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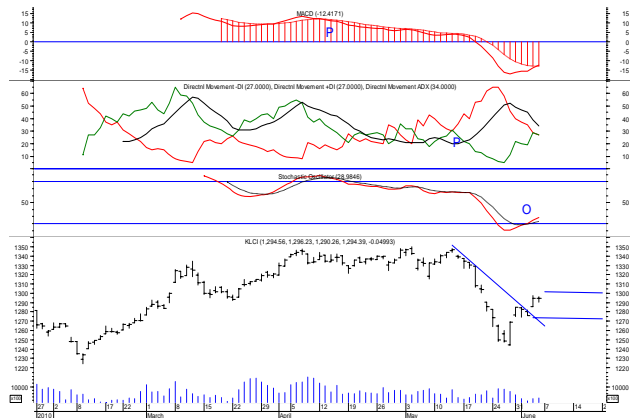
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MARKET FLASH

FBM KLCI

Mon, 7 Jun 2010



MARKET STATISTICS (4/6/10)

| | Close | Chg. |
|--------------|----------|--------|
| LOCAL | | |
| FBM KLCI | 1,294.39 | - 0.05 |
| FBM 100 | 8,488.06 | + 5.93 |
| FBM ACE | 3,784.05 | + 6.88 |
| Volume (m) | 674.1 | |
| Value (RMm) | 988.5 | |
| Up | 313 | |
| Down | 274 | |
| Unchanged | 278 | |

FOREIGN

| | | |
|-------------|-----------|---------|
| Nikkei | 9,901.19 | - 13.00 |
| Hang Seng | 19,780.07 | - 6.64 |
| STI | 2,806.51 | + 13.04 |
| Shanghai CI | 2,553.59 | + 0.94 |

BURSA MOVERS

| Gainers | Close | Chg |
|------------|-------|---------|
| Kluang | 2.20 | + 0.30 |
| BAT | 44.26 | + 0.26 |
| F & N | 11.54 | + 0.24 |
| Fareast | 6.50 | + 0.20 |
| Kenmark | 0.26 | + 0.145 |
| Losers | Close | Chg |
| LMcement | 6.47 | - 0.12 |
| TChong | 4.29 | - 0.11 |
| Petdag | 9.08 | - 0.11 |
| RHB Cap | 5.70 | - 0.07 |
| FimaCorp | 4.20 | - 0.07 |
| Actives | Close | Chg |
| Talam | 0.14 | = |
| Kenmark | 0.26 | + 0.145 |
| Affin-WC | 0.05 | - 0.005 |
| Gpacket-WA | 0.43 | - 0.005 |
| Air Asia | 1.32 | + 0.04 |

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,290.26 level.

Market Buying Strength :

About **48%** of total market volume on 4/6/2010 was on buying side compared to **86%** in the preceding trading day.

"Movement" in Strong Hands :

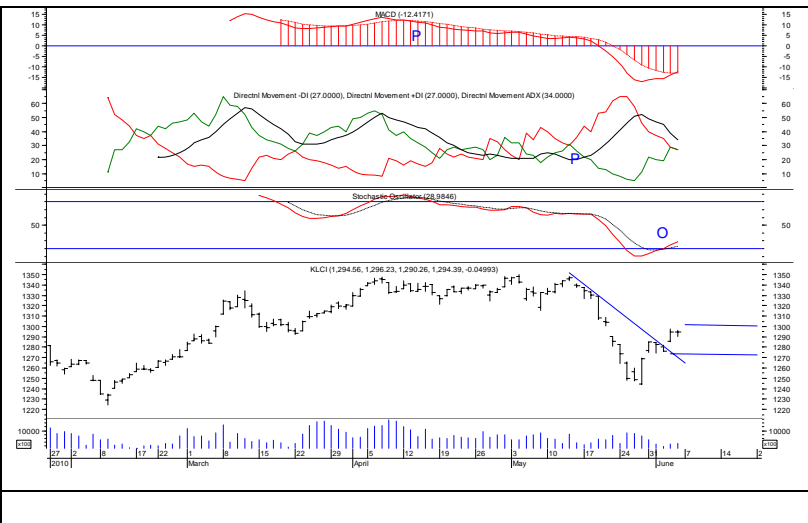
Strong hands were seen **liquidating** a portion of stock positions on 4/6/2010.

Pivot Point Studies for Intra-Day :

For Monday (**7/6/2010**), 1st resistance @ 1,296.9 & 2nd resistance @ 1,299.6 ; 1st support @ 1,291.0 & 2nd support @ 1,287.6.

To read more

Technical Analysis – Daily FBM KLCI

| | | | |
|-----------------------|----------|----------|--|
| | 4/6/2010 | 3/6/2010 |  |
| Open | 1,294.56 | 1,285.85 | |
| High | 1,296.23 | 1,297.75 | |
| Low | 1,290.26 | 1,285.54 | |
| Close | 1,294.39 | 1,294.44 | |
| Volume | 674.1 m | 655.2 m | |
| Market Breadth | | | |
| Up | 313 | 542 | |
| Down | 274 | 154 | |
| Unchanged | 278 | 244 | |
| Indicators | | | |
| MACD | sell | sell | |
| DM Index | sell | sell | |
| Stochastics | buy | buy | |

Psychological hurdle at 1,300 level

Market Commentary :

Supported by reports that number of people seeking first time jobless claims slipped for a second week, DJIA had on 3/6/2010 gained 5.74 points to close at 10,255.28.

The single-digit rise in Wall Street did not render a helping hand to Bursa Malaysia in the opening bell on 4/6/2010. FBM KLCI only traded to a day high of **1,296.23** as traders were seen not willing to stage an immediate follow through buying support. In the absence of greater buying interest, pre-weekend profit taking activity rolled in, this pushed stock index down to a day low of **1,290.26** before settled at **1,294.39**.

The single-digit **drop** of **1,294.3** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.01), **IOI Corp** (down RM0.04), **Genting** (down RM0.02), **Genting M'sia** (down RM0.04) and **TM** (down RM0.01).

What was the chart saying

Market did not continue to push its way up further into 1,290 zone last Friday (4/6/2010) in spite of the day high at 1,297.75 in the preceding day (3/6/2010). From a logical point of view, it was a little surprise to see market not making a higher high on 4/6/2010, because the market set up on 3/6/2010 was pointing to higher ground for 4/6/2010.

Why market did not trade higher on 4/6/2010 ? A closer look at the market performance on 3/6/2010 showed nothing on the negative side; but, a friendly development. Yet, market did not find better buying interest to push the stock index higher when the upside gaps created on 31/5/2010 and 3/6/2010 remained unfilled. **Why ?** There can be many reasons for it either fundamentally or sentimentally; but, there was one good reliable point to explain what happened on 4/6/2010. **retracement**

As we can see from the chart above, this market had been climbing upward quite steadily since the turnaround on 27/5/2010. On 27/5/2010, the stock index first made lowest low of **1,243.86** since 11/2/2010 before reversed its position to go upward with a positive closing on the same day. The initial positive sign had then been emitted, market rose to a day high of 1,285.02 the next day on 31/5/2010, where some traders began to think this rise as an "overreacted" situation, market came back down a little bit; but, recharged itself into a day high of 1,297.75 on 3/6/2010.

Ladies & gentlemen, we had said in our market report dated 1/6/2010 that " ... **How far can this minor rally go ?** The upside violation of 1,280 level on 31/5/2010 was certainly a positive thing to happen, and the market was believed to be gearing up towards 1,295 - 1,300 level."

Again, on 2/6/2010, we continued to say that "With market traded downward on 1/6/2010, can the 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. *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 for a 50% retracement calculation.*"

From a retracement perspective, market had made a 50% retracement measuring from high of 1,349 to low of 1,243 on 3/6/2010. In other words, stock index was at a cross road whether to continue higher or to turn back down to resume its near term downward direction.

Market had come up this high it may seem an easy meat for stock index to cross over 1,300 level as the gap between 1,300 and the day high of 1,297.75 was merely 2.25 points. **But**, we must remember that 1,300 level had been a psychological hurdle all this while in the eyes of traders and investors. 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.

So, would this market go up or down ? It has been always been a difficult task to divine what the market will do next as we are dealing with human decisions. **At this juncture**, the bears would likely be making attempt(s) to fill the upside gap left behind on 3/6/2010 with an eye to pull down the market to 1,276 level, because the overall market sentiment remained on the weak side with bears seen in the upper hand.

What were the strong hands doing

A check of internal market strength on 4/6/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, the number of stock positions liquidated was **32%** of what was acquired from 26/5/2010 – 3/6/2010. (FYI, between 26/5/2010 and 3/6/2010 (inclusive dates), the number calculated on 3/6/2010 showed that total number of stock positions acquired by strong hands had exceeded the total amount disposed between 12/5/2010 and 25/5/2010 by 1%.)

*The 1% extra may be seen a plus point to indicate the stock buying direction of strong hands; but, it could also be a standard error of variables in a mathematical equation. So, to put it in a simple straightforward explanation, the market rise of 54 points from 1,243 to 1,297 could also indicate that strong hands had "used up" the monies from the sale of stock positions started from 1,348 to 1,243 (fall of 105 points). **Imagined one going up the slope and coming down the slope, one has to use twice amount of energy to do the running up compared to running down.***

In short, in order for the market to go into higher ground, strong hands would have to find "new" monies to establish fresh stock positions.

Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 4/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,290.26.

Today's Hot Pick – Johan Hldgs

| | 4/6/2010 | 3/6/2010 |
|-------------------|----------|----------|
| Open | 0.365 | 0.36 |
| High | 0.395 | 0.37 |
| Low | 0.36 | 0.36 |
| Close | 0.385 | 0.37 |
| Volume | 29,170 | 16,210 |
| Indicators | 4/6/2010 | 3/6/2010 |
| MACD | sell | sell |
| DM index | buy | buy |
| Stochastics | buy | buy |

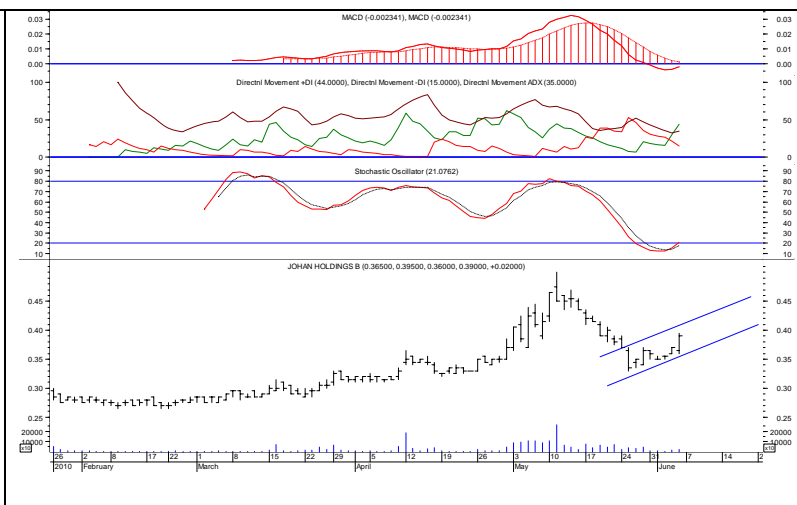


Chart wise : *Within upward channel*

Johan Hldgs (3441-MainBoard) had on 4/6/2010 crossed over RM0.37 hurdle (27/5/2010) to a day high of **RM0.395** before settled at **RM0.385**.

Next Potential Upside Target : With the upside violation of **RM0.37** level, **Johan Hldgs** would thus be likely to trade upward with an immediate upside target at **RM0.41**.

Entry Level : Risk taking traders may establish buying position at **RM0.37** as a pull back is seen likely.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM0.355** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Current Active Stock Review – Titan Chemicals

| | 4/6/2010 | 3/6/2010 |
|-------------------|----------|----------|
| Open | 1.34 | 1.32 |
| High | 1.43 | 1.35 |
| Low | 1.34 | 1.32 |
| Close | 1.36 | 1.34 |
| Volume | 61,159 | 22,122 |
| Indicators | 4/6/2010 | 3/6/2010 |
| MACD | buy | buy |
| DM index | buy | buy |
| Stochastics | buy | buy |

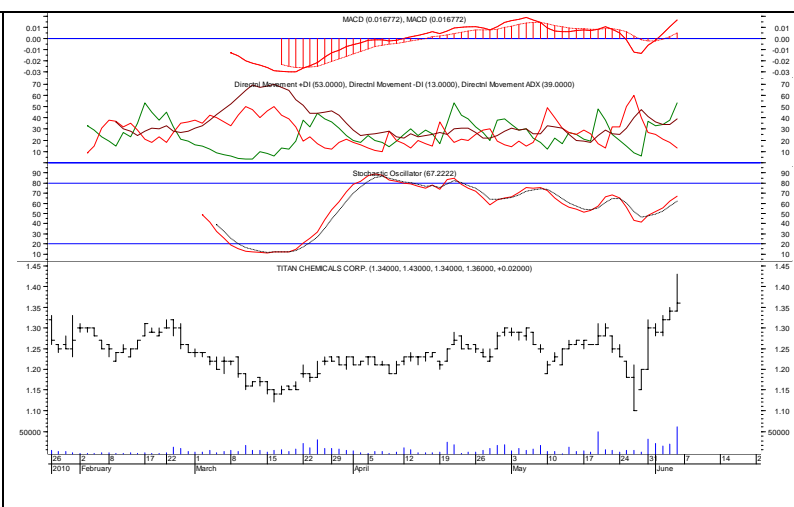


Chart wise : *Overhead resistance seen at RM1.50 level*

Having crossed over RM1.33 hurdle on 3/6/2010, **Titan Chemicals (5103-MainBoard)** had on 4/6/2010 continued to trade higher with its day low above RM1.33 level, the stock made a day **high of RM1.43** before settled at **RM1.36**.

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 **RM1.50** and support at **RM1.30**.

What to watch for

A turnaround of prices to close **below RM1.30** level would see an immediate short term reversing direction in the stock.

Active Stock review – **Faber Group Bhd**



Chart wise:

Faber Group Bhd (1369)-Main Market-Trading/Services

We had earlier called a trading buy on Faber. Subsequently, it fell to a low of RM2.04 from a peak of RM2.63 before staging a recovery, partly on positive newsflow. Currently, it is on the verge of breaking into another higher plateau but the RM2.60 resistance must be cleared convincingly first.

Due to a lacklustre market for lower priced stocks, it may take a while for Faber to break the resistance. Should the RM2.60 resistance is taken out, then the field is clear for higher upside. Otherwise, expect consolidation at between RM2.40 and RM2.60.

Technical Analysis – Weekly FBM KLCI

| | 4/6/3010 | 27/5/2010 |
|------------------------|----------|-----------|
| Open | 1,276.43 | 1,282.96 |
| High | 1,297.75 | 1,282.96 |
| Low | 1,271.55 | 1,243.86 |
| Close | 1,294.39 | 1,269.16 |
| Volume | 3.32 bil | 3.39 bil |
| | | |
| Pivot | 1,289.1 | 1,265.3 |
| 1 st Resis. | 1,303.0 | 1,286.7 |
| 2 nd Resis. | 1,311.7 | 1,304.4 |
| 1 st Supp. | 1,280.4 | 1,247.6 |
| 2 nd Supp. | 1,266.5 | 1,226.2 |
| | | |
| Indicators | | |
| MACD | sell | sell |
| DM Index | sell | sell |
| Stochastics | sell | sell |

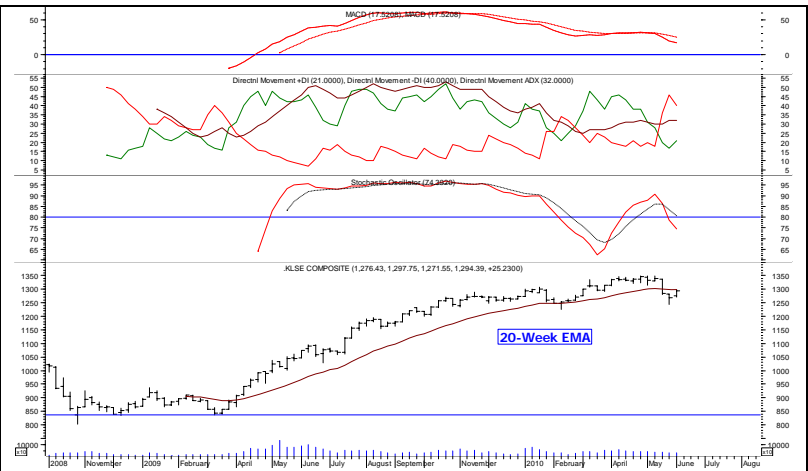


Chart wise : .

..... **71 % of total weekly market trading activity was on buying side**

Weekly Market Commentary :

Supported by report from US Commerce Department that factory orders rose by 12% in April 2010 (Factory orders jumped in March 2010 by highest level in 6 years), DJIA crawled back into 1,000 zone with a high of 10,315.20 before settled at **10,255.30** for the week ended 3/6/2010.

The friendly upward move in Wall Street rendered an encouraging support to Bursa Malaysia, FBM KLCI traded to a high of 1,297.75 level as traders chose to play on buying side in anticipation of a technical rebound before settled at **1,294.39** last week.

Total market turnover was **3.32** billion shares for week ended 4/6/2010 compared to **3.39** billion shares in the previous week, the **smaller market volume** in an up close scenario suggested **weaker selling pressure** last week.

With a week high (1,297.75) higher than previous week high (1,282.96) and a higher low (1,271.55) than previous week low (1,243.86), can market continue to go downward ? The higher weekly high and higher weekly low last week (4/6/2010) was a friendly market development with weekly high touched the 20-week MA last week after traded below 20-week MA line for 2 consecutive weeks. But, market still remained on a weak side.

On examination of the market behaviour for the week ended 4/6/2010, the weekly **up close** of **1,294.39** helped to paint a friendly picture onto the chart with **support** pegged at **1,270** and **overhead resistance** at **1,300** level.

A mathematical calculation showed that about 71 % of the total market trading activity for week ended 4/6/2010 was on the **buying side** compared to the 32 % in the previous week.

Conclusion :

The market action(s) for week ended 4/6/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be likely to trade **above 1,297.75** this week.

MAJOR NEWS

Commodity, Currency and Economic News

European Central Bank President Jean-Claude Trichet and Treasury Secretary Timothy F. Geithner diverged on prescriptions to sustain growth, with Europe set to tighten budgets and the U.S. seeking stronger domestic demand. The impact of narrower budget gaps "on growth could not be considered negative because it would improve confidence," Trichet told reporters yesterday after meeting with Group of 20 finance chiefs in Busan, South Korea. The need for such action is clear in "old industrialized economies," he said. (Bloomberg)

Hungary's economic situation is stable and recent comments about a possible default were "unfortunate," the government said, pledging to stick to the budget deficit goal approved by the country's creditors. "Any comparison with countries that have much higher credit default swap ratings than Hungary is unfortunate," State Secretary Mihaly Varga told reporters today in Budapest. "The comments that have been made about this issue are exaggerated." (Bloomberg)

The euro dropped to a four-year low against the dollar and slid versus the yen on concern Europe's debt crisis will slow global growth. The yen gained against all 16 of its most-traded counterparts as futures signaled regional equities will extend a global slump, boosting demand for the safest assets. Europe's shared currency fell for a third day against the greenback as Luxembourg Prime Minister Jean-Claude Juncker, who leads the group of euro-area finance ministers, said yesterday he isn't worried about the current level of euro. (Bloomberg)

Vietnam's central bank will try to bring down rates at the prime minister's request as interest costs are at a level affecting corporate profits and inflation is under control, State Bank of Vietnam Deputy Governor Nguyen Van Binh said today. The bank may supply more money to the banking system by providing loans at longer terms, while carrying out a "flexible" monetary policy, he said on the sidelines of a World Economic Forum conference in Ho Chi Minh City. Vietnam's inflation rate eased for a second month in May, with the pace of price growth cooling to 9.05 per cent from 9.23 per cent in April. In May, the Vietnamese government raised its inflation target for 2010 to 8 per cent from 7 per cent. (Bloomberg)

There is an acute shortage of **sugar** in the country. Consumers and traders in several states have voiced their frustration in getting supply of the essential commodity, describing the shortage as the "worst so far". A check at several grocery shops here revealed that no sugar had been on sale for over a week. (Star)

The Kuala Lumpur **CPO futures** market eked out a gain last week, thanks to short-covering at the eleventh hour of trade. Crude palm oil for August 2010 delivery fell in early trade to a low of RM2,425 a tonne, but short-covering emerged soon enough after that to lift it to a high of RM2,482. It settled last Friday at RM2,474 a tonne, up a nominal RM17 or 0.69 per cent over the week. Short-covering was evidenced by the notable contraction the total open interest position to 69,501 open contracts from the previous week's 70,974 open contracts, a disappearance of 1,473 open contracts or 2.08 per cent over the week. The initial bout of short-covering activity was sparked by last month's scintillating export performance. (BTimes)

Major US and UK Equity Indices

| Index | Day Close | Change | Change (%) | Index | Day Close | Change | Change (%) |
|---------|-----------|---------|------------|-----------|-----------|--------|------------|
| DJIA | 9931.97 | -323.31 | -3.15 | Nasdaq CI | 2219.17 | -83.86 | -3.64 |
| S&P 500 | 1064.88 | -37.95 | -3.44 | FTSE 100 | 5126.00 | -85.18 | -1.63 |

Global and Local Headlines

Thai Airways International Pcl will probably report a second-quarter loss similar to last year's level after anti-government protests in Bangkok kept travelers away, President Piyasvasti Amranand said in an interview. Thailand's biggest carrier lost about US\$90 million in revenue last month and June will also "not be good," Piyasvasti said in Berlin yesterday. The political unrest which killed at least 87 people was compounded by volcanic ash over Europe that left passengers stranded, he added. The Bangkok-based airline had a second-quarter loss of 5.4 billion baht (\$166 million) last year. (Bloomberg)

Group of 20 nations failed to agree on a proposal to impose a global tax on banks that was aimed at making the financial industry shoulder the cost of bailouts, settling instead for a common set of guidelines. G-20 finance ministers and central bank governors said in a statement in Busan, South Korea, that governments will take account of each nation's "circumstances and options." The result allows nations such as Canada, China and Brazil, whose banks suffered less during the global financial crisis, to skip introducing a tax. European countries and the U.S. have advocated the levy. (Bloomberg)

Following his donation of RM525mil from the sale of his stake in Ascot Sports Sdn Bhd, **Tan Sri Vincent Tan** will look for other avenues to fund his portion of the loan stocks to be issued by Berjaya Corp Bhd for the purchase of the sports betting company. "One possibility is via the listing of Berjaya Retail Bhd (BRetail) where I own 100% of 7-Eleven," he told StarBiz after a press conference on Saturday. The proposal for the listing of BRetail has been submitted and the listing is expected soon. There are plans for the sale of Singer (M) Sdn Bhd and 7-Eleven Malaysia Sdn Bhd to BRetail for RM360mil and RM600mil respectively through the issuance of new and irredeemable convertible preference shares. (Star)

Bank Negara Malaysia had to take a long time to evaluate **Affin Holdings Bhd's** (AFFIN) bid for EON Capital Bhd because it was not given enough information. Sources said Affin's application on May 4 2010 was a two-page letter that indicated it wanted permission to talk to major shareholders of EONCap, without more details on how it wants to do the deal. "They (BNM) had to ask for more information and also do their own study," said one industry source, adding that the central bank needs to know the impact of such a deal on the banking system. It is understood that BNM has made its recommendation but it still needed the final nod from the Finance Minister. (BTimes)

Scomi Group Bhd (SCOMI) has signed an initial deal to partner a Brazilian government-linked company and explore for business in the oil and gas and transportation industries. It is believed that the drilling fluids and waste management group sealed a memorandum of understanding with SC Parcerias, an entrepreneurial arm of the government of the state of Santa Catarina in Brazil. "The Brazilian oil and gas market is a huge opportunity for Scomi," one source said. SC Parcerias may also partner Scomi to build a 10km monorail that could carry more than 100,000 people a day. (BTimes)

Putrajaya Perdana Bhd (PPEDANA) has bid for building and infrastructure projects worth more than RM3 billion this year as it is upbeat on the construction sector. Chief executive officer Wie Hock Kiong said the group will eye private finance initiative projects under the 10th Malaysia Plan. It may also grow its concession business. Putrajaya Perdana, via subsidiaries CMS Roads Sdn Bhd and CMS Pavement Sdn Bhd, holds a concession for road maintenance in Sarawak until 2017. (BTimes)

TSR Capital Bhd (TSRCAP), a construction company, is bidding for some RM2.6 billion worth of contracts this year, out of which RM1 billion are abroad, its executive director Datuk Wan Abdul Razak Ismail said. "If we manage to secure contracts from the overseas bidding, these would be our maiden construction projects abroad," he told reporters after the company's annual general meeting in Bandar Sri Damansara, last Friday. The overseas projects are within Southeast Asia and it expects to win contracts worth some RM50 million or a success rate of 5 per cent. Locally, TSR is bidding for building works with a total value of RM1.2 billion, and private funding initiative projects worth RM400 million. "We expect to achieve a 10 per cent success rate each for these two categories of bids," he said. The company's current order book stands at RM700 million. (BTimes)