



## Technical Analysis – Daily FBM KLCI

	23/6/2010	22/6/2010	
Open	1,322.05	1,334.20	
High	1,329.70	1,334.20	
Low	1,318.52	1,323.44	
Close	1,329.70	1,323.44	
Volume	684.9 m	672.6 m	
<b>Market Breadth</b>			
Up	360	226	
Down	275	434	
Unchanged	271	255	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Upside gap unfilled .....**

### Market Commentary :

Dampened by the report of US National Association of Realtors on a 2.2% drop in home sales for May 2010, DJIA had on 22/6/2010 lost 148.89 points to close at 10,293.52.

The triple-digit drop in Wall Street had its impact felt on Bursa Malaysia in the opening bell on 23/6/2010, FBM KLCI went below 1320 level to a day low of **1,318.52** as some traders chose to further lock in another portion of their winning trades after the weak closing on 22/6/2010. However, weak follow thru selling pressure in area of 1,318.52 prompted light renewed buying interest to roll in, this lifted stock index to a day high of **1,329.7** before settled at **day high**.

The **rise of 6.26** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.13), **Tenaga** (up RM0.06), **CIMB** (up RM0.02), **Genting** (up RM0.04) and **HL Bank** (up RM0.19).

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

Market continued to come under selling pressure yesterday (23/6/2010) with a lower low scenario on another round of profit taking activity. The follow thru selling pressure in early session on 23/6/2010 did not pose a surprise at all as the weak closing in the preceding day indicated the willingness on the part of traders to put monies into pockets rather than keeping their winning trades in term of floating profit.

**Was this an indication of more selling today (24/6/2010) ?** What happened on 23/6/2010 was another follow thru of profit taking activity, and the selling was seen merely as a trading move to neutralize the 32 points rise on 18/6/2010 & 21/6/2010. Investors had the tendency to sell their old stocks when they see sharp rise in market without the backing of additional good fundamental evidence.

The upside gap left behind on 21/6/2010 remained unfilled at this moment despite a lower low scenario on 23/6/2010. **Will this upside gap be filled ?** The unfilled gap between high of 1,317.69 and low of 1,318.52 is only less than 1 point away, and the possibility cannot be ruled out as the bears did not buy the story of the market potential to go very far up.

However, an evaluation of what happened in the past 3 trading days (21/6/2010 – 23/6/2010) seemed to have indicated the availability of certain amount of market support to keep the market from severe decline, because the bulls that took the market to 1,335.31 (21/6/2010) were feeling good about what they had accomplished so far and would want to protect it as “hard” as possible.

**Why didn't the market trade higher on 23/6/2010 ?** Technically, the market should be making a lower low instead of higher high yesterday (23/6/2010), and many traders had yet to fully recover from the selling on 22/6/2010. What we need to see here would be a change of human trading decision from sell to buy .....

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 1,332.50 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 pegged at 1,350 level with support at 1,310.

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

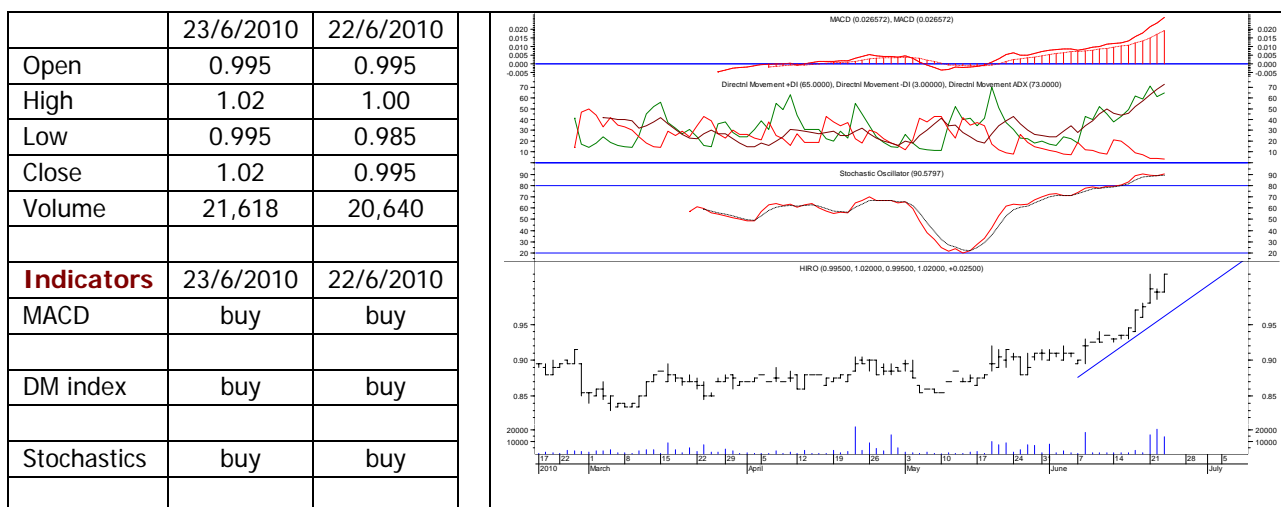
A check of internal market strength on 23/6/2010 showed that buying strength *improved* with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 23/6/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 17% from 18% in the preceding trading day (22/6/2010).

## 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 23/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,329.70.

## Today's Hot Pick – **Hiro**



**Chart wise** : *Curving upward nicely*.....

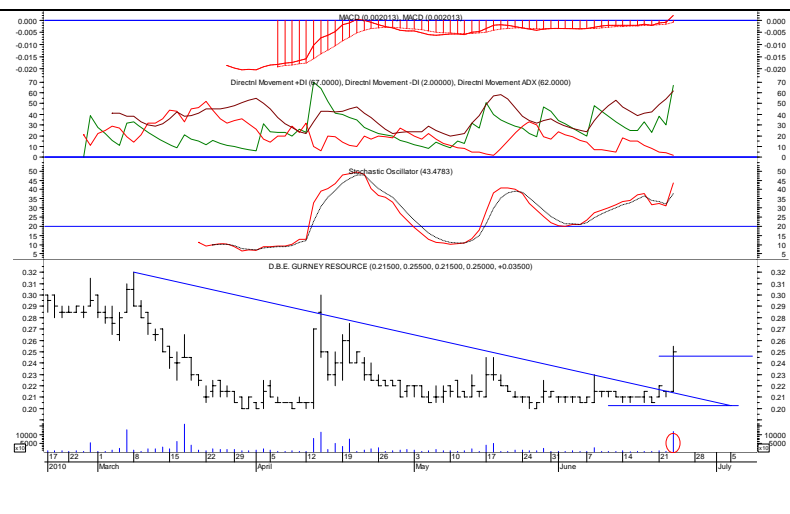
**Hiro** (9644 - MainBoard) had on **23/6/2010** traded higher to test immediate high of RM1.02 (21/6/2010) before settled at **day high**.

**Next Potential Upside Target** : With the buying support above **RM0.98**, **Hiro** would thus be likely to trade upward with next upside target at **RM1.15**.

**Entry Level** : Risk taking traders may establish buying position at **RM0.99**.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM0.95** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

## Current Active Stock Review – DBE

	23/6/2010	22/6/2010	
Open	0.215	0.215	
High	0.255	0.215	
Low	0.215	0.21	
Close	0.24	0.215	
Volume	134,093	4,320	
<b>Indicators</b>	23/6/2010	22/6/2010	
MACD	buy	buy	
DM index	buy	buy	
Stochastics	buy	sell	

**Chart wise :** *Immediate resistance at RM0.27.....*

**DBE (7179** - MainBoard) had on 23/6/2010 crossed over the downward sloping trend line extended from high of RM0.32 (8/3/2010) to connect the other high of RM0.275 (20/4/2010) to reach highest high of RM0.255 since 21/4/2010 before settled at **RM0.24**.

**Price Direction** .....

In view of an increase in market participation, the stock could be expected to trade **upward** in coming day(s) with an overhead resistance pegged at **RM0.27** and support at **RM0.22**.

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

A turnaround of prices to close **below RM0.22** level would see an immediate short term reversing direction in the stock.

## **MAJOR NEWS**

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

**Oil prices** dropped Wednesday after the government reported that crude supplies unexpectedly grew last week and remain well above typical levels. Benchmark crude for August delivery fell US\$1.50 to settle at \$76.35 on the New York Mercantile Exchange. The Energy Information Administration said Wednesday that crude oil supplies increased by 2 million barrels last week. (Star)

Prices on the **crude palm oil (CPO) futures** market closed higher yesterday, supported by demand from India for the commodity, dealers said. One of the dealers said that there was lower demand for the commodity from China. At close, the July 2010 contract month rose RM2 to RM2,452 per tonne, August 2010 increased RM5 to RM2,409 per tonne, September 2010 added RM7 to RM2,384 per tonne and October 2010 gained RM10 to RM2,375 per tonne. Volume rose to 13,938 lots from 12,268 lots on Tuesday while open interest declined to 76,705 contracts from 78,095 contracts previously. (BTimes)

**The ringgit** was traded lower against the US dollar yesterday amid concern that weaknesses in the European manufacturing and the US housing markets will hamper global recovery, triggering demand for riskier currencies, dealers said. At the close, the ringgit weakened to 3.2310/2340 from 3.2000/2050 on Tuesday. Demand for the safe-haven US dollar kicked in with the greenback trading mostly higher across the board, the dealers said. They said the US dollar was likely to appreciate as China moved to reform its rigid exchange rate regime towards a looser posture despite a kneejerk decline after the Chinese central bank's initial announcement of the policy shift. (BTimes)

**Bank of England** policy maker Andrew Sentance made the first push for an interest-rate increase in almost two years this month, opening a split among officials on the strength of the economic recovery. The Monetary Policy Committee voted 7-1 to keep the benchmark interest rate at 0.5 percent, according to minutes of the June 10 decision released in London today. Sentance favored an increase to 0.75 percent, arguing that inflation was proving to be "resilient" after the recession. (Bloomberg)

**New Zealand's** economy expanded for a fourth straight quarter as exports strengthened, giving the central bank scope to raise interest rates for a second consecutive month. Gross domestic product increased 0.6 percent from the previous three months, Statistics New Zealand said in Wellington today. That matched the median estimate in a Bloomberg News survey of 14 economists and followed a revised 0.9 percent gain in the fourth quarter. The economy is in its second year of recovery from the worst recession in three decades, prompting central bank Governor Alan Bollard to raise interest rates this month for the first time in three years. Growth could accelerate as China's move to allow a stronger yuan may stoke its demand for foreign goods, including New Zealand's timber logs and milk. (Bloomberg)

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**Major US and UK Equity Indices**

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10293.44	4.92	0.05	Nasdaq CI	2254.23	-7.57	-0.33
S&P 500	1092.04	-3.27	-0.30	FTSE 100	5178.52	-68.46	-1.30

**Global and Local Headlines**

**US stocks** dropped, Treasuries rose and the US dollar weakened against the euro and yen after the Federal Reserve said European debt may harm economic growth and American new-home sales sank to a record low. Copper and oil fell. The Standard & Poor's 500 Index lost 0.3 percent to 1,092.04 at 4 p.m. in New York, declining for a third straight day. Yields on two-year Treasuries decreased to 0.66 percent, the lowest since Dec. 2. The euro gained 0.4 percent versus the dollar, and the yen rose 0.8 percent. Copper futures fell 1.6 percent in New York and crude oil lost 1.9 percent. Spanish and Greek bonds slumped. The Fed's Open Market Committee said "financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad." The central bank left the overnight interbank lending rate target unchanged in a range of zero to 0.25 percent, where it's been since December 2008. Federal Reserve officials retained a pledge to keep the benchmark interest rate at a record low for an "extended period". The U.S. Commerce Department said purchases of new homes fell to an all-time low as a tax credit expired, showing the market remains dependent on government support. (Bloomberg)

**BHP Billiton Ltd.** and Rio Tinto Group pared losses in London trading after Australian Prime Minister Kevin Rudd, who has proposed a new profits tax on mining companies, said he faces a leadership challenge tomorrow. Rio fell 1.6 percent to 3,390 pence, having earlier slumped 2.8 percent. BHP, the world's biggest mining company, dropped 1.9 percent to 1,951 pence, recouping some of its 2.5 percent decline. Both stocks jumped after Rudd told reporters in Canberra that he faced a challenge from deputy Julia Gillard at a ballot tomorrow, then sank when he said he expected to win. (Bloomberg)

**UK's Chancellor of the Exchequer** George Osborne said lenders need to share the pain of tax increases as he announced a levy on lenders' balance sheets. Investors and analysts say banks have dodged a bullet. Osborne told lawmakers the tax will raise 2 billion pounds (US\$3 billion) a year, compared with the 5 billion-pound estimate of analysts at Evolution Securities Ltd. The 0.07 percent levy on wholesale liabilities is less than half the 0.15 percent rate being considered by the U.S. government. (Bloomberg)

Troubled **Linear Corp Bhd** (LINEAR), a manufacturer of cooling systems which is under investigation by stock exchange regulators, has entered into Practice Note 17 (PN17). The company came into prominence recently after revealing that its RM1.67bil King Dome project awarded by Seychelles-based Global Investment Group Inc late last year had not seen any significant progress towards execution of the contract while adding that there was no documentary evidence to demonstrate the overall viability of the project. (Star)

**Australia** got its first female prime minister on Thursday after the ruling party dumped Kevin Rudd and installed his deputy as leader. Julia Gillard will lead the government to elections due within months. She stood unopposed at a vote of the Labor Party's 112 lawmakers at a meeting Thursday, hours after a revolt against Rudd. (Star)

**Shin Yang Shipping Corp Bhd** will use part of the proceeds raised from its initial public offering (IPO) to set up a shipyard in the United Arab Emirates (UAE) to cater to the increase in shipping operations there, said financial controller and company secretary Richard Ling. "We see growing demand for medium-sized vessels there. That is why we are constructing a shipyard (in the UAE to tap the potential)," he said at the company's listing ceremony yesterday. According to Ling, the RM190mil raised from the listing exercise would be for capital expenditure and to finance the construction of seven new vessels, and shipyard expansion and construction. (Star)

Furniture maker **Kenmark Industrial Co (M) Bhd** (KENMARK) has received a letter of demand from Messrs Zul Rafique & Partners acting for CapOne Bhd and Malaysian Trustees Bhd (MTB) for a sum of RM50.98mil. The sum included both the principal sum (of RM50mil) and interest accrued from an unsecured term loan facility originally issued by EON Bank Bhd and purchased by CapOne and MTB, Kenmark said in a filing with Bursa Malaysia yesterday. "The outstanding sum is payable within 14 days from the date of the letter," it said, adding that the letter was dated June 18, 2010. It said the default was triggered as a result of the issuance of three letters of demand dated May 12, 2010 by Messrs Zulpadli & Eham for and on behalf of Export-Import Bank of Malaysia Bhd. (Star)

Port operator **Integrax Bhd** (INTEGRA) hopes to decide on its RM200mil port expansion to facilitate Vale International SA, a Brazilian mining giant that plans to build a distribution centre next to its terminal in Lumut by the end of this month. Chairman Datuk Syed Tamim Ansari Syed Mohamed said Vale had given a end-June deadline with a 30-day extension for Integrax to evaluate the transshipment services for iron ore cargo at its bulk terminal for over 10 years. (Star)

The possible outcomes of **Petra Energy Bhd's** (PENERGY) EGM today have narrowed following the resignation of three directors, including executive chairman Tengku Datuk Ibrahim Petra Tengku Indra Petra. The EGM might not be as gruelling as parent Petra Perdana Bhd's EGM held on Feb 4. Last week, Tengku Ibrahim together with two directors Lee Mee Jiong and Suhaimi Badrul Jamil tendered their resignation ahead of the EGM. (Star)

**Berjaya Land Bhd** (BJLAND) posted a net profit of RM72mil for its fourth quarter ended April 30 against a net loss of RM49.5mil a year ago due to higher profit contribution from the property development division and higher share of profits from associate companies. It told Bursa Malaysia yesterday that revenue for the period increased to RM1.13bil versus RM971.7mil due to the over three-fold increase in property sales arising from several mixed development and residential development projects achieved by the property development division and also contribution from higher room sales from the hotel and resort division. BJLAND has proposed a share split of one RM1 share into two 50 sen shares and a one-for-one bonus issue of up to 2.5 billion new shares to improve liquidity and marketability of its shares. (Star/BTimes)

**KNM Group Bhd** (KNM), an export-oriented process equipment manufacturer, has hinted that its order backlog will swell to more than RM3 billion this year from RM2.1 billion currently. "Our (order) replenishment will be higher in 2010. We now have an order backlog of RM2.1 billion. In 2009, the market was very bearish, but we were still able to get an order intake of RM1.5 billion," managing director Lee Swee Eng said. (BTimes)

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The **Sunway** (SUNWAY) construction and property group may build a RM1 billion university hospital to expand its education and healthcare businesses. Targeted to be completed in 2015, the hospital is likely to be named Sunway Academic Health Sciences Centre, sources said. The group currently operates Sunway University College under Sunway Education Group Sdn Bhd. Monash University Sunway Campus Malaysia Sdn Bhd was set up here in 1998. Its Sunway City Bhd (SunCity) operates the 350-bed Sunway Medical Centre (SMC). (BTimes)