



# 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

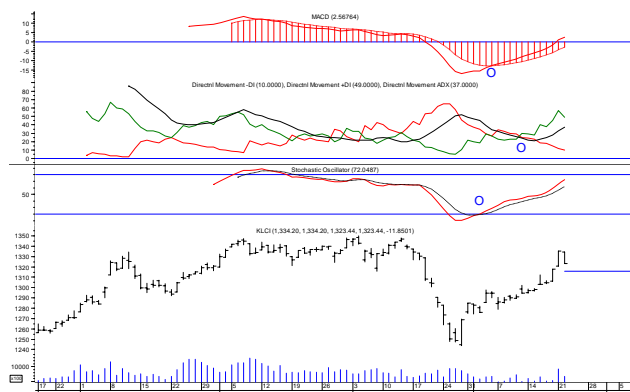
**PENANG BRANCH**  
2nd Floor,  
Std Chartered Bank,  
2 Lebuhr Pantai,  
10300 Penang.  
Tel: 604-263 9118

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

## MARKET FLASH

### FBM KLCI

Wed, 23 Jun 2010



### MARKET STATISTICS (22/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,323.44	- 11.85
FBM 100	8,698.60	- 70.53
FBM ACE	3,886.28	- 36.81
Volume (m)	672.6	
Value (RMm)	1,099.8	
Up	226	
Down	434	
Unchanged	255	

### FOREIGN

Nikkei	10,112.89	- 125.12
Hang Seng	20,819.08	- 93.10
STI	2,872.30	- 13.34
Shanghai CI	2,588.70	+ 2.49

### BURSA MOVERS

Gainers	Close	Chg
KFC	9.10	+ 0.30
Cresndo-LB	1.00	+ 0.20
Shell	10.70	+ 0.16
EIG	0.70	+ 0.12
Texchem	0.95	+ 0.11
Losers	Close	Chg
Digi	22.76	- 0.68
BAT	43.82	- 0.50
TRC	1.01	- 0.17
Tenaga	0.44	- 0.15
Magni	1.01	- 0.15
Actives	Close	Chg
Kenmark	0.11	+ 0.01
Talam	0.13	=
Gamuda-WD	1.04	- 0.05
KNM	0.51	- 0.015
GPacket-WA	0.47	+ 0.025

### Today's Market Direction :

FBM KLCI would likely to trade **below** 1,323.44 level.

### Market Buying Strength :

About **0%** of total market volume on 22/6/2010 was on buying side compared to **99%** in the preceding trading day.

### "Movement" in Strong Hands :

Strong hands were seen **liquidating** a portion of stock positions on 22/6/2010.

### Pivot Point Studies for Intra-Day :

For Wednesday (**23/6/2010**), 1<sup>st</sup> resistance @ **1,330.6** & 2<sup>nd</sup> resistance @ **1,337.7** ; 1<sup>st</sup> support @ **1,319.8** & 2<sup>nd</sup> support @ **1,316.2**.

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

## Technical Analysis – Daily FBM KLCI

	22/6/2010	21/6/2010	
Open	1,334.20	1,320.78	
High	1,334.20	1,335.31	
Low	1,323.44	1,320.78	
Close	1,323.44	1,335.29	
Volume	672.6 m	921.0 m	
<b>Market Breadth</b>			
Up	226	591	
Down	434	161	
Unchanged	255	208	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Attempt to fill upside gap seen .....**

### Market Commentary :

Dampened by a waning enthusiasm about China’s decision to allow its currency to appreciate against dollar, DJIA had on 21/6/2010 lost 8.23 points to close at 10,442.41.

The single-digit drop in Wall Street had its impact felt on Bursa Malaysia in the opening bell on 22/6/2010, FBM KLCI only traded to a day high of 1,334.20 as traders were seen reluctant to stage a follow thru buying support despite the strong up close on 21/6/2010. In the absence of good buying support, profit taking activity rolled in, this pushed stock index down to a day low of **1,323.44** before settled at **day low**.

The **fall** of **11.85** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Sime Darby** (down RM0.12), **Maybank** (down RM0.07), **CIMB** (down RM0.07), **TM** (down RM0.01) and **HL Bank** (down RM0.13).

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

Market could not continue with another push to go into higher ground yesterday (22/6/2010) on the back of strong closing in the preceding day. This posed a little surprise given the unexpected upward move beyond 1,330 level with a day high of 1,335.31 on 21/6/2010.

**Was this an indication of a change from buying to selling today (23/6/2010) ?** What happened on 22/6/2010 was believed to be a reaction to the sharp rise on 18/6/2010 & 21/6/2010. The market appeared extended on the upside with a rise of 32 points in 2 days, and some traders had decided to lock in a portion of their winning trades in absence of positive lead externally.

The upside gap left behind on 21/6/2010 remained unfilled at this moment. A point to watch out here would be the possible game play by bears as these bears did not buy the story of the market potential to go very far up. However, an evaluation of what happened on 21/6/2010 seemed to have

All information, views and advice are given in good faith but without legal responsibility. Mercury Securities Sdn. Bhd. or companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks in the markets mentioned.

indicated the availability of certain amount of market support to keep the market severe decline, because the bulls that took the market to 1,335.31 (21/6/2010) were believed to be feeling good about what they had accomplished so far.

**Why didn't the market trade higher on 22/6/2010 ?** Technically, the market should be making a higher high yesterday (22/6/2010); but, human trading decisions somehow took a change along the line ..... Well, the shift in market psychology that took place on 18/6/2010 would likely to stay on as this kind of shift was not easy especially when bears had earlier on pushed the market down to a low of 1,243.86 on 27/5/2010. In other words, an unwinding of negative sentiment was seen in the making.

**With the market traded higher than 1,313.88 to 1,335.31 on 21/6/2010 followed by lower high on 22/6/2010, 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 pegged at 1,350 level with support at 1,300. But, the inside day bar pattern on 22/6/2010 indicated uncertainty, this may prompt the traders to fill the downside gap left behind on 21/6/2010.

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

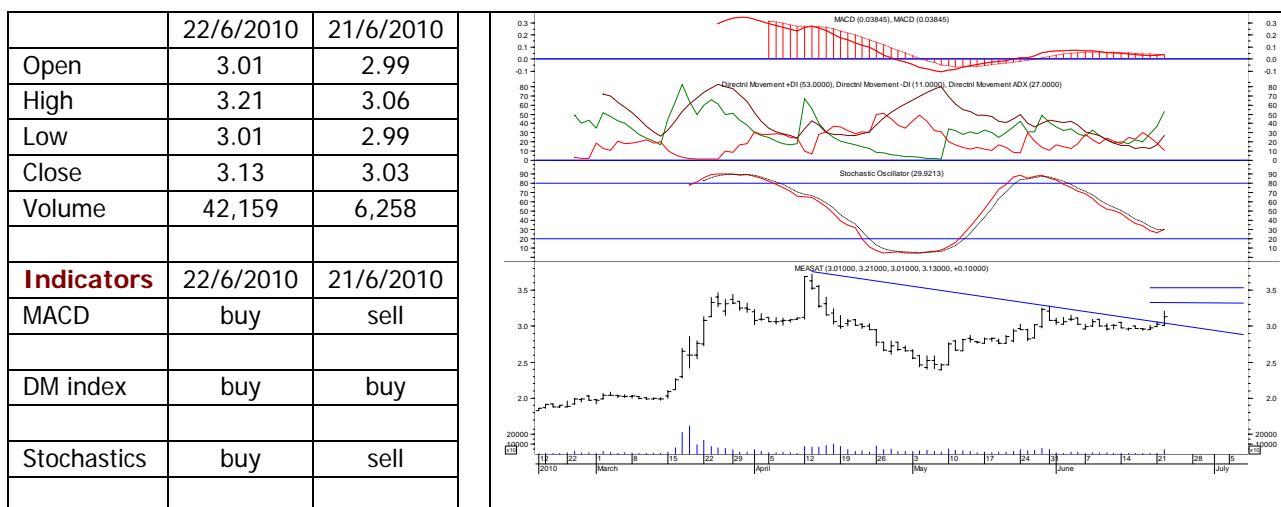
A check of internal market strength on 22/6/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 22/6/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 18% from 7% in the preceding trading day (21/6/2010).

### 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 22/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,323.44.

## Today's Hot Pick – Measat



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

**Measat** (3875 - MainBoard) had on 22/6/2010 crossed over the downward sloping downtrend line extended from high of RM3.72 (13/4/2010) to connect the other high of **RM3.28** (31/5/2010) to reach a day high of RM3.21 before settled at **RM3.13**.

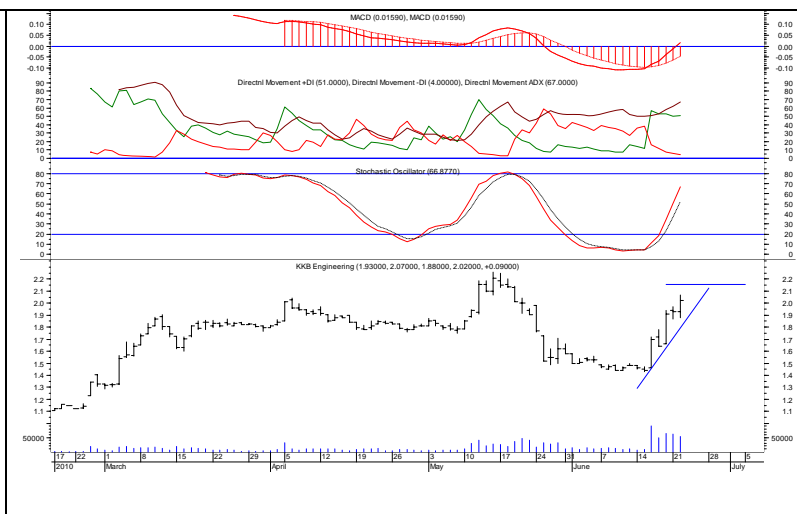
**Next Potential Upside Target :** With the upside violation of **downward sloping trend line**, **Measat** would thus be likely to trade upward with next upside target at **RM3.30 – RM3.50**.

**Entry Level :** Risk taking traders may establish buying position at **RM3.07** as a small pullback is seen likely before resuming its attempt(s) to go higher.

**Stop Loss Level :** Once a buying position is being established, a stop loss at **RM2.93** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

## Current Active Stock Review – KKB

	22/6/2010	21/6/2010
Open	1.93	1.94
High	2.07	1.97
Low	1.88	1.87
Close	2.02	1.93
Volume	64,893	63,149
<b>Indicators</b>	22/6/2010	21/6/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



The chart displays the price movement of KKB Engineering from March to July 2010. The price starts around RM1.1 in March, rises to a peak of RM2.1 in May, and then declines to a low of RM1.4 in June. A blue line indicates a support level at RM1.85. The MACD indicator shows a buy signal, and the Stochastic Oscillator is also in a buy zone. The DM index is also in a buy zone.

**Chart wise** : *A test of old high seen.....*

**KKB (9466 - MainBoard)** had on 22/6/2010 crossed over **RM2.00** hurdle to a day high of **RM2.07** before settled at **RM2.02**.

**Price Direction** .....

In view of a decrease in market participation, the stock could be expected to trade **higher** in coming day(s) with an overhead resistance pegged at **RM2.15 – RM2.25** and support at **RM1.85**.

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

A turnaround of prices to close **below RM1.85** level would see an immediate short term reversing direction in the stock.

## Active Stock Review – Dialog Group Bhd



### Chart wise

#### Gradual Up-trend.

**Dialog Group Bhd** (7277-Main Market-Trading/Services)

Dialog is trending along a gradual up-trend, riding on the oil price volatility that is helping to keep trading interest alive on the counter. We expect the share price to trade along the mini up-trend line. Its technical indicators have also settled into a sideways formation, indicative of some hesitation in the trading dynamics.

A positive technical indication would be a breakout to above RM1.10 that will trigger another round of upswing. Until then, the share price is likely to stay the gradual up-trend course.

## ***MAJOR NEWS***

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

**The ringgit** eased against the US dollar to close at 3.2000/2050 in late trade yesterday compared with 3.1830/1870 on Monday, dealers said. They said the US dollar rose against major currencies as investors continued to gauge developments in Europe's debt crisis, pulling attention away from China's decision to allow the yuan to appreciate against the US currency. A dealer said the local unit lost some ground yesterday to mild profit-taking after recording its strongest level of 3.1833 since April 30, as positive news from China dampened demand for safe-haven greenback. (BTimes)

The **crude palm oil futures** market closed lower following a drop in global crude oil prices, dealers said. US crude oil fell below US\$77 (US\$1.00 = RM3.25) per barrel yesterday on expectation that the yuan would appreciate further. July and August declined RM26 each to RM2,450 and RM2,404 per tonne, respectively, while September and October decreased RM28 each to RM2,377 and RM2,365 per tonne, respectively. Volume slipped to 12,268 lots, from 13,643 lots on Monday, while open interest edged up to 78,095 contracts from 77,443 contracts, previously. (BTimes)

**The euro** declined to a one-week low against the yen on concern that European banks will incur rising loan losses from the region's debt crisis, hampering the economic recovery. Europe's single currency fell versus nine of its 16 most-active counterparts after Credit Agricole SA, France's largest bank by branches, said it will take a 400 million euro (\$491 million) writedown on its stake in Emporiki Bank of Greece SA. The dollar slipped toward a four-week low versus the yen on speculation the Federal Reserve will express concern over the possible impact of Europe's fiscal woes on the U.S. economy at the end of its two-day policy meeting today. (Bloomberg)

**The Australian and New Zealand** dollars rose on speculation signs of a U.S. slowdown will encourage the Federal Reserve to keep interest rates near zero, increasing the allure the South Pacific nations' assets. The so-called kiwi also gained after a report showed New Zealand's annual current-account deficit narrowed to the smallest in more than 21 years as the profits of foreign-owned companies declined. The Federal Open Market Committee will hold the benchmark interest rate at a record low range of zero to 0.25 percent at its two-day meeting that ends today, according to all economists surveyed by Bloomberg News. (Bloomberg)

**Oil prices** fell Tuesday as the euphoria over China's decision to let its currency appreciate waned. A stronger yuan would cut oil prices in China and, presumably, boost consumption. Some analysts feared, though, that a higher yuan could mean fewer exports, which could slow the Chinese economy. The world's oil producers have been selling more crude to China, India and other fast-growing economies as demand in the U.S. continues to be weak coming out of the Great Recession. Benchmark crude for July delivery lost 61 cents to settle at \$77.21 on the New York Mercantile Exchange. (Star)

---

**Major US and UK Equity Indices**

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10293.52	-148.89	-1.43	Nasdaq CI	2261.80	-27.29	-1.19
S&P 500	1095.31	-17.89	-1.61	FTSE 100	5246.98	-52.13	-0.98

**Global and Local Headlines**

**U.S. stocks** sank, with benchmark gauges declining the most in almost three weeks, as home sales unexpectedly dropped and the Standard & Poor's 500 Index slipped for a second day below chart levels monitored by analysts. Alcoa Inc., Caterpillar Inc. and Home Depot Inc. fell more than 2.5 percent after the National Association of Realtors said sales of previously owned homes decreased 2.2 percent in May. Halliburton Co. dropped 3.9 percent as the Obama administration said it will appeal a judge's decision to lift the White House's deep-water drilling ban. FedEx Corp. slid 3 percent as transportation stocks retreated the most of 24 S&P 500 groups. (Bloomberg)

**Oil companies** and contractors that work in the deep waters of the Gulf of Mexico are likely to wait to restart drilling operations until there's more clarity on how a federal judge's decision to lift a U.S. ban will play out. U.S. District Judge Martin Feldman today granted a preliminary injunction, halting a six-month moratorium that President Barack Obama put in place May 27 to cease issuing new deep-water drilling permits. The president also called for work to be stopped on 33 exploration wells. The moratorium followed an April 20 explosion on a rig Transocean Ltd. leased to BP Plc. That accident killed 11 workers and created the worst oil spill in U.S. history. The U.S. said it would appeal today's decision. (Bloomberg)

**South Korea** will bar banks from giving foreign-currency loans to local companies for domestic use starting on July 1, part of measures announced this month to reduce volatility in capital flows and the won. "The restriction to limit foreign-currency loans to overseas use will help reduce external debt," the Bank of Korea said in an e-mailed statement in Seoul today. "It will also protect local firms from the risk of big swings in foreign-exchange rates." South Korea joins nations from Taiwan to Russia in tightening rules on capital flows to limit swings in their currencies, as the won slumped 4.9 percent against the dollar this quarter, the worst performer in Asia. The Group of 20 nations, meeting in Busan earlier this month, urged regulators to develop capital rules to enable financial firms to withstand future downturns in the global financial system. (Bloomberg)

**U.K. Prime Minister** David Cameron won the endorsement of bond investors and Fitch Ratings for the biggest budget squeeze in 50 years. The risk now is that voter discontent and a renewed economic slump foil his plans. Fitch, which said June 8 that the U.K. faced a "formidable" fiscal challenge, yesterday said the "ambitious" plan ensured Britain would keep its AAA credit rating. The pound and gilts rose as Chancellor of the Exchequer George Osborne outlined the spending cuts and tax increases to lawmakers in London. (Bloomberg)

**European governments** will consider imposing a charge on bond sales by countries that violate debt rules in the wake of the Greece-driven fiscal crisis, a draft document showed. Countries that flout debt-reduction pledges could face “a levy in the form of a predefined percentage (number of basis points) on any issuance of government debt,” according to a European Commission proposal obtained by Bloomberg News. The extra interest would be paid into a blocked account and confiscated if the debt doesn’t come back into line. The proposal, to be discussed by economic officials from the 27 European Union nations today and by finance ministers on July 12, adds sanctions on debt to the bloc’s deficit penalties, which no country has suffered in the euro’s 11½-year history. (Bloomberg)

The “**black economy**” in Malaysia has grown to RM10bil, requiring the Government to initiate tougher measures against elements that may become national security threats, said Home Minister Datuk Seri Hishammuddin Tun Hussein. “We are not just talking about betting and gambling. We are also talking about human trafficking of women and children (for prostitution), human trafficking of men, money laundering, drug trafficking and even terrorism-related activities. This black economy is worth RM10bil,” he said. (Star)

Primus Pacific Partners Ltd is making the directors of **EON Capital Bhd** (EONCAP) personally liable should the deal with Hong Leong Bank Bhd (HLB) pass through in an upcoming EGM which has subsequently been postponed. Primus said in a petition which was served on 13 respondents that the Hong Kong-based investment company was suing the directors for RM1.11bil in damages or such other sum as the High Court might assess. HLB had offered to acquire EON Cap’s assets and liabilities for RM5.06bil or RM7.30 per share. Primus, which has a 20.2% stake, had bought into the country’s seventh largest financial services group at RM9.55 per share more than two years ago. (Star)

**Retail licences** for chicken, mild steel round bars and cement will be abolished on July 15 to allow market forces to determine their prices, said Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob. The move would also check the smuggling of the products, he said. He also said the supply of chicken had been more stable following the imposition of price control. The removal of the retail licences for the three items would enable the ministry to better focus on the pricing and supply of sugar, wheat flour and cooking oil. “In 2008, the ministry abolished the price control on chicken, steel and cement. However, it maintained control on supply and, through licensing, the supply of chicken in the country stabilised,” he said at a press conference at his office in Parliament House here yesterday. (Star)

**Tradewinds (M) Bhd** (TWS) will trim its stake in Padiberas Nasional Bhd (Bernas) to shed some debts, but there is little the food and commodities producer can do about the high level of trade receivables due to the nature of its business, according to chairman Datuk Wira Syed Abdul Jabbar Syed Hassan. “We can assure you of the quality of these receivables and our low level of bad debts,” he told reporters after the group’s AGM yesterday. Tradewinds’ debt level stood at RM2.9bil as at end-March, with short-term loans making up almost half of the amount. This was among the issues brought up by concerned shareholders at the AGM. (Star)

**Kenmark Industrial Co (M) Bhd** (KENMARK) managing director James Hwang, which cut his stake down in the troubled furniture maker to 3.96% on June 16, has further sold down the shares. The company said in an announcement to Bursa Malaysia yesterday that Hwang now had about 6.08 million shares or a 3.51% stake. This compared to 8.4% on June 7, and 29.9% on April 23. Meanwhile, the company said director Chen Wen-Ling’s stake remained the same at 13.83 million shares or a 7.76% stake. (Star)

National carmaker **Proton Holdings Bhd** (PROTON) hopes to transform its British sports car manufacturer Group Lotus plc into a profitable company under a five-year transformation plan. Proton group managing director Datuk Syed Zainal Abidin Syed Mohamed Tahir said that the transformation plan was not merely "a lip service" as this time around, a new team had been assembled to make sure the transformation plan would be executed successfully. Syed Zainal Abidin said both parties would also collaborate to develop a small car with an engine capacity of less than one liter. (Star)

**Second Link** users will pay less toll come Aug 1. Malaysia and Singapore leaders announced yesterday that toll rates at the link will be reduced by 30%. The announcement came following a meeting between Prime Minister Datuk Seri Najib Tun Razak and his counterpart Lee Hsien Loong and is seen as another effort by both leaders to boost people-to-people relations. Najib said Malaysia had proposed that the toll be reduced by 30%. (Star)

**Axiata Group Bhd** (AXIATA), which owns Malaysia's second-biggest mobile-phone operator, plans to sell as much as RM4.2bil of Islamic bonds at the end of July to refinance debt, chief financial officer Datuk Yusof Annuar Yaacob said. The company's long-term debt was about RM11.2bil at the end of March, according to data compiled by Bloomberg. It last sold notes in April, raising US\$300mil in its first dollar bond sale. Axiata planned RM3.6bil in capital expenditure this year to grow its international network, Yusof told reporters here yesterday after the company's annual shareholder meeting. This included RM1bil for its domestic operations under Celcom (M) Bhd, US\$500mil for its Indonesian unit PT XL Axiata and US\$100mil each for its arms in Bangladesh and Sri Lanka, he said. The group plans to announce its first dividend policy at the end of the third quarter, its top executives said. (Star/BTimes)

**Multi-Purpose Holdings Bhd** (MPHB) is looking to form strategic alliances with local and foreign parties to grow its gaming and insurance units and list them here in about three years. Its director T. Vijeyaratnam said the group is talking to several parties within the gaming and insurance industries, but declined to name them. MPHB has a 51 per cent stake in Magnum Corp Sdn Bhd, which owns 485 gaming outlets nationwide. It also owns 100 per cent of Multi-Purpose Insurans Bhd, which has grown from a revenue of RM60 million in 2002 to RM415 million last year. (BTimes)

**Petra Perdana Bhd** (PETRA) has rejected four board nominations due to non-compliance and therefore will not be addressing and circulating the nominations prior to the company's annual general meeting scheduled for June 28. In a statement yesterday, the company said the decision was made after it sought legal counsel and was advised that the nominations of the four individuals had not been made in accordance with the law. The nominations were by Chow Lean Keat (for John Pang Yun Nian); Datin Che Nariza Hajjar Hashim (for Datuk Syed Norulzaman Syed Kamarulzaman); Ramilah Joannah Sulaiman (for Suhaimi Badrul Jamil); and Nik Ismail Tengku Besar Indra Raja (for Datuk Shaik Sulaiman S. Mohamed Ismail. Datin Che Nariza is the wife of Tengku Ibrahim Petra while Suhaimi is her brother-in-law. (BTimes)

**KFC Holdings (M) Bhd** (KFC) has proposed a one-for-one bonus issue of up to 396.5 million new shares to improve liquidity and reward investors. It has also proposed a share split of one RM1 share into two shares. This will be followed by free warrants issue of 31.7 million warrants on the basis of one free warrant for 25 existing KFC shares. (BTimes)

---

**Multi-Purpose Holdings Bhd** (MPHB) will launch a RM3 billion project in Kuala Lumpur by the middle of next year which will complement the government's proposed international financial district and Pasar Rakyat redevelopment in Imbi. Managing director Datuk Lau Kim Khoo @ Surin Upatkoorn said the mixed development will be the group's biggest project. It will comprise a one million sq ft full-fledge retail podium on 2.4ha, 50-storey luxury condominium, 35-storey four-star hotel and 30-storey office tower. At a later stage, MPHB will build one more office tower and a residence complex. The whole project will be carried out over seven years, Lau said. (BTimes)

**Kossan Rubber Industries Bhd** (KOSSAN) will spend RM60 million in the next two years to expand its operations in Klang, Selangor. The plans include two new plants, increasing production lines, buying new machinery, upgrading existing equipment and boosting research and development. Kossan managing director and chief executive officer Lim Kuang Sia said the new plants on 8ha near its existing factory will help meet increasing world demand in addition to producing high-end rubber gloves for the premium market. (BTimes)