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MARKET FLASH

Friday, 29 July 2011

FBM KLCI DAILY CHART



TECHNICAL INDICATIONS

Support : 1543, 1525

Resistance : 1570

Bias : Downtrend

The key index is looking increasingly frail after its candle fell back inside the uptrend channel and with its indicators slipping lower, the consolidation looks to continue with the support of 1543 coming into play. If it gives way, then the support moves to 1525.

COMMENTARY

FBMKLCI slips further, but warrants shine ... For the second successive day, the market succumbed to a selling spell with many heavyweights extending their losses. Part of the consolidation was due to the weakness in regional bourses, but the heightened interest on warrants diverted attention from the main board. Warrants were particularly in favor among retail clients with Armada-CB and CC registering strong gains on high volumes. Other like Ingress and Yinson also flourished on speculative interest.

More of the same ... Although the key index is faltering, sentiments are hardly affected as most investors are concentrating on the lower liners and warrants, thus keeping market interest on a robust mode.

MARKET STATISTICS

	Close	Chg.
LOCAL		
FBM KLCI	1,551.91	(6.26)
Volume (m)	1063	
Value (RMm)	1745	
Up	290	
Down	480	
Unchanged	274	
FOREIGN		
Nikkei	9901.35	(145.84)
Hang Seng	22570.74	29.05
STI	3189.85	(3.69)
Shanghai CI	2708.78	(14.71)

BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
Nestle	47.68	0.26
Metalr	0.60	0.15
Yinson	2.31	0.12
Ingress	0.97	0.115
Armada-CA	0.39	0.114
Losers	Close (RM)	Chg(RM)
F&N	19.24	(0.34)
Tasek	7.76	(0.29)
BAT	46.36	(0.20)
PPB	17.30	(0.20)
UtdPlt	20.00	(0.20)
Actives	Close (RM)	Chg(RM)
Armada-CB	0.30	0.063
DutaInd-WA	0.165	0.06
CIMB	8.31	(0.08)
Armada-CC	0.355	0.058
Hubline	0.095	0.01

Current Stock Review

Trading buy – ZELAN



Chart wise:

Zelan Bhd (3948) – Construction – RM0.385

Zelan Bhd was not left out in the recent penny stocks rally and despite the gains made so far, we are of the opinion that there are more upsides in its share price. Breaking out from below the short and medium-term moving averages, the prospects are good for Zelan to test the upper level of the channel at around RM0.40.

Corrections are expected along the way, but are expected to be minor given the new burst of buying activities. Furthermore, Zelan is supported by favorable mix of fundamentals.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit closed lower against the US dollar yesterday amid cautious trading, dealers said. A dealer said the euro was shaken by concerns over the renewed rise in Italian bond yields while a debt agreement in the US remained unsettled. The ringgit slipped to 2.9465/9495 against the greenback from 2.9370/3400 on Wednesday. The ringgit was down against the Singapore dollar to 2.4491/4495 from 2.4463/4490 on Wednesday and the local unit slipped against the Japanese yen to 3.7907/7955 from 3.7809/7867 previously. Against the British pound, the local currency was up to 4.8155/8213 from 4.8226/8284, previously, and appreciated against the euro to 4.2353/2402 from 4.2563/2618 on Wednesday. (BTimes)

Crude palm oil futures on Bursa Malaysia Derivatives closed lower yesterday as concerns over the global debt crisis prompted investors to reduce positions, dealers said. August 2011 and September 2011 fell RM11 each to RM3,119 and RM3,122 a tonne respectively while October 2011 fell RM14 to RM3,116 and November 2011 slid RM15 to RM3,117. Turnover slipped to 17,833 lots from 18,512 lots on Wednesday while open interest narrowed to 131,812 contracts from 132,527 previously. (BTimes)

The US dollar was 0.3 percent from a record low against the Swiss franc before a planned briefing by Obama administration officials on the stalemate in raising the U.S. debt limit that's needed to avert a default. The yen was set for a fourth weekly advance against the greenback before a U.S. report forecast to show the world's largest economy grew at the slowest pace in a year. The euro is poised for a weekly slump against the franc as traders cut bets on interest-rate increases in the region before data that may show euro zone inflation rate was unchanged this month. The dollar traded at 80.14 Swiss centimes as of 8:31 a.m. in Tokyo from 80.12 in New York yesterday, when it reached a record low of 79.90 centimes. It bought 77.78 yen from 77.67 yen and was little changed at \$1.4329 per euro. The euro fetched 1.14810 Swiss francs from 1.14850, compared with an all-time low of 1.13737. (Bloomberg)

Japan's industrial production rose less than expected in June, signaling a recovery in the world's third-largest economy from the March 11 earthquake and tsunami may lose momentum. Factory output increased 3.9 percent in June from May when it rose 6.2 percent, the biggest gain since 1953, the Trade Ministry said in Tokyo today. The median estimate of 31 economists surveyed by Bloomberg News was for a 4.5 percent gain. Japan's recovery is at risk from a slowdown in overseas demand and the yen's appreciation, which can erode the value of profits earned by exporters such as Nissan Motor Co. At the same time, today's report showed companies plan to boost output in July and August, an indication they are confident about demand. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	12240.10	-62.44	-0.51	Nasdaq CI	2766.25	1.46	0.05
S&P 500	1300.67	-4.22	-0.32	TSE 100	5873.21	16.63	0.28

Global and Local Headlines

Japanese stocks slipped for a third day as U.S. lawmakers failed to make progress on a deal to raise the nation's debt ceiling and avoid a default that could roil credit markets and threaten the global economic recovery. Sumitomo Mitsui Financial Group Inc., a large holder of U.S. bonds, lost 0.8 percent. Canon Inc., the world's biggest camera maker by market cap, slid 1.1 percent. Sony Corp., Japan's biggest exporter of electronics, sank 2.3 percent after slumping demand for televisions forced it to cut its profit forecast. The Nikkei 225 (NKY) Stock Average fell 0.1 percent to 9,891.09 as of 9:04 a.m. in Tokyo. The broader Topix lost 0.2 percent to 847.09, with about eight shares dropping for every five that gained. Both the Nikkei and the Topix are on course for a 2.7 percent drop this week, falling for a second week. (Bloomberg)

Megasteel Sdn Bhd chairman Tan Sri William Cheng has criticised the Malaysian Iron and Steel Federation (MISIF) for making "misrepresentations" on Megasteel's proposed safeguard action on hot rolled coils (HRC). He said from MISIF's own admission, only 14 of its members had agreed to participate in the federation's objection to the safeguard petition. "The majority of MISIF's 138 members apparently are not in agreement with its stand against our safeguard petition and there have been some resignations of members who appeared to oppose to the action," he said in a statement yesterday. (Star)

Petronas Carigali Sdn Bhd, the exploration and production arm of Petronas, has made two significant gas discoveries in the shallow water areas offshore the west coast of Sabah. The first discovery was via the Zuhul East-1 well, which was located in the Samarang Asam Paya Block about 130km southwest of Kota Kinabalu. The well was spudded in water depth of 38 m and reached a total depth of 2,336 m to confirm the presence of significant gas-bearing reservoirs. The current estimate of gas-initially-in-place is about 550 billion standard cubic feet (bscf). (Star)

WCT Bhd's (WCT) whollyowned subsidiary, WCT Construction Sdn Bhd, has been awarded a contract worth RM115.09mil for earthworks services by Vale Malaysia Manufacturing Sdn Bhd in Teluk Rubiah, Perak. The scope of works under project comprises of earthwork, drainage, roads and pavement, slope protection works and temporary sedimentation ponds at VMM's Project - Phase 1A (Stage 1), Teluk Rubiah. In a filing to Bursa Malaysia, it said works were expected to be completed in April 2013, adding that the contract would contribute positively to the group's earnings and net assets for the financial years 2011, 2012 and 2013. (Star)

Standard & Poor's on Wednesday cut Greece's sovereign credit rating further into junk territory, lowering it to CC from CCC, saying the European Union's proposed debt restructuring would put the country into "selective default". S&P is the last of the three major rating agencies to warn of a default by Greece. S&P said in a statement that the outlook on its rating was negative. (Star)

Major shareholders of **SP Setia Bhd** (SPSETIA), Malaysia's biggest developer, plan to buy a strategic stake in property and hospitality company Eastern and Oriental Bhd (E&O), people familiar with the matter said yesterday. Business Times learnt that shareholders of SP Setia had made overtures in recent months with certain shareholders of E&O, who may have included Temasek Holdings (Pte) Ltd director Goh Yew Lin. SP Setia's three biggest shareholders currently are Permodalan Nasional Bhd with a 32.9 per cent stake, the Employees Provident Fund with a 14.47 per cent interest, and SP Setia president and chief operating officer Tan Sri Liew Kee Sin, with 11.96 per cent. As at July 30 2010, Singapore's G.K. Goh Holdings Ltd owned 13 per cent of E&O. E&O managing director Datuk Tham Ka Hon and spouse Datin Chua Cheng Boon collectively own about 17 per cent of the company. (BTimes)

IOI Corp Bhd (IOICORP) is buying close to 12,000ha of matured oil palm estates from Dutaland Bhd for RM830 million. In a filing to the stock exchange yesterday, IOI said the planned purchase will help expand the group's agriculture landbank in Malaysia by 7 per cent to 190,862ha. "This is the best price we can get. We negotiated for many months," said IOI Corp executive chairman Tan Sri Lee Shin Cheng, who is known to enjoy bargain hunting. (BTimes)