



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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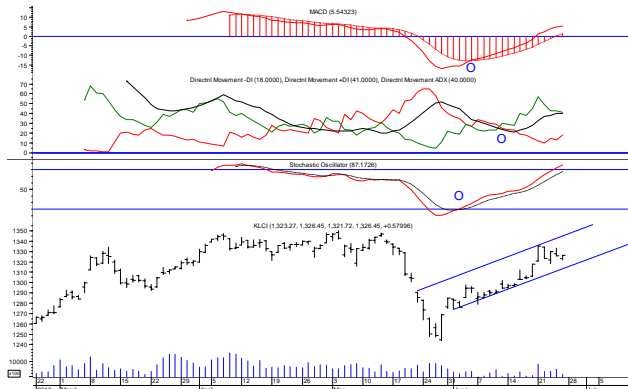
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## MARKET FLASH

### FBM KLCI

Mon, 28 Jun 2010



### MARKET STATISTICS (25/6/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,326.45	+ 0.58
FBM 100	8,727.76	- 1.13
FBM ACE	3,866.90	- 45.14
Volume (m)	568.3	
Value (RMm)	922.9	
Up	251	
Down	370	
Unchanged	278	

### FOREIGN

Nikkei	9,737.48	- 190.86
Hang Seng	20,690.7	- 42.70
STI	2,851.64	+ 4.03
Shanghai CI	2,552.82	- 13.93

### BURSA MOVERS

Gainers	Close	Chg
Topglove	13.38	+ 0.38
DLady	13.00	+ 0.20
Stamcol	0.49	+ 0.19
APM	4.26	+ 0.14
HLBank	8.68	+ 0.13

Losers	Close	Chg
MPI	6.20	- 0.23
Cepco	2.00	- 0.19
Panamy	17.90	- 0.16
GenP	6.79	- 0.16
BJToTo	4.33	- 0.15

Actives	Close	Chg
Gamuda-WD	1.13	+ 0.03
Tejari	0.275	- 0.015
Sinotop	0.595	+ 0.10
Gamuda	3.24	+ 0.03
Kenmark	0.13	+ 0.015

### Today's Market Direction :

FBM KLCI would likely to trade **above** 1,326.45 level.

### Market Buying Strength :

About **83%** of total market volume on 25/6/2010 was on buying side compared to **38%** in the preceding trading day.

### "Movement" in Strong Hands :

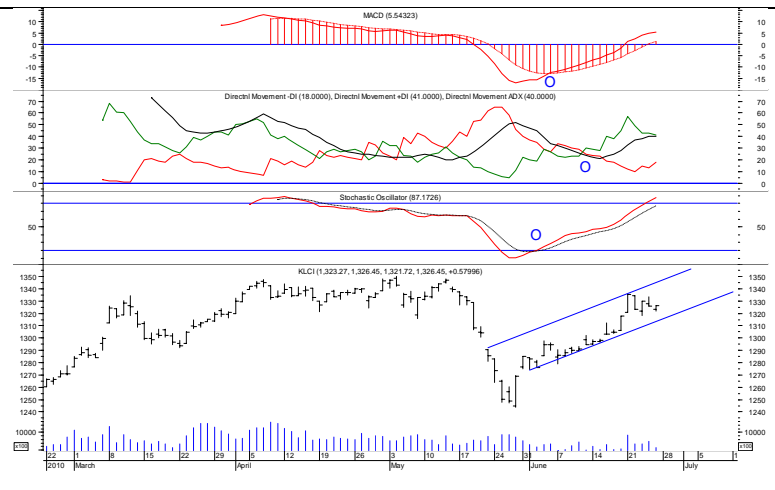
Strong hands were seen **liquidating** a portion of stock positions on 25/6/2010.

### Pivot Point Studies for Intra-Day :

For Monday (28/6/2010), 1<sup>st</sup> resistance @ 1,324.8 & 2<sup>nd</sup> resistance @ 1,329.6 ; 1<sup>st</sup> support @ 1,323.3 & 2<sup>nd</sup> support @ 1,320.1.

To read more .....

## Technical Analysis – Daily FBM KLCI

	25/6/2010	24/6/2010	
Open	1,323.27	1,327.69	
High	1,326.45	1,333.49	
Low	1,321.72	1,325.71	
Close	1,326.45	1,325.87	
Volume	568.3 m	749.3 m	
<b>Market Breadth</b>			
Up	251	318	
Down	370	332	
Unchanged	278	418	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Neither bulls nor bears wanted to pull trigger .....**

### Market Commentary :

Dampened by disappointing forecasts from retailers and a concern over government's financial overhaul package, DJIA had on 24/6/2010 lost 145.64 points to close at 10,152.80.

The triple-digit drop in Wall Street caused another minor dampening impact on Bursa Malaysia in the opening bell on 25/6/2010, FBM KLCI traded lower to a day low of **1,321.72** as some traders chose to further profit take another portion of winning trades. However, weak follow through selling interest in area of **1,321.72** prompted renewed buying support, this lifted stock index to a day high of **1,326.45** before settled at **day high**.

The **marginal rise** of **0.58** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up RM0.04), **Genm** (up RM0.01), **KLK** (up RM0.02), **PetDag** (up RM0.06) and **HL Bank** (up RM0.13).

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

Market came under selling pressure again last Friday (25/6/2010) given the weak market settlement in the preceding day. A lower market scenario on 25/6/2010 was indeed expected as traders had on 24/6/2010 exhibited their selling game pattern; however, what's interesting here was the non-willingness of traders to push the market down below 1,320 level, this somehow showed certain amount of reservation inside bearish traders.

**Will this be an indication of more selling today (28/6/2010) ?** What happened on 24/6/2010 was another follow thru of profit taking activity, and the marginal up close on 25/6/2010 was again seen as a trading move to neutralize the 32 points rise on 18/6/2010 & 21/6/2010. This basically suggested that the bears were still sceptical about this market potential to go far up.

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 (high of 1,317.69 and low of 1,318.52 on 23/6/2010) was less than a point, and there would still be a possibility of market to close this gap. An unfilled upside gap plus a higher market above 1,336 level would indicate the readiness of this market to gun down the immediate high of 1,349.52 (5/4/2010); however, should market gap down to leave behind a space lower than 1,318.52, bearish traders would be playing a more aggressive game.

At this moment, an evaluation of what happened from 21/6/2010 to 23/6/2010 seemed to point to certain amount of market support keeping 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 25/6/2010 ?** Last Friday's market trading environment seemed to be not conducive enough to warrant such a higher high scenario even though there was a sign showing a chance for this market to make a rebound from day low with a higher high at end of trading day (25/6/2010). This market has yet to generate higher level of buying confidence .....

Nevertheless, 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. A cluster of trading bars in the last 5 days had implied a range bound situation with neither bulls nor bears seen willing to pull the next trigger, both bulls and bears were waiting for the right timing, the answer to a new outcome should be unveiled in next 2 days.

**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 .....

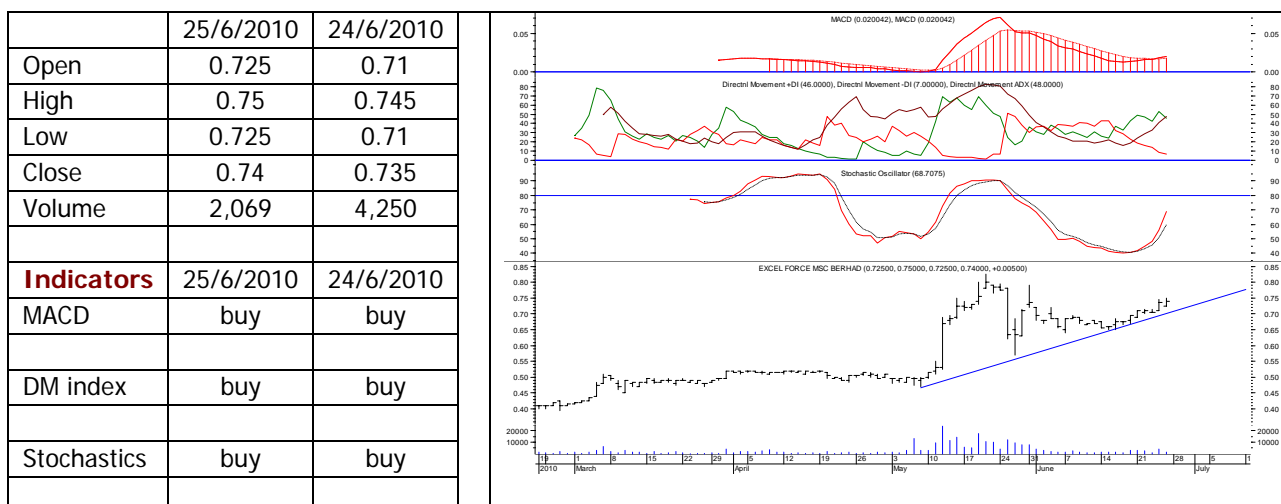
A check of internal market strength on 25/6/2010 showed that buying strength *weakened* with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 25/6/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 23% from 16% in the preceding trading day (24/6/2010).

## 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 25/6/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,326.45.

## Today's Hot Pick – Excel Force



**Chart wise** : *A nice upward curve* .....

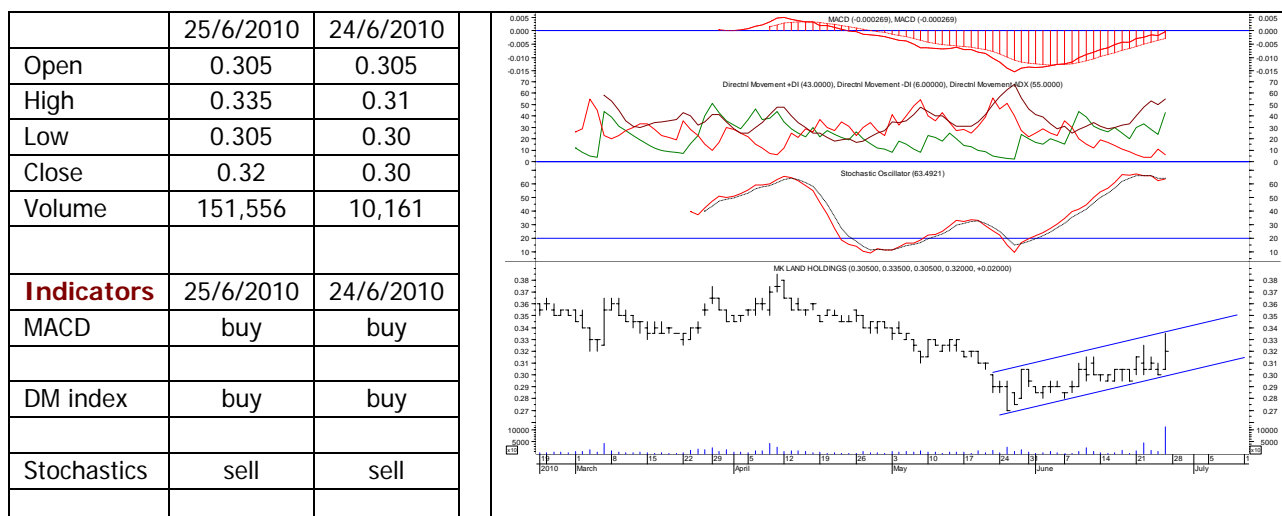
**Excel Force (0065** - AceBoard) continued to trade above the short term upward sloping trend line extended from low of RM0.47 (7/5/2010) to connect the other low of RM0.65 (16/6/2010), the stock had on 25/6/2010 traded higher to a day high of **RM0.75** before settled at **RM0.74**.

**Next Potential Upside Target** : An upside violation of **RM0.75 level** would see **Excel Force** to trade upward with next upside target at **RM0.88**.

**Entry Level** : Risk taking traders may establish buying position at **R0.73** as a small pull back is seen likely before making attempt(s) to go higher.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM0.70 level** must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – MK Land



**Chart wise :** *Within channel plus .....*

**MK Land (8893 - MainBoard)** had on 25/6/2010 crossed over the immediate high of **RM0.325** (22/6/2010) to a day **high of RM0.335** before settled at **RM0.32**.

**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 **RM0.335** and support at **RM0.30**.

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

A turnaround of prices to close **above RM0.335** level would see an immediate short term reversing direction in the stock.



## Active Stock review – **MPHB Bhd**



### Chart wise:

#### Trading Buy

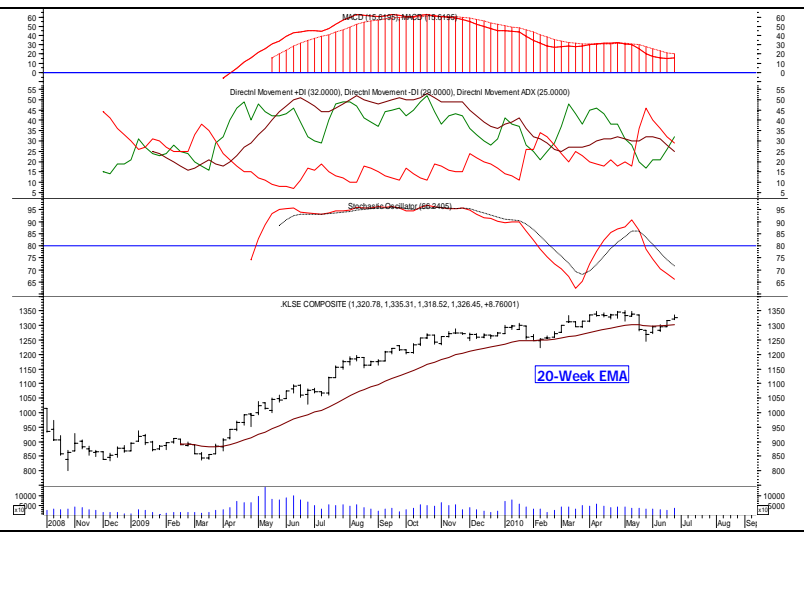
**MPHB Bhd** (3859) - Main Market- Trading/Services. – RM2.12

The share price is recovering after a prolonged consolidation and it had also broken through the previous overhead resistance line. At the same time, the share price had also penetrated the key moving averages, but currently undergoing a mild pullback.

Current resistance is at RM2.20 and if this level is broken, the next target is RM2.50. Its technical indicators are also rising in tandem with the short term moving averages. Overall, the technical outlook is positive for MPHB to test higher levels over the medium term. A trading buy on MPHB is recommended as it is embarking on an uptrend.

## Technical Analysis – Weekly FBM KLCI

	25/6/2010	18/6/2010
Open	1,320.78	1,294.89
High	1,335.31	1,317.69
Low	1,318.52	1,294.60
Close	1,326.45	1,317.69
Volume	3.59 bil	2.73 bil
<b>Pivot</b>	1,326.7	1,309.9
1 <sup>st</sup> Resis.	1,335.0	1,325.3
2 <sup>nd</sup> Resis.	1,343.5	1,333.0
1 <sup>st</sup> Supp.	1,318.2	1,302.3
2 <sup>nd</sup> Supp.	1,309.9	1,286.9
<b>Indicators</b>		
MACD	sell	sell
DM Index	buy	sell
Stochastics	sell	sell



The chart displays the FBM KLCI index from late 2008 to late 2010. The price is shown as a candlestick chart with a red 20-week Exponential Moving Average (EMA) line. The MACD indicator is shown in the top panel, and the Stochastic Oscillator is in the middle panel. The price shows a general upward trend from late 2008, peaking in early 2010, followed by a sharp decline in late 2009 and early 2010.

Chart wise : .

..... **66 %** of total weekly market trading activity was on buying side .....

### Weekly Market Commentary :

Affected by the downbeat forecasts from retailers to raise concern in high unemployment and weak consumer spending, DJIA came under renewed selling pressure to go downward after traded to a week high of 10,594.20, the stock index went down to a week low of **10,128.90** before settled at **10,152.80** for the week ended 24/6/2010.

The downward move in Wall Street sent a dampening effect to Bursa Malaysia, FBM KLCI only rose to a week high of 1,335.31 when traders chose to change their game play from buying to selling, that was when market began to decline. KLCI lost about 18 points to a week low of 1,318.52 before settled at **1,326.45** last week.

Total market turnover was **3.59** billion shares for week ended 25/6/2010 compared to **2.73** billion shares in the previous week, the **higher market volume** in an up close scenario suggested stronger buying pressure.

**With a week high (1,335.31) higher than previous week high (1,313.88) and a higher low (1,318.52) than previous week low (1,294.60), can market continue to go upward ?** The higher weekly high and higher weekly low last week (25/6/2010) with weekly high penetrated the 20-week MA on settlement basis was a friendly market development, and this should open up more room for traders and investors to play on the upside. However, market looked a bit extended to the upside last week with traders seen reluctant to push the market very far up in the absence of good fundamental evidence backup.

On examination of the market behaviour for the week ended 25/6/2010, the weekly up close of 1,326.45 helped to paint a friendly picture onto the chart with support pegged at 1,300 and overhead resistance at 1,340 level.

A mathematical calculation showed that about 66 % of the total market trading activity for week ended 25/6/2010 was on the buying side compared to the 99 % in the previous week.

**Conclusion :**

The market action(s) for week ended 25/6/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be making attempt to trade **above 1,335.31** even though there would be selling pressure to push the market down first in this week.

## ***MAJOR NEWS***

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

**The Bank of Japan's** Tankan survey this week will probably show that companies' reluctance to deploy record stockpiles of cash is diminishing as they become more confident in the economic outlook. An index of sentiment at large manufacturers will climb 11 points to minus 3 in June, according to the median forecast of economists surveyed by Bloomberg News, the highest level since September 2008. A negative number means pessimists outnumber optimists. Companies will project their first spending increase in three years, the survey showed. Increased business investment would help diversify the foundations of Japan's recovery, which has been driven by exports that are vulnerable to any slowdown in global demand stemming from Europe's debt crisis. While central bank Governor Masaaki Shirakawa sees signs that the rebound is starting to spur demand at home, his board is unlikely to tighten policy as long as deflation persists, said an economist. (Bloomberg)

**The yen** fell for the first time in seven days against the euro after Group of 20 leaders endorsed targets to reduce deficits once their economic recoveries are cemented, spurring demand for riskier investments. Japan's currency weakened against most of its major counterparts after the G-20 said advanced economies will aim to at least halve deficits by 2013 and stabilize debt-to-output ratios by 2016. The dollar traded near a one-week low versus the euro before U.S. reports this week that economists said will show consumer confidence weakened and manufacturing growth slowed this month. (Bloomberg)

**India's** decision to allow fuel prices to rise may spur the inflation rate by almost a percentage point, the finance ministry said, adding pressure on the central bank to raise borrowing costs. Prime Minister Manmohan Singh's government permitted state refiners to set prices of gasoline higher by about 3.5 rupees (7.5 cents) a liter and that of diesel by 2 rupees on June 25, as it sought to cut subsidies and trim the budget deficit from a 16-year high. Gasoline has been freed fully while diesel prices will eventually be market-determined, the government said. India's move to pare its \$5.5 billion oil subsidy, accounting for about 2.5 percent of its budget, comes as global investors heighten scrutiny of government finances in the aftermath of the European sovereign-debt crisis. The action threatens to stoke inflation from 10.16 percent touched in May. (Bloomberg)

The Kuala Lumpur **CPO futures** market, following US soyabean oil futures lead, fell through the former RM2,380 technical support level last week, if only slightly. But the signs point to more downside room ahead for this market even as it looks like it's trying hard to form a base. The actively-traded September 2010 contract fell to an intra-week low of RM2,371 before settling at RM2,384 last Friday, down RM16 or 0.67 per cent over the week. Palm oil's price fall was in rough tandem with US soyabean oil futures for July delivery, which fell 76 points, or 2 per cent, to close at 37.16 US cents a pound. World edible oil markets overall continued to labour under the weight of expectations for a looming bumper South American soyabean harvest. (BTimes)

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**Major US and UK Equity Indices**

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10143.81	-8.99	-0.09	Nasdaq CI	2223.48	6.06	0.27
S&P 500	1076.76	3.07	0.29	FTSE 100	5046.47	-53.76	-1.05

**Global and Local Headlines**

**The Group of 20** countries said banks need to raise capital “significantly higher” in order to avoid a repeat of the global financial crisis, while giving lenders more flexibility to implement the changes. Countries should adopt the new standards by the end of 2012, and banks will be allowed to phase in capital increases during a transition period, according to a draft of the G-20 statement sent to reporters today in Toronto. Banks will have to increase common equity as a percentage of their so-called Tier 1 capital to allow them to withstand another crisis without significant government support, the statement said. The capital increases can be phased in over a timeframe that respects each country's circumstances, and is “consistent with sustained recovery and limits market disruption.” (Bloomberg)

**Group of 20** leaders endorsed targets to cut deficits and agreed to pursue higher capital requirements for banks once their economic recoveries take root. Advanced economies will aim to at least halve deficits by 2013 and stabilize their debt-to-output ratios by 2016, according to a statement released as leaders finished meeting in Toronto today. The G-20 said banks need to raise capital “significantly” and countries will be allowed to phase in new rules, with a goal of meeting new standards by the end of 2012. (Bloomberg)

The redevelopment of a number of major government-owned assets to transform Kuala Lumpur and the other satellite towns in the Klang Valley, or the Greater Kuala Lumpur, into a leading global city has the potential to create significant spillover benefits to the country's economy if it is planned holistically and is well executed, property industry players said. Their concern is whether there will be an overall authority to oversee the redevelopment exercise so as to ensure the projects complement the current environment and are spaced out well to prevent an over supply situation. Under the **Greater Kuala Lumpur Strategic Development Project**, an initiative under the 10th Malaysia Plan, the Government is to revitalise the city by re-developing strategic federal assets including the Sungei Besi military airport, Pudu Jail, Kuala Lumpur Financial District and the planned township development on the Rubber Research Institute (RRI) land in Sg Buloh. (Star)

**Berjaya Corp Bhd** (BJCORP) has aborted its proposed acquisition of a 70% stake in Ascot Sports Sdn Bhd after the Government decided not to re-issue the sports betting licence to Ascot despite having granted its approval for the re-issuance of the licence. Consequently, the proposed rights issue on the basis of RM1 nominal value of 8% irredeemable convertible unsecured loan stocks (ICULS) for every eight BCorp shares held, which was intended to raise up to RM614.45mil, was also aborted. BCorp said in a statement late yesterday that its board of directors “deeply regrets and is extremely disappointed with the Government's decision”. (Star)

**The Penang** Master Builders and Building Materials Dealers Association (PMBBMDA) expects the value of construction contracts in Penang this year to be slightly over RM4bil, which is the same as last year, but below the RM5bil forecast in 2009. PMBBMDA president Vincent Ong said this was due to the global uncertainties and the pending gradual removal of subsidies, which would hike construction costs and lower demand. "Nevertheless for the first quarter 2010, the value of 38 contracts from both the government and private sectors in Penang hit RM206mil, compared with about RM45mil achieved in the previous corresponding quarter, according to the Construction Industry Development Board (CIDB) report," he told StarBiz. "Of the 38 contracts, 10 were from the government sector. This compared with 11 contracts in the first quarter last year, of which three were government jobs." He said the association hoped to get more contracts from the state and federal governments for projects such as the expansion of the Penang International Airport, the second bridge and the Mengkuang Dam expansion. (Star)

The directors of **Linear Corp Bhd** (LINEAR) may have a lot of explaining to do on the status of the company as they meet shareholders at its AGM tomorrow. It is the 16th AGM and it will be held in Prai, Penang. Established in 1981, Linear is a cooling systems company that has landed itself into a PN17 company, which means it is in default of loan repayments. The company is also being investigated by Bursa Malaysia and the Securities Commission over its RM1.6bil King Dome project. One may wonder what the King Dome project is all about as the mere announcement only helped to raise more questions. Last Friday, Linear Corp received a directive from Bursa Malaysia to immediately appoint a special auditor to investigate the company. (Star)

**CapitaMalls Malaysia Trust** plans to offer shares for its Malaysian initial public offering at RM1.08 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 one, according to the sales document. CapitaMalls will offer a total of 786.5 million shares, it said. (BTimes)

A Saudi-Malaysian consortium, whose member includes **Malaysia Airports Holdings Bhd** (MAHB), has prequalified to bid for work for the first phase of the expansion of Prince Mohammed Bin Abdulaziz Airport in Medina, Saudi Arabia. Other members in the consortium include Bakri International Energy Co, Almabani General Contractors-Impregilo SpA and Riyadh Bank. Bakri International Energy leads the consortium. The Saudi-Malaysian consortium is one of the eight other consortias announced by General Authority of Civil Aviation of Saudi Arabia (GACA) to prequalify to bid for the US\$1.5 billion (RM4.86 billion) development, which is part of a wider US\$10.5 billion (RM34 billion) project to reform and liberalise the kingdom's airport sector. (BTimes)

**Hai-O Enterprise Bhd** (HAIO) hopes to spread its wings and enter the markets in China by the end of this year or early next year under its expansion plan, its group managing director Tan Kai Hee said. "We are already in Indonesia, (and) the next one would be China." Hai-O is involved in wholesale, retailing, multi-level marketing, and operates a pharmaceutical factory and modern Chinese medicinal clinics. (BTimes)

The vacant managing director's post in the world's biggest planter, **Felda**, will be filled soon, Prime Minister Datuk Seri Najib Razak said. The government is now shortlisting the candidates, says Najib, who adds that the new MD must have good personal credentials, such as high integrity, experience and proven track record. Najib said the government already has a list of possible candidates to fill the post left vacant after Datuk Mohd Bakke Salleh was appointed as Sime Darby Bhd's president and group chief executive officer. (BTimes)