



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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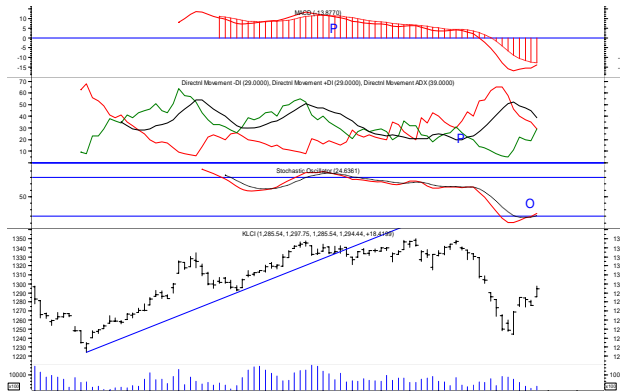
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## MARKET FLASH

### FBM KLCI

Fri, 4 Jun 2010



### MARKET STATISTICS (3/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,294.44	+ 18.42
FBM 100	8,482.13	+ 118.18
FBM ACE	3,777.17	+ 26.99
Volume (m)	655.2	
Value (RMm)	1,243.7	
Up	542	
Down	154	
Unchanged	244	

### FOREIGN

Nikkei	9,914.19	+ 310.95
Hang Seng	19,786.71	+ 314.91
STI	2,793.47	+ 65.90
Shanghai CI		

### BURSA MOVERS

Gainers	Close	Chg
PPB	15.76	+ 0.30
TChong	4.40	+ 0.27
Supermx	6.59	+ 0.23
BAT	44.00	+ 0.20
HLFG	8.06	+ 0.20

Losers	Close	Chg
Tahps	3.43	- 0.26
Aventur	0.80	- 0.21
DFZ	3.77	- 0.20
APM	4.00	- 0.19
Biport	6.18	- 0.12

Actives	Close	Chg
Talam	0.14	+ 0.005
Keuro	0.82	+ 0.065
GPacket-WA	0.435	- 0.01
CIMB	6.93	+ 0.16
JCY	1.58	+ 0.04

### Today's Market Direction :

FBM KLCI would likely to trade **above** **1,297.75** level.

### Market Buying Strength :

About **86%** of total market volume on **3/6/2010** was on buying side compared to **13%** in the preceding trading day.

### "Movement" in Strong Hands :

Strong hands were seen **acquiring** a portion of stock positions on **3/6/2010**.

### Pivot Point Studies for Intra-Day :

For Friday (**4/6/2010**), 1<sup>st</sup> resistance @ **1,300.6** & 2<sup>nd</sup> resistance @ **1,305.3** ; 1<sup>st</sup> support @ **1,288.4** & 2<sup>nd</sup> support @ **1,280.8**.

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

## Technical Analysis – Daily FBM KLCI

	3/6/2010	2/6/2010	
Open	1,285.85	1,280.34	
High	1,297.75	1,281.96	
Low	1,285.54	1,276.02	
Close	1,294.44	1,276.02	
Volume	655.2 m	585.3 m	
<b>Market Breadth</b>			
Up	542	287	
Down	154	294	
Unchanged	244	269	
<b>Indicators</b>			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	buy	buy	

**At a cross road .....**

### Market Commentary :

Encouraged by a stronger-than-expected increase in pending home sales and a recovery in shares of energy companies, DJIA had on 2/6/2010 gained 225.52 points to close at 10,249.54.

The triple-digit rise in Wall Street lifted the trading sentiment onto Bursa Malaysia in the opening bell. FBM KLCI gapped up with to a day low of 1,285.54 as traders changed their game plan from selling to buying in anticipation of higher market. Under greater buying support, market rose above 1,290 level to reach day high of **1,297.75** before settled at **1,294.44**.

The double-digit **rise of 18.42** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB (up RM0.16)**, **Maybank (up RM0.10)**, **Tenaga Nasional (up RM0.03)**, **HL Bank (up RM0.07)** and **Genting M'sia (up RM0.08)**.

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

Market pushed its way up into 1,290 zone yesterday (3/6/2010) in spite of the day low closing at 1,276.02 in the preceding day (2/6/2010). It was a little surprise to see market not making a lower low yesterday, because the market set up on 2/6/2010 pointed to lower ground on 3/6/2010.

**Why market did not trade lower on 3/6/2010 ?** A closer look at the market performance in the past 4 days (27/5/2010 – 2/6/2010) that could give rise the reason behind was the upside gap created on 31/5/2010; but, the willingness on the part of traders to take risk to establish stock positions was the other key for another upside gap yesterday (3/6/2010).

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.

As for another gapped up scenario created on 3/6/2010, it suggested that traders would want to put aside the sharp rise of 42 points from low of 1,243 (27/5/2010) to high of 1,285 (31/5/2010) which was viewed as overreacted, and focused on profiting opportunities at this juncture.

The market aspect of **technical rebound** for 27/5/2010 and 31/5/2010 following the sharp fall to lowest low of **1,243.86** since 11/2/2010 remained 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 with lower low bar on 21/5/2010, and the unfilled downside gap left behind on 21/5/2010 would continue to haunt traders' mind.

**With market hitting 50% retracement level at 1,296 measuring from high of 1,349 to low of 1,243 on 3/6/2010, can this market go up again ?** While traders and investors continued to cheer the upward rise in stock index, 1,295 – 1,300 level would likely to remain a strong psychological hurdle to overcome until such time that we see a crossover of 1,300 level in a decisive manner.

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

A check of internal market strength on 3/6/2010 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 – 3/6/2010 had **exceeded** the amount liquidated from 12/5/2010 to 25/5/2010 by **1%** as compared to **84% stock acquisition of what was sold from 12/5/2010 to 25/5/2001 in the preceding day**.

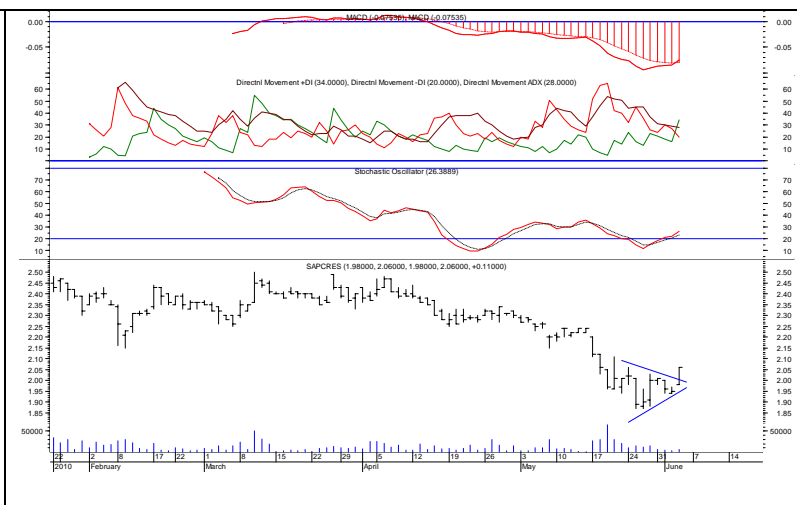
## Conclusion :

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

**The analysis of overall daily market action(s) on 3/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,297.75.**

## Today's Hot Pick – Sapcres

	3/6/2010	2/6/2010
Open	1.98	1.94
High	2.06	1.97
Low	1.98	1.94
Close	2.06	1.95
Volume	8,454	3,695
<b>Indicators</b>	3/6/2010	2/6/2010
MACD	buy	sell
DM index	buy	sell
Stochastics	buy	buy



**Chart wise :** *In position to go higher after pull back.....*

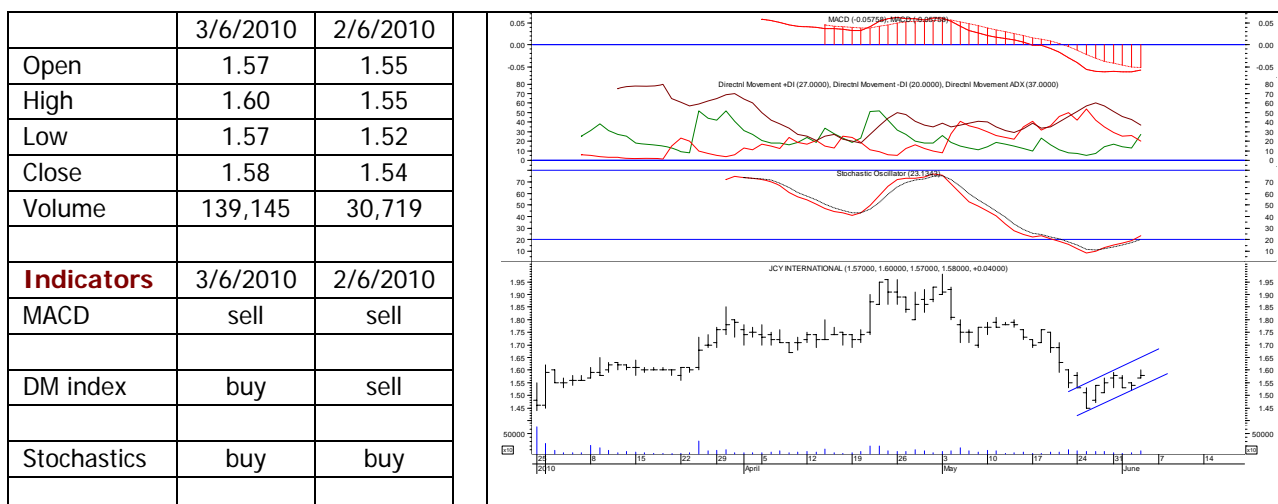
**Sapcres** (8575-MainBoard) had on 3/6/2010 traced out of a symmetrical triangle with an upside gap to a day high of **RM2.06** before settled at **day high**.

**Next Potential Upside Target :** With the upside breakout of symmetrical triangle, **Sapcres** would thus be likely to trade upward with next upside target at **RM2.11**.

**Entry Level :** Risk taking traders may establish buying position at **RM2.02** as a pull back is seen likely.

**Stop Loss Level :** Once a buying position is being established, a stop loss at **RM1.94** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

## Current Active Stock Review – JCY International



**Chart wise :** *Overhead resistance seen at RM1.66 .....*

**JCY International (5161-MainBoard)** had on 3/6/2010 gapped up to a day high of **RM1.60** before settled at **RM1.58**.

**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 **RM1.66** and support at **RM1.55**.

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

A turnaround of prices to close **above RM1.66** level would see further upward move in the stock.

## **MAJOR NEWS**

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

**South Korea's economy** expanded at a faster pace than initially estimated last quarter as exports and consumer spending strengthened. Gross domestic product rose 2.1 percent from the previous three months, compared with an April estimate of 1.8 percent, the Bank of Korea said in Seoul today. The economy grew 8.1 percent from a year earlier, more than the previous 7.8 percent. Europe's debt crisis and escalating military tensions with North Korea are easing pressure on Bank of Korea Governor Kim Choong Soo to join colleagues from India to China in tightening monetary policy to curb inflation as Asia spearheads a global economic recovery. Kim's board left borrowing costs at a record- low 2 percent for a 15th month in May. (Bloomberg)

**Indonesia and the Philippines** kept interest rates at record lows, judging inflation isn't yet a threat as Asia weighs the risk from Europe's debt turmoil. Bank Indonesia left its policy rate unchanged yesterday at 6.5 percent, the lowest level since its introduction in July 2005. Bangko Sentral ng Pilipinas left the rate it pays lenders for overnight deposits at 4 percent, the lowest level since central bank data started in 1990. The nations joined Australia and Thailand in keeping borrowing costs unchanged this week, as spending cuts by European nations battling to reduce budget deficits raised concerns the global recovery will falter. The Philippine central bank cut its inflation forecast for this year and next, and Bank Indonesia kept its estimate at 4 percent to 6 percent. (Bloomberg)

**Group of 20** central banks are delaying their withdrawal of emergency stimulus as Europe's debt crisis shakes financial markets and threatens to hinder the global recovery. G-20 finance chiefs begin talks today in Busan, South Korea, after central banks from Australia to Canada identified investor reaction to Europe's indebtedness as a hurdle to higher interest rates. European Central Bank President Jean-Claude Trichet has reversed his exit strategy to combat the euro's biggest test, while the Federal Reserve's Charles Evans signaled market stress will delay a rise in U.S. borrowing costs. (Bloomberg)

**Crude palm oil (CPO) futures** prices on Bursa Malaysia Derivatives closed lower yesterday on profit-taking and a stronger ringgit, dealers said. They said the stronger ringgit, which was quoted yesterday at 3.26 to the US dollar from 3.29 on Wednesday, encouraged investors to unwind positions. Expectation of low stocks limited the losses, said one of the dealers who added that the Malaysian Palm Oil Board is scheduled to announce the May production, exports and ending stocks data next week. At the closing yesterday, June 2010 rose RM3 to settle at RM2,538 per tonne while July 2010 went down RM13 to RM2,492 per tonne, August 2010 dropped RM12 to RM2,456 per tonne and September 2010 fell RM16 to RM2,429 per tonne. (BTimes)

**The ringgit** strengthened for a second day as an improving US economy brightened the outlook for exports, tempering concerns about a slowdown in Europe. The ringgit closed higher against the US dollar yesterday as gains in Asian stocks lifted confidence in regional and local currencies, dealers said. They said sentiment, however, was cautious due to the debt crisis in Europe. The ringgit was quoted at 3.2630/2680 from 3.2990/3020 on Wednesday. (BTimes)

**Oil prices** spiked Thursday after the federal government said it will stop all new drilling in the Gulf of Mexico following the worst crude spill in American history. Benchmark crude for July delivery rose \$1.75 to settle at US\$74.61 a barrel on the New York Mercantile Exchange. An e-mail obtained by The Associated Press from the Gulf Coast office of the Minerals Management Service said that "until further notice" no new drilling will be allowed in the Gulf, at any water depth. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10255.28	5.74	0.06	Nasdaq CI	2303.03	21.96	0.96
S&P 500	1102.83	4.45	0.41	FTSE 100	5211.18	59.86	1.16

### Global and Local Headlines

**Stocks** gained yesterday, sending the MSCI World Index to a two-week high, and oil rose on speculation tomorrow's U.S. jobs report will add to evidence the U.S. economy is strengthening. The euro fell, and the Hungarian forint sank on concern the nation faces a Greece-style debt crisis. The MSCI World, a gauge of 24 developed nations, climbed 1.1 percent at 4 p.m. in New York. The Standard & Poor's 500 Index rose 0.4 percent, adding to yesterday's 2.6 percent surge. Oil jumped 2.4 percent as U.S. gasoline inventories declined and the government said producers will have to resubmit Gulf of Mexico drilling plans. The euro slid to near a four-year low on concern central bankers will need to boost liquidity in the financial system. The forint sank 3.1 percent versus the dollar. The U.S. Labor Department's jobs report today is forecast to show payrolls grew by 536,000 in May for the biggest increase since 1983, according to the median forecast in a Bloomberg survey, as hiring for the census boosts the job market. The data follows reports showing U.S. service industries expanded for a fifth month and jobless claims decreased by 10,000 to 453,000. (Bloomberg)

Yesterday - **Asian stocks** rallied the most in six months, oil gained and the risk of corporate bond defaults fell as rising sales of U.S. homes and cars bolstered confidence in the global economy. The Japanese yen weakened for a second day. The MSCI Asia Pacific Index advanced 2.8 percent to 113.84 at 4 p.m. in Tokyo, the most since Nov. 30. The Stoxx Europe 600 increased 1.3 percent. Oil for July delivery climbed 1.9 percent to US\$74.23 a barrel after U.S. crude inventories declined. Standard & Poor's 500 Index futures rose 0.5 percent. Asian stocks are recovering from the biggest drop in 19 months in May, as reports in the U.S. showed a recovery in consumer demand, ahead of data today that may show an improving job market. Japanese investors sought higher-yielding assets in the week ended May 28, buying a net 1.17 trillion yen (\$12.7 billion) in overseas debt during the week ended May 28 and 276 billion yen in stocks abroad, Ministry of Finance data showed. (Bloomberg)

**Naim Holdings Bhd** (NAIM) will upgrade 106km of road in Fiji, the first foreign country it has ventured into. Fijian Prime Minister Commodore Voreqe Bainimarama performed the ground-breaking ceremony for the US\$40mil road rehabilitation project in Fiji on Tuesday. The project, funded by the Export-Import Bank of Malaysia, is expected to be completed in two years. (Star)

Datuk Ishak Ismail, the man who is synonymous with the stock market go-go days in the 1990s, is back in action and has emerged with a 32% stake in troubled **Kenmark Industrial Co (M) Bhd** (KENMARK). Kenmark has hogged the headlines this week after its share price plunged 68%, or 22 sen, to 10.5 sen on Monday as its managing director James Hwang had become "uncontactable" since last Tuesday only to "resurface" on Wednesday when he clarified via an email that he had fallen ill and unconscious. The other Taiwanese directors, out of a board of six members, were also not "contactable," leaving only the two independent directors to face the music. (Star)

The **Scomi Group** (SCOMI) plans to tender for US\$10bil worth of monorail projects globally. Announcing this, Scomi International president Kanesan Veluppillai said the projects were in India, Brazil and Middle East. Currently, the global market for monorail projects was at about US\$30bill, he said, adding that India had the largest amount of projects worth approximately US\$15bil. This was followed by Brazil with about US\$10bil projects, he told reporters on the sidelines of the Monorailex 2010 conference yesterday. (Star)

**Malaysian Resources Corp Bhd's** (MRCB) chief executive officer Mohamed Razeek Hussain said the group will use part of the cash raised from recent share sale exercise to buy small pieces of prime land around Klang Valley, while keeping an eye for opportunities to participate in upcoming government projects. These includes a massive Government development plan in Sungai Buloh on a joint-venture with the main shareholder the Employees Provident Fund (EPF). "We will be looking to participate (in the Sungai Buloh project), but there's still no award from EPF to MRCB," Razeek told reporters after the group's AGM yesterday. Razeek said MRCB was currently bidding for projects estimated to total RM600mil at home to replenish its engineering and construction order book of RM3bil. This excludes upcoming projects such as the Light Rail Transit (LRT) expansion, where MRCB is one of the contractors already pre-qualified for the project. On his outlook for the current year ending Dec 31, 2010 (FY10), Razeek said the group expected revenue to top RM1bil for the first time this year, with "reasonable growth" in profits from last year. (Star)

**Celcom Axiata Bhd**, the country's second largest mobile operator, plans to spend some RM6 billion in capital expenditure (capex) from this year to 2015 to strengthen its market position and improve infrastructure. Chief executive officer Datuk Seri Shazalli Ramly said Celcom is expected to fork out about RM1 billion capex annually until 2015. Shazalli also announced that Celcom recorded an unprecedented 16th consecutive quarters of positive growth in the first quarter ended March this year. It posted double-digit growth on a year-on-year basis in all key indicators. Group revenue went up 15 per cent, net profit rose 24 per cent and pre-tax profit edged up 16 per cent while subscribers rose 13 per cent. (BTimes)

**Astro All Asia Network plc** (ASTRO) expects the number of sports package subscribers to increase by 5 per cent, spurred by the World Cup 2010 as well as other sporting events. Currently, 1.65 million households subscribe to its sports package. Astro has a subscriber base of 3 million households. "Yes, it is logical to say that we expect World Cup to be big, considering the multiple channels that we are offering, as well as the availability of high definition now, but it really depends on a lot of factors," Astro chief operating officer Henry Tan told reporters yesterday. (BTimes)

**Boustead Heavy Industries Corp Bhd** (BHIC) has teamed up with Prestige Pillar Sdn Bhd and Eurocopter Malaysia Sdn Bhd to set up a maintenance, repair and overhaul (MRO) joint venture (JV) for rotary and fixed wings aircraft through the execution of public contracts. (BTimes)