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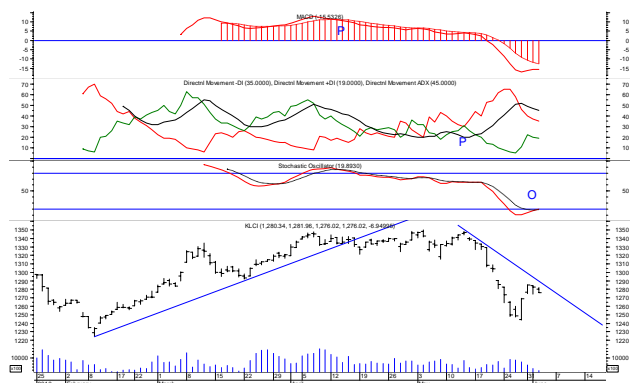
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## MARKET FLASH

### FBM KLCI

Thurs, 3 Jun 2010



### MARKET STATISTICS (2/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,276.02	- 6.95
FBM 100	8,363.95	- 43.27
FBM ACE	3,750.18	+ 11.79
Volume (m)	287	
Value (RMm)	294	
Up	269	
Down	585.3	
Unchanged	802.6	

### FOREIGN

Nikkei	9,603.24	- 108.59
Hang Seng	19,471.80	- 25.15
STI	2,727.57	+ 12.13
Shanghai CI	2,571.42	+ 3.14

### BURSA MOVERS

Gainers	Close	Chg
Aventur	1.01	+ 0.21
PetDag	9.10	+ 0.14
Tahps	3.69	+ 0.13
AdvPkg	1.08	+ 0.115
TWS	3.06	+ 0.10

Losers	Close	Chg
Nestle	34.20	- 1.00
BAT	43.80	- 0.30
LMCement	6.47	- 0.22
Malpac	1.18	- 0.18
Biport	6.30	- 0.18

Actives	Close	Chg
Kenmark	0.115	+ 0.055
Tejari	0.275	=
Talam	0.135	- 0.005
GPacket-WA	0.445	- 0.005
CIMB	6.77	- 0.01

### Today's Market Direction :

FBM KLCI would likely to trade **below** 1,276.02 level.

### Market Buying Strength :

About **13%** of total market volume on 2/6/2010 was on buying side compared to **43%** in the preceding trading day.

### "Movement" in Strong Hands :

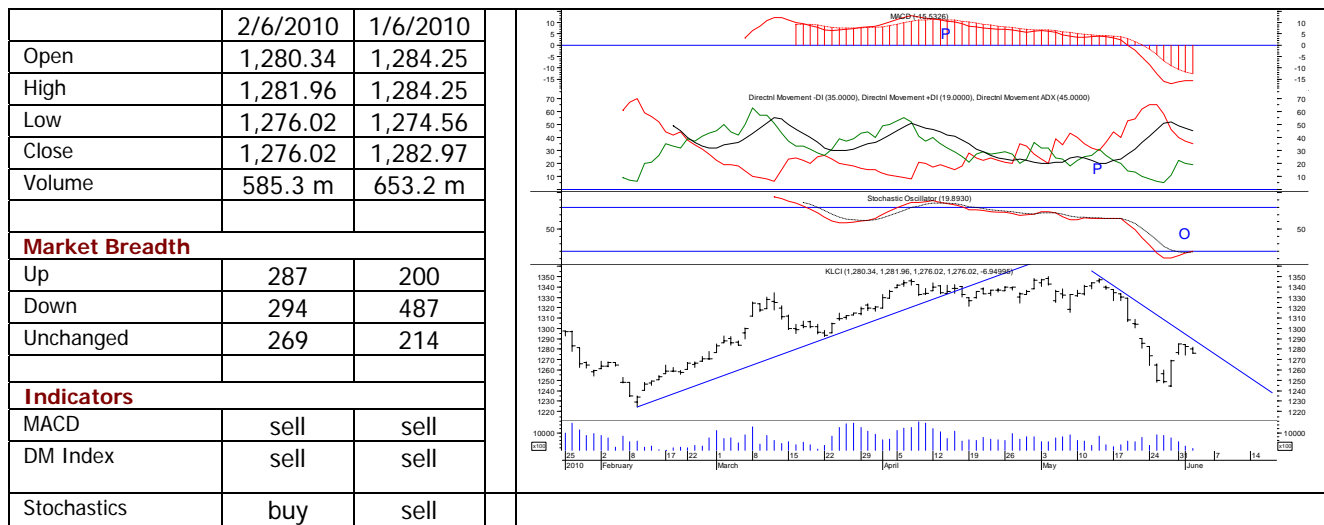
Strong hands were seen **acquiring** a portion of stock positions on 2/6/2010.

### Pivot Point Studies for Intra-Day :

For Thursday (3/6/2010), 1<sup>st</sup> resistance @ 1,279.9 & 2<sup>nd</sup> resistance @ 1,283.9 ; 1<sup>st</sup> support @ 1,274.0 & 2<sup>nd</sup> support @ 1,272.0.

To read more .....

## Technical Analysis – Daily FBM KLCI



### Battle between buyers and sellers continued.....

#### Market Commentary :

Affected by announcement by US Attorney General to start criminal and civil investigations into the Gulf of Mexico oil spill, DJIA had on 1/6/2010 dropped 112.61 points to close at 10,024.02.

The triple-digit fall in Wall Street sent a dampening sentiment onto Bursa Malaysia in the opening bell. FBM KLCI only traded to a day high of 1,281.96 as traders were seen not keen to play on the upside. In the absence of stronger buying support in area of 1,281, profit taking activity rolled in, this pushed stock index down to a day low of 1,276.02 before settled at **day low**.

The single-digit **fall of 6.95** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Gamuda** (down RM0.08), **Maybank** (down RM0.13), **Tenaga Nasional** (down RM0.01), **HL Bank** (down RM0.04) and **Genting M'sia** (down RM0.08).

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

Market traded in a small range yesterday (2/6/2010) in spite of the last minute near day high closing at 1,282.97 in the preceding day (1/6/2010). It was a little surprise to see market not making a lower low yesterday as the market was seen setting up to test lower ground on 2/6/2010.

**Why market did not trade lower on 2/6/2010 ?** There must be something in the market that had held up the stock index yesterday (2/6/2010). A closer look at the market performance in the past 4 days that could give rise the reason behind was the upside gap created on 31/5/2010.

Firstly, the market went down to lowest low of 1,243.86 since 11/2/2010 on 27/5/2010, this was subsequently followed by a near day high closing to form a bottom key reversal pattern. Traders were basically thrilled by the turnaround of market on 27/5/2010 after making a losing streak for 9 consecutive days (14/5/2010 to 26/5/2010). Secondly, the gapped up scenario on 31/5/2010 indicated the urgency on the part of traders to acquire stock positions.

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As for the small trading range on 2/6/2010, the sharp rise of 42 points from low of 1,243 (27/5/2010) to high of 1,285 (31/5/2010) may have been viewed as overreacted in the eyes of traders, and market did not warrant such an immediate pull up.

The other reason could be the way market carried itself on 27/5/2010 and 31/5/2010, which was seen only a **technical rebound** to the sharp fall to 1,243.86 as the bottoming base formation was not strong enough to encourage serious buying interest; moreover, the phenomenon of downside breakout of 1,300 level on 21/5/2010 following the lower low bar with a down close on 21/5/2010, and the downside gap left behind on 21/5/2010 would continue to haunt traders' mind..

**With market trading in a small range on 2/6/2010, can this market go up again ?** In fact, the market was expected to find resistance in area of 1,280 level before moving higher on 31/5/2010; but, somehow there was "additional" risk-taking buying interest on 31/5/2010 to lift the market higher. *The rise of 42 points represented about 40% retracement from high of 1,349 to 1,243; thus, this market could still make attempt(s) to test 1,296 level on a 50% retracement calculation.*

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

A check of internal market strength on 2/6/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring another portion of buying positions**, the number of stock positions acquired from 26/5/2010 – 2/6/2010 was about **84%** of what was liquidated from 12/5/2010 to 25/5/2010 as **compared 68% in the preceding day**.

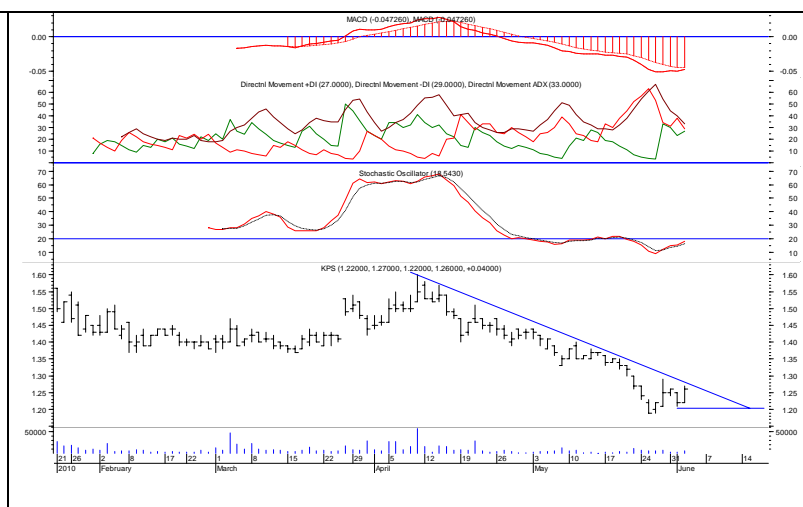
## Conclusion :

The **short and medium term** market outlook remained weak.

**The analysis of overall daily market action(s) on 2/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,276.02.**

## Today's Hot Pick – KPS

	2/6/2010	1/6/2010
Open	1.22	1.25
High	1.27	1.25
Low	1.22	1.21
Close	1.26	1.22
Volume	6,356	3,644
<b>Indicators</b>	2/6/2010	1/6/2010
MACD	sell	sell
DM index	sell	sell
Stochastics	buy	sell



**Chart wise** : An upward play seen gearing up.....

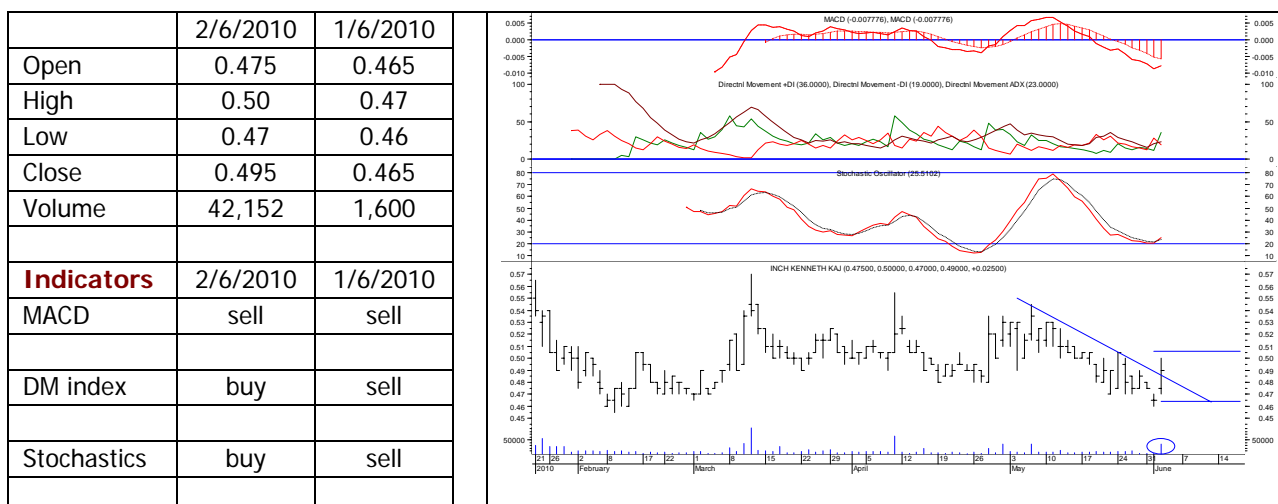
**KPS** (5843-MainBoard) had on 2/6/2010 traded higher with a day high of **RM1.27** before settled at **RM1.26**.

**Next Potential Upside Target** : An upside violation of **RM1.27** level would see **KPS** to trade upward with next upside target at **RM1.36**.

**Entry Level** : Risk taking traders may establish buying position at **RM1.24**.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM1.21** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – Inch Kenneth



**Chart wise** : Range bound .....

**Inch Kenneth** (2607-MainBoard) had on 2/6/2010 crossed over the downward sloping trend line extended from day high of RM0.545 (6/5/2010) to connect the other day high of RM0.505 (20/5/2010) with a day high of RM0.50 before settled at RM0.495.

**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). Overhead resistance and support are pegged at RM0.505 and RM0.465 respectively.

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

A turnaround of prices to close above RM0.505 level would see the stock going for RM0.55 target.

## Active Stock Review – **AFG Bhd**



### Chart wise

**Neutral.**

**Alliace Financial Group Bhd** (2488-Main Market-Financials)

AFG's candles rebounded in the past few days, but, prices remained rising in the flag formation. Its' core indicators like RSI is flattening, while the MACD is showing sign of improvement.

The outlook is largely neutral for now. But if the candles were to climb past RM2.90 level, trading buy signal would be emitted.

The support level is pegged at RM2.70.

## ***MAJOR NEWS***

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

**Thailand's** central bank kept its benchmark interest rate at the lowest level since July 2004 after the nation's deadliest political violence in almost two decades undermined economic growth. The Bank of Thailand kept the one-day bond repurchase rate unchanged at 1.25 percent for a ninth meeting, it said in Bangkok yesterday. The decision was predicted by all 13 economists surveyed by Bloomberg News. Thailand has refrained from joining Malaysia, India and Australia in raising borrowing costs this year even as a rebound in exports helped the economy expand the most in 15 years last quarter. Growth will be "strongly affected" in the three months through June after weeks of anti-government protests led to riots and left at least 85 people dead, central bank Governor Tarisa Watanagase said May 26. (Bloomberg)

The number of contracts to buy **U.S. previously owned homes** climbed in April as Americans took advantage of the last month of a tax credit. The index of pending home resales rose 6 percent, exceeding the median forecast of economists surveyed by Bloomberg News, following a revised 7.1 percent gain in March, the National Association of Realtors said today in Washington. The gauge reached the highest level since October. (Bloomberg)

**Reserve Bank of New Zealand** Governor Alan Bollard's desire for a weaker currency is running into resistance from some of the world's biggest bond investors. Kokusai Asset Management Co. and Loomis Sayles & Co. expect Chinese demand for New Zealand's milk and wool to spur economic growth, leading Bollard to raise interest rates from a record low and helping the so-called kiwi rebound from its steepest drop in a year. Derivatives indicate borrowing costs will rise at least 1.5 percentage points within 12 months, about half a percentage point more than any other Group of 10 nation. (Bloomberg)

**The ringgit** closed higher against the US dollar yesterday, in line with the rebound of Asian stocks and currencies, dealers said. Asian stocks as well as currencies, trimmed earlier losses yesterday. "However, sentiment remains cautious due to the debt crisis in Europe," a dealer said. Earlier in the day dealers said the local currency was vulnerable to further losses weighed down by slow manufacturing data across the Asian region which might derail economic growth momentum. The ringgit was quoted at 3.2990/3020 against the US dollar from 3.3070/3120 on Tuesday. (BTimes)

**Crude palm oil (CPO) futures** on the Malaysia Derivatives Exchange closed higher yesterday backed by fresh buying from traders, dealers said. The futures market was also supported by expectations of raising exports ahead of the festive season soon, a dealer said. At close, June 2010 rose RM2 to settle at RM2,535 a tonne, July 2010 fell RM4 to RM2,505, August 2010 rose RM8 to RM2,468 and September 2010 rose RM13 to RM2,445. Volume went up to 15,499 lots from 9,917 lots recorded on Tuesday while open interest was at 68,662 contracts, lower than the 68,982 previously. (BTimes)

**Oil prices** rose slightly on Wednesday as investors began to place bets ahead of Friday's monthly jobs report that figures to provide fresh clues about the strength of the rebounding economy and demand for oil. At the same time, gasoline pump prices across the country continued their slow slide toward levels not seen since a year ago. Benchmark crude for July delivery rose 28 cents to settle at US\$72.86 a barrel on the New York Mercantile Exchange. Oil prices were supported by recent economic data that came in better than expected, including a report Wednesday that showed pending home sales were at their highest level in April since October. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10249.54	225.52	2.25	Nasdaq CI	2281.07	58.74	2.64
S&P 500	1098.38	27.67	2.58	FTSE 100	5151.32	-11.98	-0.23

### Global and Local Headlines

**U.S. stocks** rallied, sending benchmark indexes to their third-biggest gains of 2010, and Treasuries fell as growth in home sales and signs of improving bank finances bolstered optimism in the economy. The Standard & Poor's 500 Index climbed 2.6 percent to 1,098.38 at 4 p.m. in New York, with Halliburton Co. and Schlumberger Ltd. leading gains in oilfield-services companies after their shares slumped yesterday on BP Plc's failure to halt the worst oil spill in U.S. history. The MSCI World Index of stocks in 24 developed nations rose 1.1 percent, erasing a 0.9 percent earlier drop. Ten-year Treasury yields rose 8 basis points to 3.35 percent. The yen slid versus 15 major currencies following Japanese Prime Minister Yukio Hatoyama's resignation. (Bloomberg)

**Prudential Plc** Chief Executive Officer Tidjane Thiam spent three months failing to persuade investors to pay US\$35.5 billion for AIA Group Ltd. Now he has to convince them that he should keep his job. Thiam, 47, dropped his attempt to win shareholder support for the company's biggest takeover yesterday and agreed to pay a 152.6 million-pound (\$223 million) breakup fee to American International Group Inc. Prudential Chairman Harvey McGrath, 58, is leading discussions with shareholders about the company's and the management's future, according to two people with knowledge of the matter. Thiam plans to remain as CEO, the people said. (Bloomberg)

**American International Group Inc.'s** bankers estimated its main Asia division would be worth about US\$32 billion to \$36 billion after an initial public offering, said people with knowledge of the figures. The projections were delivered May 31 to New York-based AIG's board as it weighed Prudential Plc's reduced bid of \$30.4 billion for the business, the people said. AIG directors decided later that day to reject the offer, which Prudential Chief Executive Officer Tidjane Thiam made after the London-based firm's investors balked at the original \$35.5 billion price. (Bloomberg)

**Greece** plans to sell stakes in railway and water companies and the postal service to raise 3 billion euros (US\$3.7 billion) and help reduce a budget deficit that sparked the debt crisis across southern Europe. "We decided to accelerate the privatizations process," Greek Finance Minister George Papaconstantinou told reporters in Athens today. The government aims to raise 1 billion euros a year for the next three years from the sales. (Bloomberg)

**Naoto Kan**, the front-runner to become Japan's prime minister, has begun leading a drive to contain the world's largest public debt just months after warning it would be a "challenge" to maintain fiscal discipline this year. Kan's change reflects his deepening anxiety over the budget deficit after participating in meetings of Group of 20 and G-7 that were dominated by Europe's debt crisis, a Finance Ministry official said on condition of anonymity. Kan, 63, surprised ministry officials and Prime Minister Yukio Hatoyama last month by extending a pledge to cap bond sales through next year. (Bloomberg)

**Malaysia Steel Works (KL) Bhd** (MASTEEL) has agreed to sell a 54.66% stake in wholly-owned unit Bio Molecular Industries Sdn Bhd (BioM) to IBA Pharma SA, a subsidiary of Belgium's Ion Beam Application SA. In a filing with Bursa Malaysia, Masteel said under the subscription and share sale agreement signed yesterday, IBA would subscribe for 5 million shares in BioM's RM10mil issued and paid-up capital. Masteel would also sell 5.112 million BioM shares to IBA for RM1,000 cash, reducing its stake to 45.34% in the BioNexus-status company which is principally engaged in the business of manufacturing and research and development of radioisotopes and radio pharmaceutical products for positron emission tomography. (Star)

**Property developers** are concerned that the Government's move to reduce the number of foreign workers in the country will result in project delays, leading to possible price increases in property. Almost 100% of construction workers in the country are foreigners, according to International Real Estate Federation (FIABCI) Malaysia president Datuk Richard Fong. "We have already seen the effect of tightening labour market five years ago when workers were sent home on an amnesty programme. We will have the same problem again," he said at a press conference here. (Star)

**Iris Corp Bhd** (IRIS) has entered into a joint venture (JV) agreement with WRP Asia Pacific Sdn Bhd to set up a JV company to develop, construct, operate and own a new biomass power plant. In a filing with Bursa Malaysia yesterday, Iris said the biomass power plant would be powered by oil palm empty fruit bunches or such other renewable biomass on a designated site owned or to be owned by WRP. The company said the objective of the JV company was to supply and sell to WRP its supply requirements – namely electricity, steam, hot water and chilled water to be used in WRP plants – and also to supply and sell electricity to Tenaga Nasional Bhd under the small renewable energy power programme. Iris said the total project cost of the biomass power plant was estimated to be RM135mil, which was expected to be funded by way of project financing by the JV company. (Star)

New developments at the troubled **Kenmark Industrial Co (M) Bhd** (KENMARK) continue to unfold. Its managing director James Hwang, a Taiwanese, has written to the company to say that his absence was due to a "delirious state from lack of sleep and was in and out of consciousness since then" and that a friendly party had acquire a substantial stake in the company. Kenmark was the most highly traded counter on Bursa Malaysia yesterday with some 138 million shares. The counter added 5.5 sen, or 91.67% to 11.5 sen yesterday. Meanwhile, EON Bank Bhd has issued a letter of demand to the company for RM20.9mil, indicating the quantum of the bank's exposure to Kenmark. (Star)

**Sunway Real Estate Investment Trust** may raise about RM1.65 billion in its initial public offering in Malaysia next month, according to a draft prospectus. Sunway REIT will probably sell shares at an average IPO price of about RM1 per unit, with four so-called cornerstone investors agreeing to buy a 14 per cent stake, it said. They are the Employees Provident Fund, Permodalan Nasional Bhd, Government of Singapore Investment Corp and Great Eastern Life Assurance

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(Malaysia) Bhd. The company, controlled by Sunway City Bhd, will determine the final price on June 24, the sale document said. (BTimes)

**Singapore** will extend the 20 per cent port dues concession for container ships calling at its port for another two years from next month to June 30 2012 to boost the city-state's attractiveness as a trans-shipment hub port. Introduced in May 1996, the port dues concession was part of the Maritime and Port Authority of Singapore's (MPA) efforts to enhance the competitiveness of the Singapore port. (BTimes)