



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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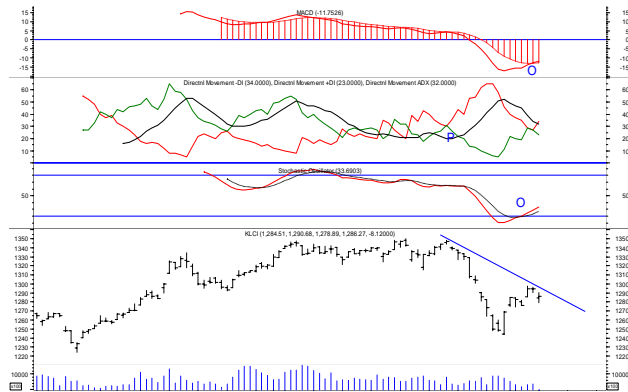
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## MARKET FLASH

### FBM KLCI



Tues, 8 Jun 2010

#### MARKET STATISTICS (7/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,286.27	- 8.12
FBM 100	8,435.29	- 52.77
FBM ACE	3,768.29	- 15.76

Volume (m)	491.9	
Value (RMm)	844.2	
Up	151	
Down	463	
Unchanged	556	

<b>FOREIGN</b>		
Nikkei	9,520.80	- 380.3
Hang Seng	19,378.15	- 401.92
STI	2,751.88	- 54.63
Shanghai CI	2,511.73	- 41.86

<b>BURSA MOVERS</b>		
<b>Gainers</b>	<b>Close</b>	<b>Chg</b>
Faber	2.64	+ 0.14
Perstim	4.42	+ 0.12
Handal	0.80	+ 0.105
Cheetah	0.56	+ 0.10
Eoncap	7.20	+ 0.10
<b>Losers</b>	<b>Close</b>	<b>Chg</b>
F & N	11.36	- 0.18
Proton	4.55	- 0.18
APM	3.79	- 0.17
YTL	7.29	- 0.16
Tanjong	17.12	- 0.16
<b>Actives</b>	<b>Close</b>	<b>Chg</b>
Kenmark	0.27	+ 0.01
Talam	0.14	=
Gamuda-WD	0.74	+ 0.015
Axiata	3.74	- 0.01
Keuro	0.82	- 0.015

#### Today's Market Direction :

FBM KLCI would likely to trade **below** 1,278.89 level after making attempt to go **higher** than 1,290.68.

#### Market Buying Strength :

About **57%** of total market volume on 7/6/2010 was on buying side compared to **48%** in the preceding trading day.

#### "Movement" in Strong Hands :

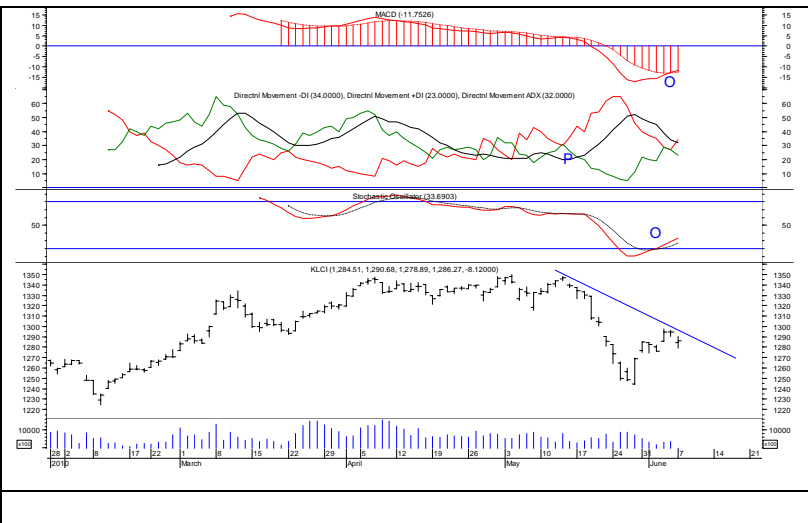
Strong hands were seen **liquidating** a portion of stock positions on 7/6/2010.

#### Pivot Point Studies for Intra-Day :

For **Tuesday (8/6/2010)**, 1<sup>st</sup> resistance @ 1,291.6 & 2<sup>nd</sup> resistance @ 1,297.0 ; 1<sup>st</sup> support @ 1,279.8 & 2<sup>nd</sup> support @ 1,273.4.

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

## Technical Analysis – Daily FBM KLCI

	6/6/2010	4/6/2010	
Open	1,284.51	1,294.56	
High	1,290.68	1,296.23	
Low	1,278.89	1,290.26	
Close	1,286.27	1,294.39	
Volume	492.9 m	674.1 m	
<b>Market Breadth</b>			
Up	151	313	
Down	463	274	
Unchanged	206	278	
<b>Indicators</b>			
MACD	buy	sell	
DM Index	sell	sell	
Stochastics	buy	buy	

### Sideways market .....

### Market Commentary :

Worried over US disappointing jobs report and possible default by Hungary, DJIA had on 4/6/2010 lost 323.31 points to close at 9,931.97.

The triple-digit fall in Wall Street sent a strong negative signal to Bursa Malaysia in the opening bell on 7/6/2010. FBM KLCI filled the upside gap left behind on 3/6/2010 with a day high of **1,290.68** as traders were seen reluctant to play on buying side in anticipation of lower market. In the absence of good buying support, renewed selling pressure rolled in, this pushed stock index down to a day low of **1,278.89** before settled at **1,286.27**.

The single-digit **drop** of **8.12** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.03), **Sime Darby** (down RM0.03), **Genting** (down RM0.15), **Genting M'sia** (down RM0.03) and **TM** (down RM0.01).

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

Market broke below 1,280 level (7/6/2010) following the marginal down close in the preceding day (4/6/2010). The selling on 7/6/2010 may have posed a surprise to many; but, the inside day bar on 4/6/2010 had somehow indicated an indecisive game play with buyers and sellers seen in balance situation.

**Why did the market trade lower on 7/6/2010 ?** Traders basically found themselves a little unsure of market direction on 4/6/2010, and the external market performance added the downward pressure on stock index to go lower on 7/6/2010. Moreover, the 50% retracement move at 1,296 level measuring on 2/6/2010 from high of 1,349 to low of 1,243 on 3/6/2010 followed by lower high on 3/6/2010 had also hastened the selling pace to trade lower on 7/6/2010.

**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.*"

Market had come up this high (1,297.75 on 3/6/2010) .... 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. Furthermore, 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 the upside gap created on 3/6/2010 filled on 7/6/2010, what would likely happen to the market now ?** A sideways market should be shaping up while waiting for next breakout with resistance pegged at 1,300 and support 1,270.

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

A check of internal market strength on 7/6/2010 showed that buying strength *weakened* with strong hand(s) seen *disposing a portion of buying positions*, the number of stock positions liquidated was *40%* of what was acquired from 26/5/2010 – 3/6/2010 compared to *32%* in the preceding trading day.

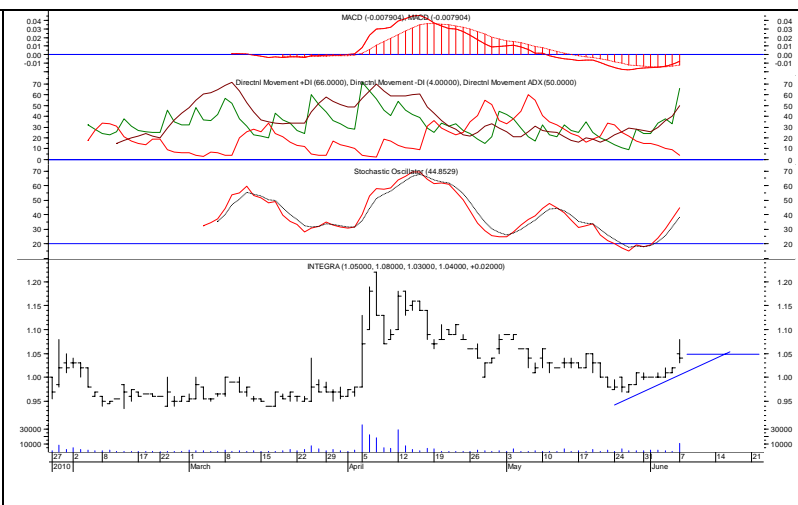
## Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 7/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,277.89 after making attempt to go higher than 1,290.68.

## Today's Hot Pick – Integra

	7/6/2010	4/6/2010
Open	1.05	1.01
High	1.08	1.02
Low	1.03	1.01
Close	1.04	1.02
Volume	11,392	239
<b>Indicators</b>	7/6/2010	4/6/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise** : *RM1.13 seen after a pull back.....*

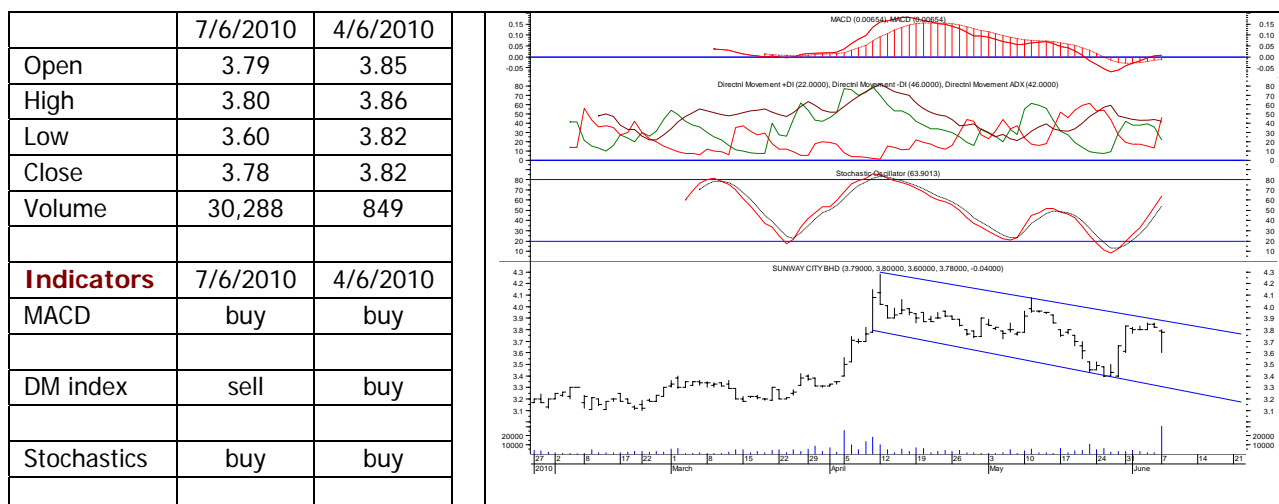
**Integra** (9555-MainBoard) had on 7/6/2010 gapped up to cross over RM1.05 hurdle with an intra-day high of **RM1.08** before settled at **RM1.04**.

**Next Potential Upside Target** : An upside violation of **RM1.05** hurdle again would likely see **Integra** to trade upward with immediate upside target at **RM1.13**.

**Entry Level** : Risk taking traders may establish buying position at **RM1.02** as a pull back is seen likely.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM1.00** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

## Current Active Stock Review – Suncity



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

Having stayed near to the upper line of downward sloping channel, **Suncity (6289-MainBoard)** had on 7/6/2010 gapped down to a day low of RM3.60 before rebounded to settle near day high at RM3.78.

**Price Direction .....**

In view of an increase in market participation, the stock could be expected to trade **sideways** in coming day(s) with an overhead resistance pegged at RM3.90 and support at RM3.30.

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

A downside breakout of prices to close **below RM3.30** level would see next immediate price support of RM2.90 for the stock.

## Active Stock Review – Gamuda Bhd



### Chart wise

### Trading buy.

**Gamuda Bhd** (5398-Main Market-Construction)

Gamuda's share has succumbed to selling pressure two weeks ago and is now on the mend. As it is, it's RSI and stochastic continues to recover, with the lagging MACD just crossing its trigger line on the upside.

Collectively, it's still positive indicators suggest more near term upsides. For now, the stock is a Trading buy if the RM3.06 level is taken out. Failure to take out the resistance, however, leaves a neutral outlook. The support, meanwhile, is at RM2.59.

## ***MAJOR NEWS***

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

Malaysia is expected to become the only **net exporter of oil** in AsiaPacific by 2014 although its proven oil reserves is declining, Malaysian Exhibition and Services Sdn Bhd (MES) general manager Alun Jones said. Quoting Business Monitor International's (BMI) latest Malaysia oil and gas outlook, he said this London-based independent information provider had projected Malaysia will account for 1.81 per cent of Asia Pacific's oil demand by 2014, while providing 8.36 per cent of supply. (BTimes)

**European** finance ministers put the finishing touches on a rescue fund being backed by 440 billion euros (US\$524 billion) in national guarantees, seeking to halt the spread of Greece's debt crisis. The European Financial Stability Facility would sell bonds backed by the guarantees and use the money it raises to make loans to euro-area nations in need, the finance ministers agreed yesterday in Luxembourg. The new entity would sell debt only after an aid request is made by a country. The ministers aim for ratings companies to assign a AAA rating to the facility, whose bonds would be eligible for European Central Bank refinancing operations. The fund will be based in Luxembourg. (Bloomberg)

**Oil prices** struggled Monday amid worries the debt crisis in Europe could spread and clip the recovery in global fuels demand. Falling stock markets around the world and a stronger dollar were contributing factors. Benchmark crude for July delivery lost 7 cents to settle at US\$71.44 a barrel on the New York Mercantile Exchange. Crude lost \$3.10 a barrel on Friday to settle at \$71.51, after the U.S. government's jobs report showed companies remained reluctant to hire. (Star)

**Crude palm oil (CPO) futures** on Bursa Malaysia Derivatives closed lower yesterday, in line with the weaker crude oil and soyaoil prices, dealers said. "The weaker crude oil price weighed down market sentiment," a dealer said. However, he added, the CPO price is expected to rebound, on expectation of higher demand for the coming fasting month and Aidilfitri celebration. "The market is looking to see how far the Malaysian benchmark can go. We expect it to go as low as RM2,400 because crude oil has been losing ground," said a trader with a foreign commodities brokerage. June 2010 declined RM19 to settle at RM2,541 per tonne, July 2010 fell RM19 to RM2,496 per tonne, August 2010 eased RM25 to RM2,449 per tonne and September 2010 depreciated RM29 to RM2,419 per tonne. Volume, however, increased to 14,255 lots from 10,094 lots last Friday while open interests decreased to 69,345 contracts from 69,501 contracts previously. (BTimes)

**The ringgit** closed lower against the US dollar yesterday amid continued concerns on the European debt crisis, dealers said. The ringgit declined to 3.3310/3350 against the US dollar yesterday from 3.2730/2770 last Friday. With the European financial crisis, and Asian currency units trading on a weak bias, this has stepped up safe haven flows into the US dollar, one dealer said. The dealer said the ringgit could weaken further if the European debt crisis escalates as the US dollar will become attractive. Yesterday the ringgit was traded mostly lower against other major currencies. (BTimes)

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**Major US and UK Equity Indices**

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	9816.49	-115.48	-1.16	Nasdaq CI	2173.90	-45.27	-2.04
S&P 500	1050.47	-14.41	-1.35	FTSE 100	5069.06	-56.94	-1.11

**Global and Local Headlines**

**U.S. stocks** declined, sending the Standard & Poor's 500 Index to the biggest two-day loss since March 2009, as Google Inc. and Apple Inc. led a drop in technology shares and Goldman Sachs Group Inc. was subpoenaed in the financial-crisis investigation. Apple lost 2 percent as the introduction of a new iPhone failed to boost the stock. Google sank 2.7 percent as Connecticut demanded information about data collection. Goldman Sachs slid 2.5 percent as the Financial Crisis Inquiry Commission said the bank had not complied with requests for documents. Autodesk Inc. fell 4.4 percent after Goldman Sachs removed the software company from its "conviction buy" list. (Bloomberg)

**Apple Inc.** Chief Executive Officer Steve Jobs introduced a thinner iPhone today with a sharper screen and video-chat features, an attempt to ward off competition from devices running Google Inc.'s Android software. The iPhone 4 will go on sale in the U.S. and four other countries on June 24, Jobs said at the company's Worldwide Developers Conference in San Francisco. A 16-gigabyte model will cost US\$199 and a 32-gigabyte version will sell for \$299. The iPhone has emerged as Apple's top product, raking in 40 percent of revenue last quarter -- more than the Macintosh computer or iPod. The latest device has a new camera system, capable of videoconferencing and recording high-definition video. The iPhone 4 comes to market as HTC Corp. and Motorola Inc. ready rival products based on Android, the mobile-operating system software created by Google. (Bloomberg)

**Yoshihiko Noda**, who may become Japan's ninth finance minister in four years, would bring support for spending cuts to the incoming cabinet as policy makers compile a plan to rein in the world's biggest public debt. Noda, a 53-year-old member of the ruling Democratic Party of Japan, has been asked to become finance minister, according to a person familiar with the matter speaking on condition of anonymity. Prime Minister-elect Naoto Kan is poised to announce his cabinet today following the emperor's return from a holiday. Noda, who has no previous cabinet experience and would be the youngest in the job since the 1980s, will need to restrain budget requests of fellow ministers as he seeks to implement a deficit-reduction plan due by month-end. Noda in his current role has opposed using bond issuance to pay for new spending measures and last month warned that any let-up in fiscal discipline threatened to send yields soaring. (Bloomberg)

**The U.S.** has supplanted China and Brazil as the most attractive market for investors as confidence in the global economic recovery wanes in the wake of the Greek debt crisis. Investors are putting their money on President Barack Obama's stewardship of the U.S. economy even as his job-approval rating has declined, according to a global quarterly poll of investors and analysts who are Bloomberg subscribers. Almost 4 of 10 respondents picked the U.S. as the market presenting the best opportunities in the year ahead. That's more than double the portion who said so last October, when the U.S. was rated the market posing the greatest downside risk by a plurality of respondents. (Bloomberg)

Some 20,000 **retailers nationwide** will stop selling sugar, cooking oil and flour from June 15 because they are unhappy with the Government's ruling that they need a licence to sell these essential items. The Federation of Sundry Goods Merchants Associations conveyed this to Datuk Seri Dr Chua Soi Lek when they met yesterday although the MCA president urged them to reconsider the move. Domestic Trade, Co-operatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob, however, is determined to go ahead with the licence requirement despite the "threat", saying that this was to check hoarding. (Star)

The much-awaited counter offer by **Affin Holdings Bhd** (AFFIN) for EON Capital Bhd seems to have hit a snag as Bank Negara is not giving permission to the former to begin negotiations. Affin had on May 4 submitted an application to Bank Negara to seek its approval to commence negotiations with EON Cap. There was also speculation that Affin was planning on making an offer for EON Cap through a general offer for the shares of the latter, at a price of around RM7.50 per share, higher than the existing offer by Hong Leong Bank Bhd (HLB), which works out to an effective price of RM7.20 per EON Cap share. (Star)

The Securities Commission (SC) has approved the proposed listing of **Berjaya Retail Bhd**, the listing vehicle of Singer (M) Sdn Bhd and 7-Eleven Malaysia Sdn Bhd, on the Main Market of Bursa Malaysia. The SC has also approved the proposed distribution of dividend-in-specie comprising ordinary shares in Berjaya Retail to entitled shareholders of Berjaya Corp in relation to the proposed listing. (Star)

After over a week of upheaval, **Kenmark Industrial Co (M) Bhd** (KENMARK) reported a shocking set of financial results with a net loss of RM146mil for its fourth quarter ended March 31, compared with a net loss of RM84,000 in the previous corresponding period. Despite that, some stability has returned at its Port Klang plant where hundreds of its employees reported for work yesterday. The reasons for such a big loss in the quarter were lower revenue, higher cost of sales, provisions for doubtful debts and impairment of assets by certain subsidiaries, the furniture maker told Bursa Malaysia in a statement yesterday. The company's four new directors met yesterday to finalise the unaudited accounts so that it could be released to avoid the shares from being suspended today. (Star)

**Ingress Corp Bhd** (INGRESS) said the unincorporated joint venture between its subsidiaries, Ramusa Engineering Sdn Bhd and Multi Discovery Sdn Bhd, has received a letter of acceptance for a RM72mil project from Tenaga Nasional Bhd. The contract involves the design, supply, erect and commissioning in relation to the proposed 275/132kV transmission line quadruple circuit between Kampung Pandan and Ampang East. Ingress said the 18-month project was expected to start in the third quarter of its current financial year ending Jan 31, 2011. (Star)

**Mechmar Corp (M) Bhd** (MECHMAR) has failed in its appeal for a stay in execution on the appointment of a provisional liquidator for its 70% owned subsidiary Independent Power Tanzania Ltd (IPTL). It told Bursa Malaysia yesterday that the Tanzania Court of Appeal had ruled on May 14 that Mechmar's application for a stay of execution be refused. VIP Engineering & Marketing Ltd, a minority shareholder of IPTL, had on Feb 25, 2002, filed a petition in the High Court of Tanzania to wind up IPTL, claiming oppression by Mechmar. (Star)

**Shin Yang Shipping Corp Bhd** plans to expand its overseas operations, especially in the Middle East, chief financial officer Richard Ling said. Ling said one of Shin Yang's key growth initiatives is the operation of a new shipyard in Hulayla Industrial Park, Ras Al Khaimah (RAK) located in the United Arab Emirates. The Miri-based shipbuilder sealed a 25-year lease agreement to operate the shipyard on 0.6ha last year. (BTimes)

**Proton Holdings Bhd's** (PROTON) share price took a beating yesterday, falling 3.81% or 18 sen from last Friday's close to RM4.55 after partnership talks with Volkswagen AG fell through. The carmaker's shares opened at RM4.60, down 13 sen from last Friday after it announced on Sunday evening that partnership talks with Wolfsburg-based Volkswagen had ended. According to a statement by Proton, the preliminary talks were called off because Volkswagen had "other priorities" and after the German carmaker concluded that both companies could not pursue a collaboration. (Star)

**Scomi Group Bhd** (SCOMI) and SC Parcerias signed a preliminary agreement to explore opportunities in drilling-fluids and drilling-waste management in Brazil. The companies signed the agreement on June 4, Scomi said in an e-mailed statement yesterday. (Star)

Bursa Malaysia has publicly reprimanded **The Ayer Molek Rubber Co Bhd** (AMOLEK) and **Gula Perak Bhd** (GPERAK) and imposed fines on some of their directors. It said in a statement that Ayer Molek failed to submit its quarterly report for the period ended March 31, 2009, on or before May 31, 2009. It publicly reprimanded executive director Goh Joon Hai, non-executive chairman Datin Mariam Prudence Yusof and non-executive directors Soo Yoke Mun, Datuk Teh Kim Seng, Jasmi Daik and Syed Khalil Syed Ibrahim (Khalil resigned on Sept 2, 2009). Goh was fined RM16,500 while the others RM3,300 each. Hotel operator Gula Perak received a public reprimand for failing to disclose financial transactions that led to a deviation between the company's unaudited and audited losses after tax representing a variance of 61.23%. Bursa reprimanded executive chairman Datuk Rahim Baba, managing director Tan Sri Lim Cheng Pow, and executive directors Datuk Lim Soo Kok, Datuk Lim Sue Beng and Leow Thang Fong. Cheng Pow and Leow were fined RM25,000 and RM10,000 respectively. (Star)

**DiGi.Com Bhd** (DIGI), which has embarked on a cost-saving initiative to ensure the group is able to withstand challenges in the competitive industry, is on track to achieved RM100mil savings this year. Newly-appointed chief executive officer Henrik Clausen said the group had managed to save RM37mil in the first quarter and was well on track to achieve its target. He said the telco was looking at savings from every aspect of its processes, including procurement, maintenance and sourcing. (Star)

A special task force has been set up within the Cabinet Committee on Public Transport to study a proposal for a new three-line **mass rapid transit (MRT) system** costing more than RM30 billion. Sources told the New Straits Times that Gamuda Bhd and MMC Corp Bhd had submitted a joint proposal to the government for a new MRT system to improve public transport in the Klang Valley. While it aims to integrate the monorail and light rail transit (LRT) systems, the MRT lines will also connect the northwest and southeast of the Klang Valley. The committee is chaired by Prime Minister Datuk Seri Najib Razak. It is understood that one of the lines will run through Sungai Buloh, Kota Damansara, Kuala Lumpur and Cheras until Kajang. Another line will connect Sungai Buloh, Kepong, Kuala Lumpur and Serdang. The third line will loop around. (NST)

**Boustead Heavy Industries Corp Bhd** (BHIC), a unit of Boustead Holdings Bhd, has bought a 51 per cent stake in Germany's Contraves Advanced Devices Sdn Bhd for RM25 million to strengthen its goal to become one of the world's leading military equipment makers. Malacca-based Contraves which has been in Malaysia for the past 25 years, is a unit of Germany's Rheinmetall Air Defence AG, one of Europe's top defence firms manufacturing electronic products specialising in ground forces as well as automotive technology. Boustead executive deputy chairman and managing director Tan Sri Ahmad Ramli Mohd Nor said the partnership will allow the firm to increase local content in Malaysia's defence products and services. (BTimes)