.07	FTSE 100	5167.02	34.08	0.66

## Global and Local Headlines

**European banks**, rattled by investor uncertainty about their ability to withstand a sovereign-debt crisis, are poised to win a reprieve in Basel, Switzerland, this week as regulators from 27 countries shape new capital rules. A push to water down stringent standards proposed last year by the Basel Committee on Banking Supervision, and to allow more time to implement them, is led by France and Germany, according to bankers, regulators and lobbyists involved in the talks. Representatives from the U.S. and the U.K., who have sought to rein in risk-taking, are willing to compromise on how capital is defined to reach an agreement at a committee meeting that begins tomorrow, the people said. (Bloomberg)

**China's property prices** snapped 15 months of gains and bank lending eased in June, indicating that curbs on credit may diminish inflation pressures even as record exports support growth. Real-estate prices in 70 cities fell 0.1 percent from the previous month, the statistics bureau said in Beijing today. New lending of 603 billion yuan (US\$89 billion) was the least in three months, the central bank said in a report yesterday. (Bloomberg)

**Alcoa Inc.**, the largest U.S. aluminum producer, reported second-quarter profit that topped analysts' projections as higher metal prices boosted sales. The shares rose. Earnings from continuing operations were 13 cents a share, exceeding the 11-cent average estimate of 17 analysts surveyed by Bloomberg. Net income of \$136 million, or 13 cents a share, compared with a net loss of \$454 million, or 47 cents, a year earlier, New York-based Alcoa said today in a statement. Sales gained 22 percent to \$5.19 billion. (Bloomberg)

Five senior executives in the **Johor Corp** (JCORP) group have been identified to succeed current president and chief executive officer Tan Sri Muhammad Ali Hashim when he retires at the end of the year. Topping the list are KPJ Healthcare Bhd managing director Datin Paduka Siti Sa'adiyah Sheikh Bakir, Kulim (M) Bhd managing director Ahamad Mohamad and QSR Brands Bhd and KFC Holdings (M) Bhd managing director Jamaludin Md Ali. Other candidates are JCorp senior vice-president Kamaruzzaman Abu Kassim and Sindora Bhd managing director Rozan Mohd Sa'at. (Star)

**I-Bhd** (IBHD) executive chairman Tan Sri Lim Kim Hong is meeting top developers from Asian countries to discuss the expansion of the RM2bil I-City project in Shah Alam. "We are looking for a big brand that is strong in property development to spearhead the next phase of growth in I-City," he told StarBiz yesterday, adding that he was interested in the development concept of Shenzhen. So far, he is targeting to meet the top three developers in Singapore, Hong Kong, China and Taiwan. (Star)

**Scomi Marine Bhd** (SCOMIMR) is selling its entire 100 per cent stake each in four overseas subsidiaries and 94.9 per cent in another foreign firm, all dealing in coal transportation sector, for a total of RM550 million. The deal announced yesterday will also see Scomi Marine substantially diluting its stake in 80.54 per cent-owned PT Rig Tenders Indonesia Tbk (PT Rig) to less than one third. In return, PT Rig will have a new controlling shareholder in Portside Offshore Inc, owned by a private fund in Indonesia. It is learnt that Scomi Marine plans to pare down its debt from the RM550 million proceeds and may consider giving out a special dividend and invest in new businesses. (BTimes)

**Malaysia Airlines** (MAS) plans to invest RM320 million over three years in a computer-based solution to streamline operations and maximise business efficiency. The enterprise resource planning (ERP) solution will replace existing systems and integrate MAS' finance, human resource, and engineering and maintenance operations in two phases from this year to 2012. "The total benefit expected from the project is estimated at over RM120 million per year, once fully implemented in 2012," MAS managing director and chief executive officer Tengku Datuk Azmil Zahrudin told reporters at a briefing in Subang Jaya, Selangor, yesterday. (BTimes)

**Bandar Raya Development Bhd** (BRDB) is buying Limitless Holdings Pte Ltd's stake in a RM2.3 billion waterfront project in Johor to strengthen its presence in the region and improve earnings. BRDB, well known for its developments in the Bangsar enclave, Kuala Lumpur, wants to build more properties in Johor, riding on the success in Iskandar Malaysia, a spokesperson said. (BTimes)

**CIMB Group Holdings Bhd** (CIMB) announced yesterday that Bank Negara Malaysia has approved the group's proposal to acquire of up to 19.67 per cent equity interest in PT Bank CIMB Niaga TBK. In a filing to Bursa Malaysia, CIMB said Bank Negara gave the approval through a letter dated July 9. (BTimes)

Debt-Laden **Kumpulan Europlus Bhd** (KEURO) expects to be profitable in 2012, helped by its RM10 billion Canal City project and debt settlement, says its chairman Datuk Abdul Hamid Mustapha. As at March 31 this year, K-Euro had borrowings of RM260 million. It is proposing to raise RM90.8 million by disposing of 700 million shares in Talam Corp Bhd, a property developer. K-Euro has 26.51 per cent interest in Talam. Abdul Hamid said that some RM40 million of the money raised will be used to pare its debts. (BTimes)