



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

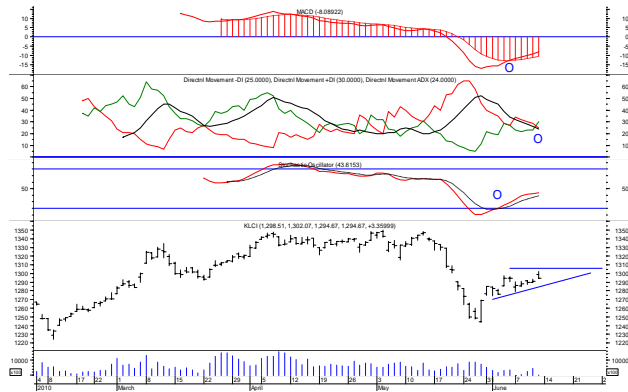
PENANG BRANCH
2nd Floor,
Std Chartered Bank,
2 Lebuhr Pantai,
10300 Penang.
Tel: 604-263 9118

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

MARKET FLASH

FBM KLCI

Mon, 14 Jun 2010



MARKET STATISTICS (11/6/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,294.67	+ 3.36
FBM 100	8,495.52	+ 26.65
FBM ACE	3,796.45	+ 25.63

Volume (m)	501.7
Value (RMm)	839.5
Up	380
Down	193
Unchanged	282

FOREIGN

Nikkei	9,705.25	+ 162.60
Hang Seng	19,872.38	+ 239.68
STI	2,796.29	+ 16.71
Shanghai CI	2,569.94	+ 7.36

BURSA MOVERS

Gainers	Close	Chg
Topglove	12.90	+ 0.30
Century-WB	0.745	+ 0.195
Shell	10.60	+ 0.18
PPB	15.96	+ 0.14
Kesm	2.19	+ 0.13
Losers	Close	Chg
Warisan	2.17	- 0.19
Biport	6.20	- 0.10
SP Setia	3.90	- 0.10
Lipo	0.555	- 0.095
EG	0.31	- 0.08
Actives	Close	Chg
Kenmark	0.155	- 0.04
Talam	0.14	=
Aim	0.17	+ 0.025
Denko	0.125	+ 0.015
Axiata	3.85	+ 0.08

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,294.67 level.

Market Buying Strength :

About **24%** of total market volume on 11/6/2010 was on buying side compared to **72%** in the preceding trading day.

"Movement" in Strong Hands :

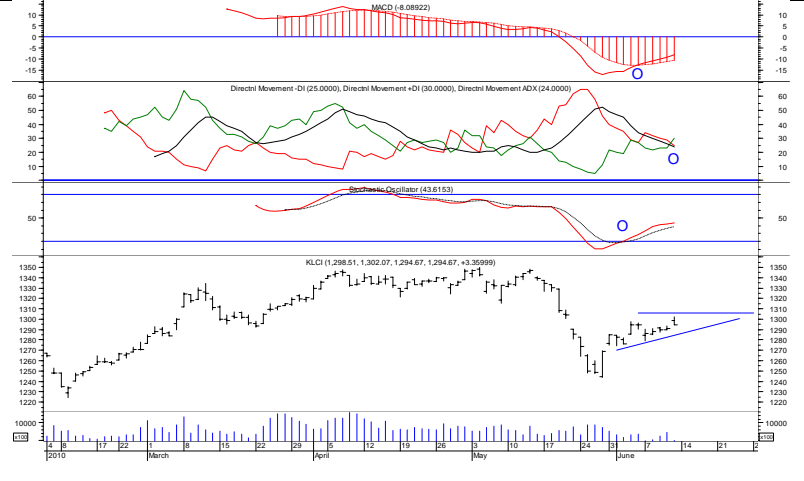
Strong hands were seen **liquidating** a portion of stock positions on 11/6/2010.

Pivot Point Studies for Intra-Day :

For Monday (**14/6/2010**), 1st resistance @ **1,304.8** & 2nd resistance @ **1,315.0** ; 1st support @ **1,281.6** & 2nd support @ **1,268.7**.

To read more

Technical Analysis – Daily FBM KLCI

	11/6/2010	10/6/2010	
Open	1,298.51	1,289.72	
High	1,302.07	1,293.27	
Low	1,294.67	1,289.71	
Close	1,294.67	1,291.31	
Volume	501.7 m	733.2 m	
Market Breadth			
Up	380	261	
Down	193	280	
Unchanged	282	290	
Indicators			
MACD	buy	buy	
DM Index	buy	sell	
Stochastics	buy	buy	

Lacking Buying Confidence

Market Commentary :

Encouraged by news of China's export jump by 48.5% in May 2010 and drop in total claims for unemployment benefits last week, DJIA had on 10/6/2010 gained 273.28 points to close at 10,172.53.

The triple-digit rise in Wall Street sent a positive signal to Bursa Malaysia in the opening bell on 11/6/2010. FBM KLCI gapped up to trade into 1,300 zone with a day high of **1,302.07**, highest level since 21/5/2010 as traders took the chance to play on buying side. However, weak follow through buying support in area of 1,302, pre-weekend profit taking activity rolled in, this pushed stock index back down below 1,300 level at day low of **1,294.67** before settled at **day low**.

The single-digit **rise** of **3.36** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up RM0.01), **PB Bank** (up RM0.04), **Genting** (up RM0.04), **Parkson** (up RM0.02) and **Axiata** (up RM0.08).

What was the chart saying

Having stayed supportive above 1,280 level in the past 3 days (8/6/2010 – 10/6/2010), market crossed over 1,300 level last Friday (11/6/2010) on intra-day basis. It was indeed a surprise to see the sudden and easy crossover on 11/6/2010 even though the higher high on 10/6/2010 may have continued to provide a visible indicator for traders to buy the next trading day (11/6/2010). Of course, market could not find its footing in 1,300 zone in the face of weak buying interest, **why ?** [Stock trading has a lot to do with confidence without confidence of seeing a potential market rise, any attempt\(s\) to push market into higher ground would eventually be proven futile.](#)

Was this an indication of a change in game play from buying in previous day to selling today (14/6/2010) ? The overall market scenario we observed in the last 4 days basically implied

that many traders had chosen to stay sidelines with profit taking activity on winning trades seen capping the market advance on 11/6/2010. Stock index would trade in the triangle pattern.

Why did the market trade higher on 11/6/2010 ? To some risk taking traders, the fall to a day low of 1,278.89 on 7/6/2010 was viewed a technical pullback of stock index after making 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. These traders thought that once the pull back was done, market should resume trading higher than 1,297.75 (3/6/2010).

Can market cross over 1,300 hurdle again ? What we saw on chart now was higher highs and higher lows since 31/5/2010, and that was a friendly market development. Thus, market could still make more attempts to break into 1,300 level again While 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.

Ladies & gentlemen, we had said in our market report dated 2/6/2010 that " **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.* (FYI, market rose to a day high of 1,297.75 on 3/6/2010).

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 11/6/2010 showed that buying strength weakened with strong hand(s) seen disposing a small portion of buying positions, the number of stock positions acquired on 11/6/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 40% from 39% in the preceding trading day (10/6/2010).

Conclusion :

The short and medium term market outlook remained weak.

The analysis of overall daily market action(s) on 11/6/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1.294.67.

Today's Hot Pick – **Analabs**

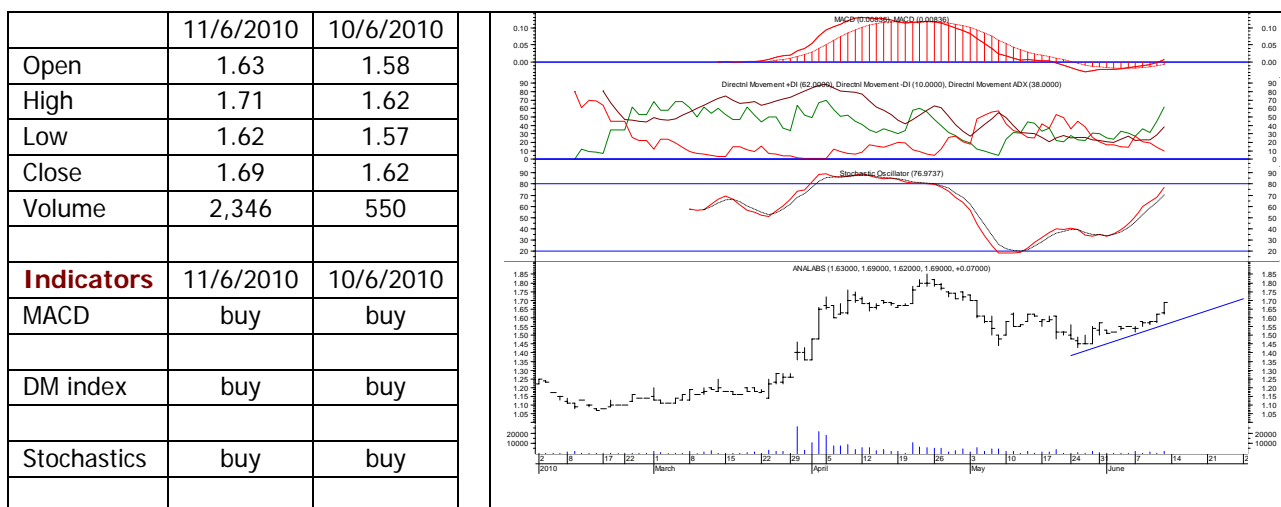


Chart wise : *Nicely curving upward.....*

Analabs (7083 - MainBoard) had on 11/6/2010 crossed over immediate high of RM1.63 (11/5/2010) to reach a day high of **RM1.71** before settled at **RM1.69**.

Next Potential Upside Target : With the upside violation of **RM1.63 hurdle**, **Analabs** would thus be likely to trade upward with next upside target at **RM1.80**.

Entry Level : Risk taking traders may establish buying position at **RM1.65** as a pull back seen likely.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM1.57** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Current Active Stock Review – LCL Corp

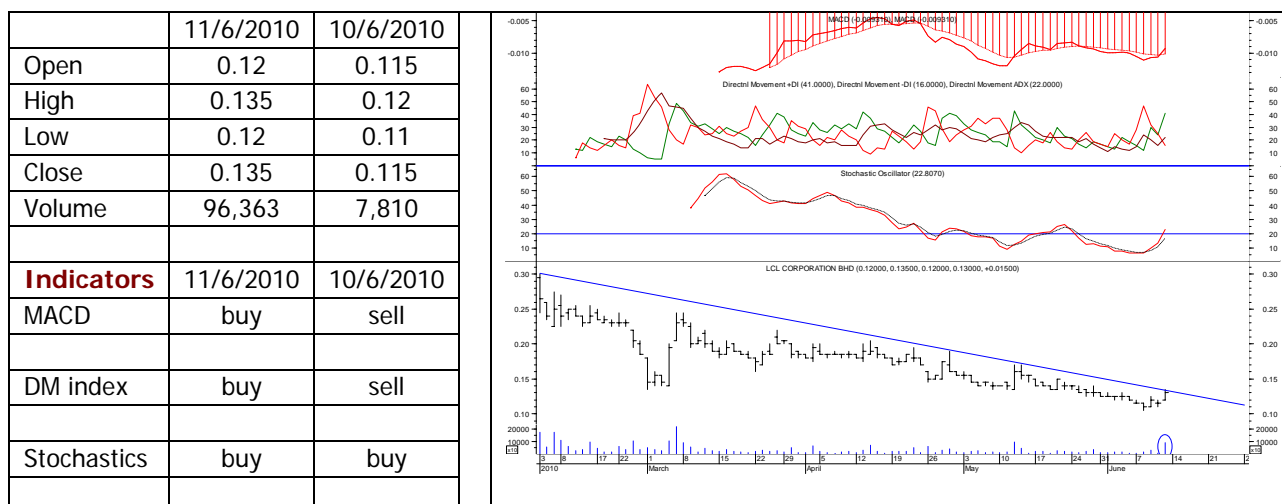


Chart wise : Follow thru attempt(s) to break out expected.....

LCL Corp (7177 – MainBoard – PN17) had on 10/6/2010 touched the downward sloping trend line extended from high of RM0.30 (3/2/2010) to connect the other day high of RM0.19 (29/4/2010) at RM0.135 before settled at **day high**.

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 **RM0.135** and support at **RM0.10**.

What to watch for

A turnaround of prices to close **above RM0.135** level would see an immediate short term reversing direction in the stock.



Chart wise:

Xinquan International Sports (5155) - Main Market-Consumer Products.

After the rounding bottom formation that forms part of its recovery process, Xinquan is currently tracing out a triangle formation. Having touched the RM1.25 sen target, it is ready for higher targets, but the RM1.27 resistance had been dampening several attempts by Xinquan to charge higher.

However, a breakout on the upside means a target as high as RM1.34. Riding on expectations that the breakout bodes well, we are calling for a Trading buy on Xinquan. Note that short-term correction may nudge the price towards the support at RM1.15, but if it happens, it will be a buying opportunity.

Technical Analysis – Weekly FBM KLCI

	11/6/2010	4/6/3010
Open	1,284.51	1,276.43
High	1,302.07	1,297.75
Low	1,278.89	1,271.55
Close	1,294.67	1,294.39
Volume	2.87 bil	3.32 bil
Pivot	1,291.8	1,289.1
1 st Resis.	1,304.8	1,303.0
2 nd Resis.	1,315.0	1,311.7
1 st Supp.	1,281.6	1,280.4
2 nd Supp.	1,268.7	1,266.5
Indicators		
MACD	sell	sell
DM Index	sell	sell
Stochastics	sell	sell

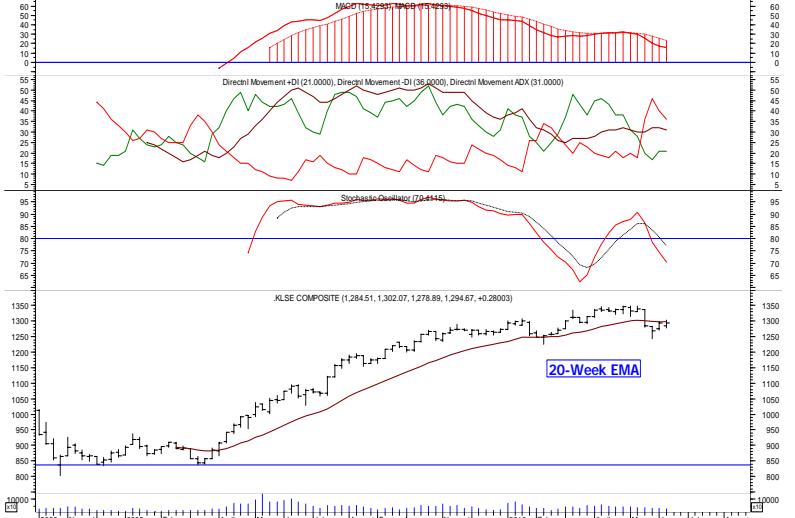


Chart wise : .

..... 71 % of total weekly market trading activity was on buying side

Weekly Market Commentary :

Led by China export jump of 45% in May 2010 and drop in unemployment claims benefit last week amid fears of Europe debt crisis would derail global economy, DJIA crawled back into 10,000 zone with a high of **10,185.80** before settled at **10,172.33** for the week ended 10/6/2010.

The upward move in Wall Street rendered an encouraging support to Bursa Malaysia, FBM KLCI crossed into 1,300 zone with a high of 1,302.07 level as some traders chose to play on buying side in anticipation of higher market after the pull back down to 1,278.89 before settled at **1,294.67** last week.

Total market turnover was **2.87** billion shares for week ended 11/6/2010 compared to **3.32** billion shares in the previous week, the **smaller market volume in an up close scenario** suggested **weaker buying pressure** last week.

With a week high (1,302.07) higher than previous week high (1,297.75) and a higher low (1,278.89) than previous week low (1,271.55), can market continue to go downward ? The higher weekly high and higher weekly low last week (11/6/2010) with weekly high penetrated the 20-week MA on intra-week basis was a friendly market development. Traders and investors were happy seeing the re-test of 1,300 psychological level as it provided a positive clue of market direction.

What can we tell from this ? Market would be spending some time here to consolidate its position for more upside moves with supportive buying at 1,270 level can be expected.

On examination of the market behaviour for the week ended 11/6/2010, the weekly up close of 1,294.67 helped to paint a friendly picture onto the chart with support pegged at 1,270 and overhead resistance at 1,300 level.

A mathematical calculation showed that about 71 % of the total market trading activity for week ended 11/6/2010 was on the buying side compared to the 71 % in the previous week.

Conclusion :

The market action(s) for week ended 11/6/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be likely to trade **above 1,302.07** this week.

MAJOR NEWS

Commodity, Currency and Economic News

It was total capitulation by the bulls last week, leaving the bears in absolute control of Kuala Lumpur **CPO futures** market - for now and in the foreseeable short- to medium-term future. The benchmark August 2010 contract plummeted to a seven-month low of RM2,379 a tonne as long position holders rushed for the exits last Thursday and Friday.. Heavy liquidation of long (buy) contracts were evidenced by the bulge in turnover for the August contract to 48,982 contracts last week, significantly higher than the previous week's total volume of 33,061 contracts. The August 2010 contract settled last Friday at RM2,386 a tonne, down RM88 or 3.56 per cent over the week. Significantly this market is now consigned to a lower price plane, presently determinable at between RM2,385 and RM2,425 - provided that that trading band is not broken in near-term trade. The breakdown in mid-week trade below the erstwhile RM2,425 short-term support level signalled this market's descent. (BTimes)

U.S. factories kept churning out more goods last month, while prices and home construction fell, pointing to a manufacturing-led U.S. recovery that is not generating inflation, economists said before reports this week. Production at factories, mines and utilities increased 0.8 percent in May, the 10th gain in the past 11 months, according to the median estimate of 63 economists surveyed by Bloomberg News ahead of Federal Reserve figures due June 16. The cost of living declined for a second month and work began on fewer houses, other data may show. (Bloomberg)

The yen fell for a third day against the euro on signs the global economic recovery is gaining momentum, spurring demand for riskier investments. Japan's currency weakened versus all 16 of its major counterparts after the Nikkei 225 Stock Average advanced as appetite increased for higher-yielding assets. The euro rose to its highest level in a week against the dollar before a European report that economists said will show industrial production expanded for an 11th month. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10211.07	38.54	0.38	Nasdaq CI	2243.60	24.89	1.12
S&P 500	1091.60	4.76	0.44	FTSE 100	5163.68	31.18	0.61

Global and Local Headlines

Japanese stocks gained for a third day as rising sentiment among American consumers boosted speculation demand for Japanese-made goods will increase. Nissan Motor Co., which gets 33 percent of its sales in North America, climbed 2.4 percent. Canon Inc., the world's biggest digital-camera maker, advanced 1.4 percent. Mitsubishi Estate Co. and Tokyu Land Corp. sent property companies higher after Credit Suisse Group AG raised their investment ratings to "outperform." (Bloomberg)

High prices of essential items including chicken, vegetables and oil are putting a strain on city dwellers as they are finding it increasingly difficult to make ends meet. They are of the opinion that the Government should retain subsidies on basic necessities as some young families are struggling to scrape through the month even with a combined household income of RM9,000 a month. (Star)

The banking industry's gross impaired loans are expected to rise going forward versus the current non-performing loan figures as more banks switch to the new FRS139 accounting standard, experts said. (A loan is impaired when it is not likely the lender will collect the full value of the loan because the creditworthiness of a borrower has fallen). Banks, which have switched over to FRS139 are now required to report impaired loans rather than non-performing loans (NPLs) under the previous Bank Negara GP3 guidelines. (Star)

High-flyer **AirAsia X Sdn Bhd** always creates an impression but news of its impending listing is expected to create a stronger storm as it reflects the sizeable expansion plans for the long-haul budget carrier. Last week, AirAsia X announced its plan for an initial public offering (IPO) in the second half of 2011, subject to market conditions. Although where it will be listed and the size of the IPO have not been determined, StarBiz reported that AirAsia X is considering the possibility of listing on the Hong Kong or New York stock exchanges. The IPO was likely to value AirAsia X at between US\$500mil (RM1.64bil) and US\$600mil (RM1.97bil). (Star)

Malaysia Airports Holdings Bhd (MAHB) is evaluating proposals for a 20-hectare commercial development adjacent to the upcoming permanent low-cost carrier terminal (LCCT) in Sepang, which will feature an integrated complex and a three-star hotel. Two tenders have been called out, one for the development of the integrated complex, which includes two car parks, a transportation hub that will eventually house the extended express rail link and a landside mall. The other tender is for the hotel. The request for proposal period closed in April this year. (BTimes)

Malay rights group Perkasa says Bank Negara Malaysia should not have rejected **Affin Holdings Bhd's** (AFFIN) bid to start merger talks with bigger rival EON Capital Bhd (EONCap). Its president Datuk Ibrahim Ali said the central bank was hasty in rejecting the application from Affin that was backed by a major shareholder, the Employees Provident Fund, without any reason given. "The decision is puzzling as it seems to deny Affin an opportunity to enhance its banking capabilities through a merger," Ibrahim told a news conference in Kuala Lumpur yesterday. Perkasa requested Bank Negara to reconsider its decision and called on Prime Minister Datuk Seri Najib Razak to intervene. (BTimes)