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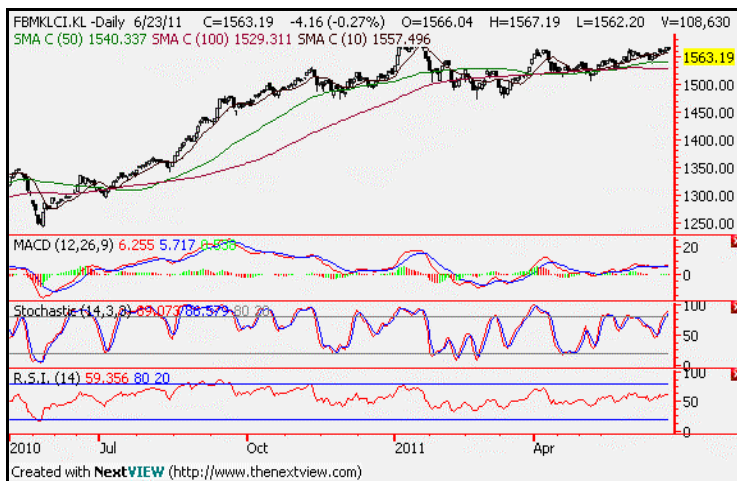
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MARKET FLASH

Friday, 24 June 2011

FBM KLCI DAILY CHART



TECHNICAL INDICATIONS

Support : 1541, 1525

Resistance : 1576

Bias : Sideways

Despite the hint of weakness, however, we are not pressing the alarm bells as yet and the bearishness can still be neutralized quickly, especially as oil prices closed lower last night. Hopes for the market to build up its base are also still intact as the candles are still within our envisioned range of the 1547 to 1576 levels.

COMMENTARY

Down again ... The market failed to hold on to the gains it attained for the past two days as the key index dipped in lackluster trade. The market was in the red for the whole day with most investors staying on the sidelines. The insipid regional markets were of little help as they too slipped. Back home, trading volumes were modest, with losers beating gainers once again.

At the crossroads again ... The market's inability to stage a sustained recovery has once again left it at the crossroads. There is also a hint of bearishness with yesterday's weaker close and this may once again leave most investors on the sidelines, awaiting for clearer market direction.

MARKET STATISTICS

	Close	Chg.
LOCAL		
FBM KLCI	1,563.19	(4.16)
Volume (m)	876	
Value (RMm)	1435	
Up	330	
Down	393	
Unchanged	308	
FOREIGN		
Nikkei	9596.74	(32.69)
Hang Seng	21759.14	(100.83)
STI	3044.72	1.89
Shanghai CI	2688.25	38.93

BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
Iretex	1.23	0.13
BIMB	1.85	0.12
Genting	11.30	0.10
Goldis	1.80	0.10
Metrod	3.60	0.10
Losers	Close (RM)	Chg(RM)
UtdPlt	9.03	(0.57)
AEON	7.15	(0.47)
HLBank	12.90	(0.44)
Ibraco	0.98	(0.24)
BAT	46.00	(0.20)
Actives	Close (RM)	Chg(RM)
LionCor	0.285	(0.015)
Perisai	0.80	0.05
LionDiv	0.45	0.01
Kurasia	0.485	0.05
Ingens	0.075	0.00

Current Stock Review

Trading Buy – TIMECOM



Chart wise:

Time Dot Com Bhd (5031) – Infrastructure – RM0.725

Time Dot Com (TDC) share price had been trending down possibly on concerns over its Offer-For-Sale (OFS) of its shares which is likely to pose a short-term overhang due to the large volume of TDC shares coming into the market at a relatively steep discount. Profit taking activities by investors who went in earlier at lower prices may have also contributed to the selling pressure.

However, the correction had cut down its valuation to attractive levels and bargain hunters may start to nibble given its still attractive fundamentals. The technical support is at RM0.70. Hence our call now is a trading buy.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit was traded lower against the US dollar yesterday due to subdued buying interest as investors hunted the safe-haven greenback, dealers said. The greenback was traded higher across regional currencies following the weaker growth forecast for the US. At 5pm, the ringgit was quoted at 3.0300/0340 against the US dollar compared with 3.0185/0215 previously. Meanwhile, the local note fell against the Singapore dollar to 2.4546/4599, from 2.4505/4549, but strengthened against the yen to 3.7626/7680, from 3.7637/7693 previously. It was up against the British pound to 4.8507/8583, from 4.8764/8824 and strengthened against the euro to 4.3262/3326, from 4.3475/3528 previously. (BTimes)

Crude palm oil (CPO) futures prices on Bursa Malaysia Derivatives continued to closed lower yesterday due to profit-taking activities. A dealer said the weakness in crude oil and soya oil prices also kept most buyers away. July and August 2011 contracts both decreased by RM36 to close at RM3,165 and RM3,154 per tonne respectively. September 2011 dropped by RM42 to RM3,136 while October 2011 eased RM43 to RM3,136. Turnover declined to 23,088 lots from 26,861 lots while open interest dropped to 116,942 contracts from 113,550 contracts previously. (BTimes)

Oil tumbled in New York, erasing its gains for the year, after the International Energy Agency said its members would release crude from strategic reserves. Oil fell 4.6 percent as the agency announced the release of 2 million barrels a day for 30 days beginning next week to help make up for a Libyan supply disruption. Commodities and equities dropped after U.S. jobless claims rose and the Federal Reserve cut its economic growth outlook yesterday. Oil for August delivery dropped \$4.39 to US\$91.02 a barrel on the New York Mercantile Exchange, the lowest settlement since Feb. 18. Prices have slipped 0.4 percent this year. (Bloomberg)

Gold futures plunged the most in seven weeks as a slowing economy and a rising dollar eroded the appeal of commodities as an investment and eased the risk of accelerating inflation. The U.S. economy is recovering at a "moderate pace, though somewhat more slowly" than expected, Federal Reserve Chairman Ben S. Bernanke said yesterday. The Dollar Index gained as much as 1.4 percent, while a plunge in oil to the lowest price since February led the Standard & Poor's GSCI Index of 24 raw materials to drop as much as 4.7 percent today. Gold futures for August delivery declined \$32.90, or 2.1 percent, to US\$1,520.50 an ounce at 1:30 p.m. on the Comex in New York, the biggest loss since May 5. The metal reached \$1,559.30 yesterday, the highest since touching a record \$1,577.40 on May 2. (Bloomberg)

The euro pared losses against the dollar after European officials endorsed austerity measures proposed by Greece's finance minister, increasing optimism the nation's debt crisis will be resolved. The shared currency earlier dropped the most in more than a week against the greenback after European Central Bank President Jean-Claude Trichet said the debt crisis threatens to infect banks. The dollar rose against most of its 16 major counterparts after the Federal Reserve signalled yesterday it won't add to stimulus measures that could erode the value of the currency. The euro declined 0.7 percent to \$1.4256 at 5 p.m. in New York, from \$1.4357 yesterday. Earlier it fell as much as 1.6 percent, the biggest intraday drop since June 15. The euro dropped 0.4 percent to 114.78 yen, from 115.28. The dollar strengthened 0.3 percent to 80.51 yen, from 80.29. It reached 80.80 yen, the highest level since June 16. (Bloomberg)

Singapore's inflation exceeded economists' estimates in May as food and transportation costs increased, supporting the central bank's decision to allow the currency to rise further. The consumer price index rose 4.5 percent last month from a year earlier, matching April's previously reported gain, the Department of Statistics said in a statement today. The median estimate of economists surveyed by Bloomberg News was for a 4.1 percent increase. (Bloomberg)

The pound fell below \$1.60 for the first time since April 1 as a U.K. retail-sales index dropped to the weakest in a year, bolstering the case for the Bank of England to hold interest rates steady. The yield on the 10-year British gilt slid to an eight-month low as investors sought the safest fixed-income assets around the world. The Confederation of British Industry's retail gauge fell to minus 2 from 18 in May, with stores expecting demand to be "flat" in July. Minutes released by the central bank yesterday showed more policy makers voted to keep rates at a record low this month, while some saw the possibility of more stimulus amid "downside" risks to growth. The pound dropped below its 200-day moving average for the first time since January, weakening 0.6 percent to \$1.5978 at 4:40 p.m. in London. Sterling strengthened 0.8 percent to 88.65 pence per euro and slipped 0.4 percent against the Japanese currency at 128.54 yen. (Bloomberg)

The Australian dollar fell against the greenback for a second day after the Federal Reserve signalled it wouldn't add to record stimulus even after growth slowed, spurring declines in shares and higher-yielding assets. The Aussie dropped after the Fed reiterated that it will complete the second round of quantitative easing, or so-called QE2, this month and maintain existing stimulus to support a flagging recovery. New Zealand's dollar dropped, after gaining earlier when the government offered to buy thousands of homes damaged by Christchurch's earthquakes. Australia's dollar fell 0.8 percent to \$1.0486 at 12:15 p.m. in New York from \$1.0575 yesterday. The Aussie dropped 0.6 percent to 84.36 yen from 84.90 yen. New Zealand's dollar lost 0.5 percent to 81.03 U.S. cents from 81.46 cents, and it weakened to 65.19 yen from 65.41 yen. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	12050.00	-59.67	-0.49	Nasdaq CI	2686.75	17.56	0.66
S&P 500	1283.50	-3.64	-0.28	TSE 100	5674.38	-98.61	-1.71

Global and Local Headlines

U.S. stocks fell, sending the Standard & Poor's 500 Index down for a second day, as concern grew that Europe's debt crisis will hurt banks and an increase in jobless claims added to signs the economy is slowing. JPMorgan Chase & Co. (JPM) and Wells Fargo & Co. (WFC) dropped at least 1.2 percent as European Central Bank President Jean-Claude Trichet said the debt crisis threatens to infect banks. Chevron Corp. (CVX) and Exxon Mobil Corp. (XOM) slid more than 1.6 percent as oil tumbled. Stocks pared losses on reports that austerity measures proposed by Greece to win a bailout were endorsed by officials from the EU and the IMF. The S&P 500 declined 0.3 percent to 1,283.50 at 4 p.m. in New York, after earlier falling as much as 1.9%. The Dow Jones Industrial Average retreated 59.67 points, or 0.5%, to 12,050 today. About 8.3 billion shares changed hands on U.S. exchanges, 17% more than the three-month average. (Bloomberg)

Measures proposed by the **Greek government** to complete a 78 billion-euro (US\$111 billion) austerity package required to win a bailout were endorsed by officials from the European Union and the International Monetary Fund, said a person familiar with the matter. Greek lawmakers must approve the measures in a vote next week, a condition for receiving a fifth loan payment under an existing EU-led bailout and for future financing. Failure to secure aid would push Greece to the brink of default, with the country needing the funds to cover 6.6 billion euros of maturing bonds in August. Prime Minister George Papandreou will discuss the measures at a summit of European leaders in Brussels today and tomorrow, Greek Finance Minister Evangelos Venizelos said. There was general agreement on the main points of the austerity program with officials from the EU, the IMF and the European Central Bank in Athens, he said. (Bloomberg)

Oracle Corp. (ORCL) declined in late trading after an unexpected decline in hardware sales suggested the largest maker of database software may not be benefiting as much as predicted from its acquisition of Sun Microsystems Inc. Sales of hardware declined 6 percent to US\$1.16 billion, Redwood City, California-based Oracle said in a statement today. The company had forecast in March an increase of 6 percent to 12 percent. Shares fell as much as 7.5 percent in late trading. Chief Executive Officer Larry Ellison has been trying to benefit from last year's purchase of Sun as companies expand technology budgets and outfit data centers with servers and the databases needed to store digital information. Disappointment with the hardware results overshadowed a better-than-predicted performance in profit and sales of new software licenses. (Bloomberg)

Glomac Bhd's (GLOMAC) net profit for the fourth quarter ended April 30, 2011 rose 20% to RM15.05mil from RM12.56mil previously due to on-going sales and progressive recognition of development from Glomac Tower, Glomac Damansara, Glomac Cyberjaya, Bandar Saujana Utama and Bandar Baru Bangi. Revenue increased to RM157.75mil from RM103.37mil a year earlier. For the full-year ended April 30, net profit increased to RM63.01mil from RM40.85mil previously while revenue rose to RM601.50mil from RM316.76mil a year earlier. In a statement yesterday, Glomac said that its unbilled sales, despite the stronger recognition of progress billings in our financial results, remained high at RM550mil as at 30 April 2011. (Star)

AirAsia X (AAX), which got the go-ahead on Monday for five key international routes, will fly two within 12 months, according to chief executive officer Azran Osman-Rani. Azran could not name the routes as the challenge now was to secure all the regulatory and airport authorities' approvals to enable AAX to land in the respective countries. "We have to make sure we get the approvals and the readiness. It is manageable but we could not initiate it without the Malaysian government's approval," Azran said by telephone from Paris yesterday. Earlier yesterday, AAX founder Tan Sri Tony Fernandes tweeted about the approval, saying that it was a "great day for AAX. The Government has removed all restrictions on routes. Only Sydney. Great, great day. Now we can go to Jeddah, Beijing, Shanghai, Osaka, Istanbul. The world has opened up. Thank you Prime Minister." (Star)

The country's two largest banks, Malayan Banking Bhd (Maybank) and CIMB Group Holdings Bhd, have each aborted plans to pursue a takeover of **RHB Capital Bhd** (RHBCAP), a move sources said was due to concerns about pricing. Abu Dhabi Commercial Bank's (ADCB) move last Friday in selling its 25 per cent stake in RHBCap to sister company Aabar Investments at a hefty RM10.80 a share had set the valuation bar too high. At RM10.80, or 2.25 times RHBCap's book value, it was an almost 11 per cent premium over its share price of RM9.75 last Friday. CIMB and Maybank, which had separately been looking to do a deal involving share swaps, had each indicated that they would not overpay for RHBCap as it was not vital for their growth plans. (BTimes)

A unit of Singapore-listed **Healthway Medical Corp Ltd** (HMC) has bought a piece of land near the Petronas Twin Towers in Kuala Lumpur for some RM80 million. Sources told Business Times that the family-owned land, located on 19 Jalan Kia Peng, was sold to Healthcare Medical Corp's associate, Healthway Medical Development (Private) Ltd. The buyer is said to have paid an estimated RM1,600 per sq ft for the site, measuring a little over 50,000 sq ft. The land is located just behind The Pearl condominium and between Suria KLCC and Pavilion. (BTimes)

Asia Media Group Bhd (AMEDIA), Malaysia's largest out-of-home TV network and digital signage operator, is in talks with several investors including local media groups to take up a 10 per cent stake in the company. In addition to that, it is also in talks with Bumiputera investors to take up 35 per cent new shares in the company, chief executive officer and executive director Datuk Ricky Wong Shee Kai said. Assuming that Asia Media's current market capitalisation is RM75 million, the 35 per cent share sale would give the company about RM32 million, Wong said. (BTimes)

AirAsia (AIRASIA) thundered into the Paris Air Show with a record order for 200 revamped A320neo jets yesterday - an US\$18.2 billion (RM55.15 billion) deal making the Malaysian firm Airbus's largest airline customer. AirAsia chief executive and Formula One boss Tony Fernandes flew into France overnight to sign off on what one Paris brokerage termed an "amazing" 200-plane deal, which is also seen as a coup for engine maker CFM International. (BTimes)

UMW Holdings Bhd (UMW) has not lost sight of listing its oil and gas (O&G) unit, and is instead see-king to make the initial public offering (IPO) "bigger" than planned. The diversified group, however, did not give a timeline for the IPO. President and chief executive officer Datuk Syed Hisham Syed Wazir said it is looking at a "bigger listing" by adding more subsidiaries to UMW Oil & Gas Bhd to attract investors. (BTimes)

Malaysia Steel Works (KL) Bhd (MASTEEL) plans to invest RM100 million in a new rolling mill to tap into the expected rise in demand for steel products in the country. Its managing director Datuk Seri Tai Hean Leng said the new rolling mill will have an annual production capacity of 180,000 tonnes. The plant will be adjoining the group's existing melt shop at Bukit Raja, Klang, Selangor, making it a fully-integrated steel milling facility. Masteel currently has a meltshop with an annual capacity of 550,000 tonnes at Bukit Raja producing upstream billets, and a rolling mill at Petaling Jaya that produces 350,000 tonnes of downstream steel bars. "With the new rolling plant, the group will effectively add about 51 per cent to its existing rolling mill capacity, and will have a total capacity of 530,000 metric tonne by second half of 2012," he told reporters after Masteel's shareholders meeting here yesterday. Tai said the RM100 million investment in the new rolling mill will be funded by internally generated funds and bank borrowings. Tai, who is also Masteel chief executive, said the company was also in the midst of bidding to supply over RM1 billion of steel products to projects undertaken by MMC-Gamuda Bhd and UEM Land Bhd. (BTimes)