



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

**Butterworth Office**  
Wisma UMHO,  
Lorong Bagan Luar Dua,  
12000 Butterworth,  
Seberang Perai.  
Tel: 604-3322 123

**KL BRANCH**  
L-7-2, Ilo 2,  
Jalan Solaris,  
Solaris Mont' Kiara,  
50480 Kuala Lumpur  
Tel: 603-6203 7227

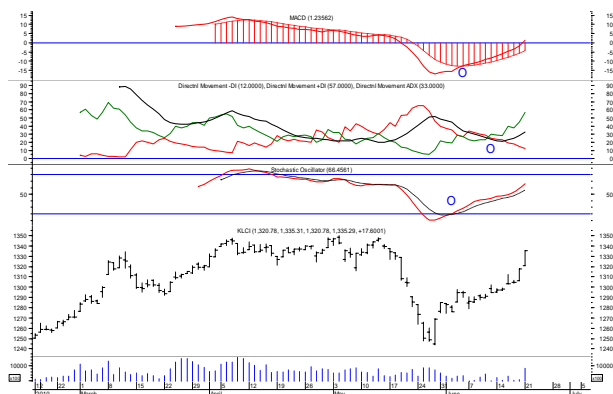
**MELAKA BRANCH**  
81B & 83B,  
Jalan Merdeka,  
Taman Melaka Raya,  
75000 Melaka.  
Tel: 606-292 1898

**PENANG BRANCH**  
2nd Floor,  
Std Chartered Bank,  
2 Lebuhr Pantai,  
10300 Penang.  
Tel: 604-263 9118

**JOHOR BRANCH**  
Menara Pelangi,  
Suite 17.1, Level 17,  
Jalan Kuning, Taman Pelangi,  
80400 Johor Bahru.  
Tel: 607-331 6992

## MARKET FLASH

### FBM KLCI



Tues, 22 Jun 2010

#### MARKET STATISTICS (21/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,335.29	+ 17.60
FBM 100	8,769.13	+ 116.70
FBM ACE	3,923.09	+ 47.36
Volume (m)	921.0	
Value (RMm)	1,515.0	
Up	591	
Down	161	
Unchanged	208	

#### FOREIGN

Nikkei	10,238.01	+ 242.99
Hang Seng	20,912.18	+ 625.47
STI	2,885.64	+ 52.24
Shanghai CI	2,586.21	+ 72.99

#### BURSA MOVERS

Gainers	Close	Chg
Digi	23.44	+ 0.32
UtdPlnt	14.60	+ 0.30
FarEast	6.70	+ 0.30
PBBank	11.92	+ 0.28
KLK	16.36	+ 0.26
Losers	Close	Chg
Loh & Loh	4.04	- 0.36
Tenaga	8.59	- 0.21
Shell	10.54	- 0.16
E & O -Wa	0.10	- 0.11
MSC	3.22	- 0.11
Actives	Close	Chg
Talam	0.13	+ 0.005
IRCB	0.85	+ 0.105
KNM	0.525	+ 0.02
Tranmil	0.435	+ 0.08
Scomi	0.42	+ 0.02

#### Today's Market Direction :

FBM KLCI would likely to trade **above** 1,335.31 level.

#### Market Buying Strength :

About **99%** of total market volume on 21/6/2010 was on buying side compared to **99%** in the preceding trading day.

#### "Movement" in Strong Hands :

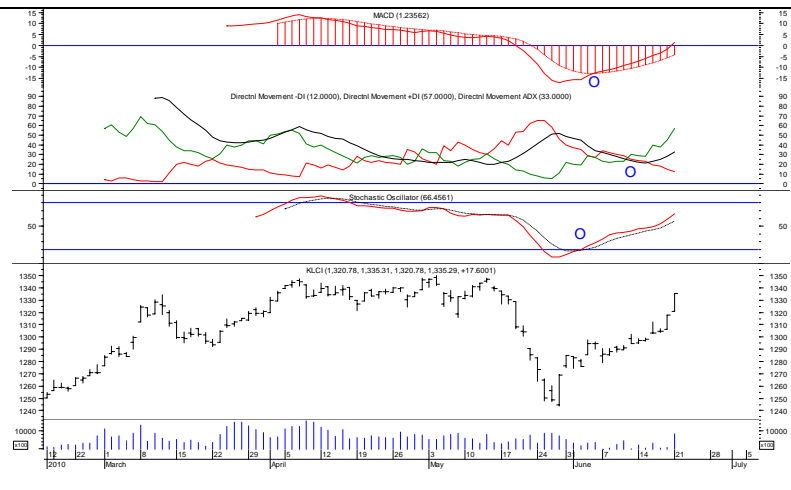
Strong hands were seen **acquiring** a portion of stock positions on 21/6/2010.

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

For Tuesday (**22/6/2010**), 1<sup>st</sup> resistance @ 1,340.0 & 2<sup>nd</sup> resistance @ 1,344.8 ; 1<sup>st</sup> support @ 1,325.7 & 2<sup>nd</sup> support @ 1,316.2.

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

## Technical Analysis – Daily FBM KLCI

	21/6/2010	18/6/2010	
Open	1,320.78	1,306.17	
High	1,335.31	1,317.69	
Low	1,320.78	1,306.00	
Close	1,335.29	1,317.69	
Volume	921.0 m	537.7 m	
<b>Market Breadth</b>			
Up	591	416	
Down	161	193	
Unchanged	208	278	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Aiming Next Target 1,350 .....**

### Market Commentary :

Despite signs of economic weakness in US and worries about public debt in Europe, DJIA had on 18/6/2010 gained 16.47 points to close at 10,450.64.

The double-digit gain in Wall Street again sent another friendly signal to Bursa Malaysia in the opening bell on 21/6/2010, FBM KLCI gapped up with a low of 1,320.78 as traders rushed to establish stock positions in anticipation of higher market. Under greater buying support, stock index crossed into 1,330 level to reach a day high of **1,335.31**, and kept its position on the high side throughout the trading sessions before settled at **1,335.29**.

The double-digit **rise** of **17.60** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.17), **Maybank** (up RM0.15), **CIMB** (up RM0.17), **TM** (up RM0.05) and **HL Bank** (up RM0.20).

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

Encouraged by supportive play to keep the market above 1,300 level on 17/6/2010 in spite of a weak day low closing on 16/6/2010, and the day high closing on 18/6/2010, market continued to find the "ohm" to trade higher yesterday (21/6/2010) with an unexpected strong upward move beyond 1,330 level.

**Was this an indication of more buying into today's market (22/6/2010) ?** The gapped up scenario on 21/6/2010 was again an encouraging sign as it suggested the urgency on the part of traders to establish stock positions. Thus, a general conclusion of what we saw on 21/6/2010 would translate into more upward move in coming day(s), because the high level of market buying interest on 21/6/2010 somehow gave certain confirmation on return of players compared to that of days before.

**Why did the market trade higher on 21/6/2010 ?** First, it has something to do with market psychology here, this kind of shift was seen important in keeping the market in an upward direction; then followed by confidence to acquire stock positions. While the upward moves on 18/6/2010 and 21/6/2010 appeared a bit extended; but, the market upward momentum was great especially with a crossover of 1,330 level.

**Can market stay above 1,300 level ?** What we saw on chart now was higher highs and higher lows since 31/5/2010 (except 14/6/2010, 15/6/2010 & 17/6/2010) was considered a friendly market development. These market changes are linked up into inter-locking trend structure of various waves of market movement; but, traders must be convinced of greater market participation before parting their monies into stock market.

**With the market traded higher than 1,313.88 to 1,332.50 on 21/6/2010, what would likely happen to the market now ?** The higher high market scenario on 21/6/2010 was indeed a positive move to indicate something good to follow ..... resistance remained at 1,350 level with support at 1,300.

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

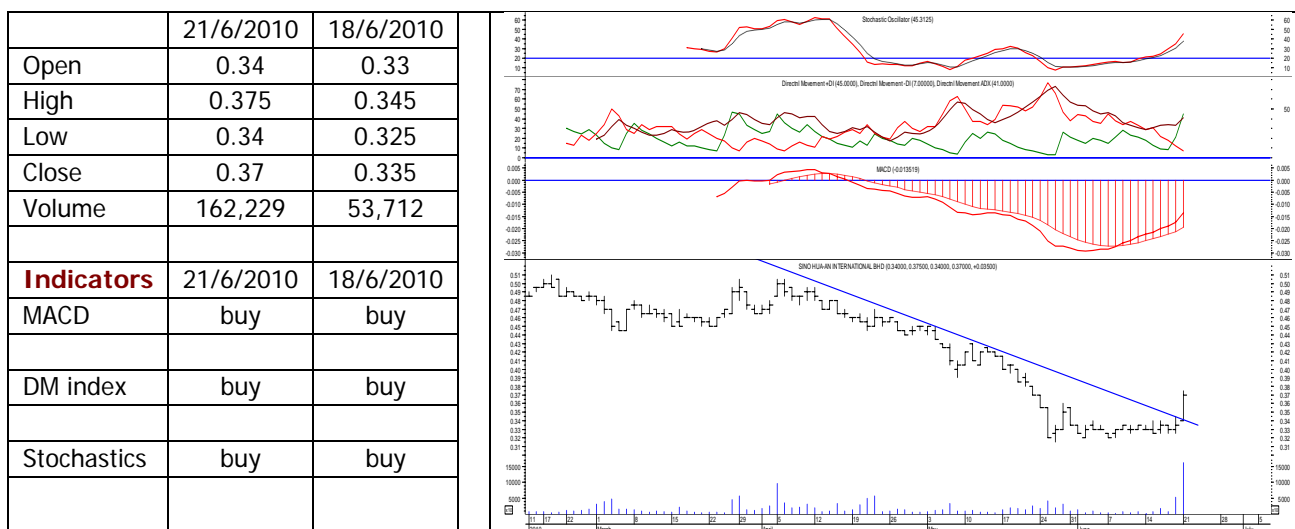
A check of internal market strength on 21/6/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 21/6/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 7% from 24% in the preceding trading day (18/6/2010).

### Conclusion :

The short term market outlook turned positive with medium term remained fragile; but, on improving scale.

The analysis of overall daily market action(s) on 21/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,335.31.

## Today's Hot Pick – **Huaan**



**Chart wise** : *Volume picked up plus a crossover* .....

**Huaan International** (2739 - MainBoard) had on 21/6/2010 crossed over the downward sloping trend line extended from day high of RM0.505 (4/6/2010) to connect the other high of RM0.45 (4/5/2010) to a day high of **RM0.375** before settled at **RM0.37**.

**Next Potential Upside Target** : With the crossover of downward sloping trend line, **Huaan International** would thus be likely to trade upward with next upside target at **RM0.42**.

**Entry Level** : Risk taking traders may establish buying position at **RM0.355**.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM0.335** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Active Stock Review – **Integrax Bhd**



### Chart wise

### Trading buy.

### Integrax Bhd (9555-Main Market-Trading/Services)

Integra made a new high recently and is poised for further upside. Under the current upswing cycle, the support is at RM1.20 while the upside target is tentatively set at RM1.40. Its daily MACD had curved up along with the RSI that may lead to more upside.

Nevertheless, as trading volume is still relatively low, the target may take some time to materialize. As long as the share price stays above its short-term moving averages, namely the 5-day and 10-day moving averages, it is indicative of the uptrend staying its course. Hence Integra is a Trading Buy.

## **MAJOR NEWS**

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

**The ringgit** climbed to 3.183 to a US dollar in late trading yesterday, its strongest since April 30, as positive news from China dampened safe-haven demand for the greenback. The local unit closed firmer against the US dollar at 3.1830/1870 from 3.2490/2530 on Friday as the greenback fell broadly after China signalled the end to the yuan's two-year peg to the dollar. The ringgit and won (South Korean currency) gained the most after the yuan's news while the yuan surged to the highest level vis-a-vis the US dollar in five years. (BTimes)

The **crude palm oil futures** market ended generally higher on Bursa Malaysia Derivatives yesterday, on the back of improved export data for early June. Two independent cargo surveyors, Intertek Testing Services (ITS) and Societe Generale de Surveillance (SGS) yesterday released the country's CPO export data for the first 20 days of June. SGS said exports of Malaysian palm oil products for June 1-20 rose 15.5 per cent to 914,849 tonnes from 791,971 tonnes shipped in May 1-20 period. Meanwhile, ITS reported an increase of 16.8 per cent in June's palm oil products shipment at 906,321 tonnes from 775,995 tonnes in the same period of May. (BTimes)

**Asian currencies** from the won to the ringgit are luring two of the region's largest investors on speculation China's decision to end the yuan's peg will increase demand in the world's third-biggest economy. Mitsubishi UFJ Asset Management Co., a unit of Japan's largest bank by market value, says Asian central banks will allow their currencies to rise more by reducing dollar purchases. AMP Capital Investors Ltd., Australia's second-biggest money manager, predicts the region's currencies will gain as much 15 percent in the next year as China's move underscores the strength of the global recovery. The yuan rose the most in five years yesterday after the central bank said June 19 it would increase the currency's "flexibility," scrapping a two-year peg against the dollar aimed at shielding exporters from the global financial crisis. The Bloomberg-JPMorgan Asia Dollar Index climbed 0.8 percent, the most in six weeks. Policy makers from the Philippines to Thailand said the change would spur regional trade. (Bloomberg)

**The yuan** rose the most since a July 2005 revaluation and forwards jumped after China's central bank ended a two-year peg before a Group of 20 summit this week. The currency advanced 0.42 percent to 6.7976 per dollar as of 5:30 p.m. in Hong Kong, the biggest gain since July 2005, according to data compiled by Bloomberg. The 12-month non-deliverable yuan forward rose 1.1 percent to 6.6425, implying traders are betting on a 2.3 percent appreciation. A stronger yuan will help curb inflation in the world's third-largest economy and shift investment toward service industries from export-manufacturing, the People's Bank of China said yesterday. The move may also deflect criticism from President Barack Obama and other G-20 leaders, who say China relies on an undervalued currency to promote overseas sales. (Bloomberg)

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**Major US and UK Equity Indices**

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10442.41	-8.23	-0.08	Nasdaq CI	2289.09	-20.71	-0.90
S&P 500	1113.20	-4.31	-0.39	FTSE 100	5299.11	48.27	0.92

**Global and Local Headlines**

**U.S. stocks** fell, slowing a global rally, as the Standard & Poor's 500 Index failed to remain above levels watched by traders and optimism about China's plan to relax the yuan's fixed rate to the dollar faded in the last hour. Commodities pared gains and Treasuries trimmed losses. The S&P 500 slipped 0.4 percent to 1,113.2 at 4 p.m. in New York after jumping as much as 1.2 percent in the first hour. The Reuters/Jefferies Index of commodities trimmed a 1.6 percent rally to less than 0.3 percent. Ten-year Treasury yields rose 3 basis points to 3.25 percent after surging 8 basis points. The losses in U.S. stocks weren't enough to erase gains in the MSCI World Index, with the developed-markets gauge rising 0.5 percent for a 10th straight advance, the longest streak in 11 months. (Bloomberg)

**Japanese and Australian** stock futures fell after Fitch Ratings downgraded Paris-based BNP Paribas SA and Standard & Poor's Ratings Services said Spanish lenders face difficult years because of the nation's slow growth. American depository receipts of Sumitomo Mitsui Financial Group Inc., Japan's second-biggest bank by market value, closed 3.3 percent down from the Tokyo close yesterday as Citigroup Inc. slashed its price estimate on the stock by 38 percent. Those of Australia & New Zealand Banking Group Ltd. slid 1.3 percent. ADRs of Advantest Corp., the world's largest maker of memory- chip testers, jumped 1.3 percent after the Nikkei newspaper said the company may report quarterly orders more than doubled. (Bloomberg)

**BP Plc**, seeking at least US\$5 billion to fund damages from the worst-ever oil spill, is among European companies borrowing more than \$20 billion as rising interest costs crimp lending. Banks have made \$112 billion of loans to European issuers this year compared with \$127 billion in the same period in 2009, according to data compiled by Bloomberg. The rate banks say they pay for three-month dollar loans, or the London interbank offered rate, has risen to 0.538 percent from 0.353 at the beginning of May. The dollar Libor-OIS spread, a gauge of banks' reluctance to lend, tripled to 32.8 basis points. (Bloomberg)

**South Korea** was kept as an emerging market at MSCI Inc. as the index provider skipped the nation for an upgrade for a second year. Taiwan, also under a similar review, also retained its status as a developing market. MSCI left South Korea's status unchanged in June 2009 and said it will evaluate the nation for an upgrade as a developed market this year. The latest review again cited the "rigidity" of its investor identification system and the lack of an active offshore market for the country's currency, as well as anti-competitive practices relating to stock market data. The decision means the nation will lose out on purchases of equities in Asia's sixth-biggest market by investors who are restricted to developed-nation equities because of their perceived lower risk. The Korean market was assigned "developed" status by FTSE Group, a rival index compiler, in September 2009. (Bloomberg)

The widely-speculated development in the takeover tussle involving **EON Capital Bhd** (EONCAP) by Hong Leong Bank Bhd (HLBANK) has finally happened. Primus Pacific Partners Ltd has taken legal action against nine board members of EON Cap and three entities controlled by Rin Kei Mei and Tan Sri Tiong Hiew King who are shareholders in the banking group. The events that have transpired since EON Capital received the "first unsolicited offer" from HLB in January this year to acquire its assets and liabilities "have forced Primus to make a reluctant and difficult decision to file a legal action in order to safeguard the interests of the company, the management team, employees, and all of EON Cap's shareholders", the company said in a statement. (Star)

**Malaysia Airlines** (MAS), which has ordered six A380s from Airbus SAS, may cancel its order if the manufacturer continues to delay its delivery. "We are not happy with the delay and will not rule out anything at this stage," managing director and chief executive officer Tengku Datuk Azmil Zahrudin said at a briefing after the company AGM and the launch of its Everyday Value Fares campaign yesterday. He said it was "very frustrating" as the carrier had made plans on the usage of the planes. "We have also made plans to let go of certain aircraft before the (scheduled) delivery of the A380s," he said. (Star)

**Padiberas Nasional Bhd's** (Bernas) RM20mil contribution to the Albukhary International University is for a community project and seen as a noble cause, said chairman Datuk Wira Syed Abdul Jabbar Syed Hassan. "We were requested by the university to contribute and help in the building cost. It is a private initiative and the Government recognises it as a community project," he told a post-AGM press conference yesterday. He said this in response to a news report that shareholders were questioning Bernas' substantial donation to the Tan Sri Syed Mokhtar Albukhary-owned university. The RM20mil contribution is about 11.1% of Bernas' net profit for the financial year ended Dec 31, 2009 (FY09). (Star)

**Olympia Industries Bhd** (OLYMPIA), which has received a directive from Bursa Securities to conduct a second valuation for the proposed sale price of Menara Olympia, is seeking clarification before proceeding further. A source said the company was seeking clarification over the second valuation before tabling it to the board for a decision. Olympia's plan to sell the 31-storey leasehold office building and an adjacent four-level carpark in Jalan Raja Chulan to Jelita Timur Sdn Bhd hit a snag after it received the directive from Bursa Securities last Friday over the selling price. Colliers International Property Consultants valued the property at RM440 per sq ft (psf), which would have put the value of the building and the carpark at RM200mil. (Star)

**Kencana Petroleum Bhd** (KENCANA), via subsidiary Kencana Petroleum Ventures Sdn Bhd (KPV), has proposed to acquire all equity interest in Mermaid Kencana Rig 1 Pte Ltd (MKR1), Kencana Mermaid Drilling Sdn Bhd (KMD) and Mermaid Kencana Rigs (Labuan) Pte Ltd (MKR Labuan) held by Mermaid Drilling (Singapore) Pte Ltd. It told Bursa Malaysia yesterday that it had executed three separate conditional sale and purchase agreements for the proposed acquisition. It said in addition to the purchase cost consideration of MKR1, KMD and MKR Labuan totalling US\$43.65mil, KPV should pay to Mermaid Drilling US\$22.95mil for the settlement of inter-company loans and other debt in the companies. (Star)

**The Employees Provident Fund** (EPF) recorded a 70.3% increase in investment income to RM5.55bil for the first quarter of the year amid firmer market conditions. The earnings, which compares with the RM3.26bil posted in the corresponding quarter of last year, were achieved on the back of a recovering global economy, EPF chief executive officer Tan Sri Azlan Zainol said in a statement yesterday. (Star)

Troubled firm **Kenmark Industrial Co (M) Bhd** (KENMARK) says it has yet to resume operations in Vietnam after its premises there were sealed, but notes that most of its employees at local facilities have reported back to work. The company told Bursa Malaysia yesterday that deputy managing director Goh Kim Chon had withdrawn his resignation letter, and was providing assistance to executive director Ho Soo Woon in the day-to-day management and operation of the company. (Star)

**Scomi Engineering Bhd** (SCOMIEN), a unit of Scomi Group Bhd, says it will consider bidding for some of the supporting packages of the proposed mass rapid transit system, describing it as a "sound" plan for Greater Kuala Lumpur. Its president Syahrudin Samsuddin said the company was not specifically looking at the MRT system but areas where it can serve as a feeder or linkage to the main trunk line of the MRT and the light rail transit (LRT). (BTimes)

**Konsortium Logistik Bhd** (KONSORT) says it is keen to buy Khazanah Nasional Bhd's stake in the country's postal services firm, Pos Malaysia Bhd. "Yes, we are interested in Pos Malaysia," Konsortium's executive vice-president Loo Hooi Keat said, but declined to elaborate. It is believed that Konsortium will be able to fund RM200 million on its own. It was reported that Konsortium is one of the 11 entities eyeing a stake in Pos Malaysia. Khazanah announced in March that it plans to divest its 32 per cent controlling stake in Pos Malaysia. (BTimes)

**Sunway Real Estate Investment Trust**, controlled by property and hotel group Sunway City Bhd, plans to offer shares for its initial public offering at 97 sen each to individual investors, according to a prospectus published on Malaysian newspapers today. Individual investors will get a refund if the final IPO price for institutional investors is lower than the retail price, according to the sale document. (BTimes)

**DFZ Capital Bhd** (DFZ), which is primarily involved in the duty-free wholesale and retail business, saw its first-quarter net profit for the quarter ended May 31 jump 152 per cent to RM23.3 million, from RM9.2 million a year ago. Revenue for the March to May period was 6.2 per cent higher at RM127.8 million from RM120.2 million for the same period previously. In a filing to Bursa Malaysia yesterday, it said the improved performance was mainly due to contributions from its newly-acquired units, Tenggara Senandung Sdn Bhd and Seruntun Maju Sdn Bhd. (BTimes)

**Pelikan International Corp Bhd** (PELIKAN) is eyeing a net profit of between RM317 million and RM397 million on the back of RM4 billion in revenue in its fiscal year ending December 31 2013, its top official said. He said the stationery company hopes to achieve the target through huge volume and mergers and acquisition (M&A) exercises. "We need to hit EUR1 billion to be a truly global company and we need huge volumes," its president and chief executive officer Loo Hooi Keat said. Pelikan's net profit goal is based on a net profit margin of 8 to 10 per cent in 2013. For the year ended December 31 2009, Pelikan made a net profit of RM39.63 million and revenue of RM1.2 billion. (BTimes)