



## Mercury Securities Sdn. Bhd.(113193-W)

(A Participating Organisation of Bursa Malaysia)

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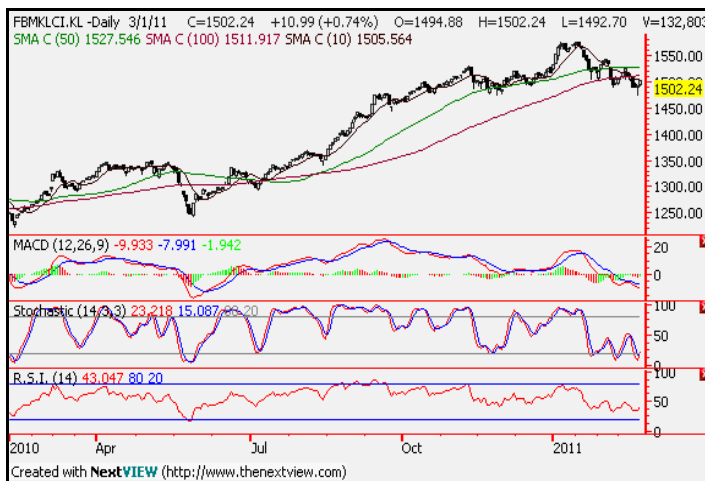
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# MARKET FLASH

## FBM KLCI DAILY CHART



### TECHNICAL INDICATIONS

Support : 1490,1475

Resistance : 1,505,1524

Bias : Downtrend

*Technically, the candles are on the climb as it tracks its short-term uptrend line. The rebound is supported by its' mildly positive core indicators and the MACD that is about to cross its trigger line on the upside. So long as the candles stay above the uptrend line, the upsides will sustain with the next targets pegged at 1524. Immediate support is at 1490.*

### COMMENTARY

**Up again, but mixed ...** The FBMKLCI continued to gain ground yesterday amid a mixed market environment as loser still outpaced gainers. The market gyrated between the positive and negative zone in the beginning before ending the day in the positive. Heavyweight stocks related to the FBMKLCI component stocks Petronas Chemical, Sime Darby and CIMB gained and were actively traded.

**On the uptrend?** Fundamentally, leads are still far and in between, but after the market's incessant fall in February, there should be some measure of support with some mild bargain hunting emerging to keep the market at least above the 1500 points level.

Wednesday, 2 Mac 2011

### MARKET STATISTICS

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,502.24	10.99
Volume (m)	1,117.51	
Value (RMm)	1509.41	
Up	356	
Down	412	
Unchanged	310	
<b>FOREIGN</b>		
Nikkei	10754.03	129.94
Hang Seng	23396.42	58.40
STI	3067.60	57.09
Shanghai CI	2918.92	13.87

### BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
Nestle	45.44	0.44
Fareast	7.50	0.42
F&N	15.74	0.34
Genting	10.26	0.27
APM	5.25	0.25
Losers	Close(RM)	Chg(RM)
Proton	3.58	(0.28)
BAT	47.80	(0.20)
NPC	2.11	(0.19)
GBH-WA	0.30	(0.145)
Tasek	8.38	(0.14)
Actives	Close (RM)	Chg(RM)
SAAG	0.09	(0.015)
Tanco	0.37	(0.015)
Kbunai	0.195	(0.005)
Ramunia	0.525	(0.035)
Pchem	6.33	0.03

## Current Stock Review

### Trading Buy on Weakness – **KL Kepong.**



#### Chart wise:

#### KL Kepong Bhd (2445)-Plantations- RM20.22.

KL Kepong's share price has been on the downtrend since forming a "double top" a month ago. Its downtrend is also in a channel formation and the falls has brought the stock to near its RM20.00 level. However, there seems to be support as the share price is above the uptrend line formed. The slight recovery yesterday has also helped its momentum indicators to turn up, especially the oversold stochastic.

This may be a prelude for further recoveries in the short-term, but the upsides do not appear strong for now and the candle may continue to track the uptrend line. Still, this provides Trading Buy on weakness opportunities so long as it stays above the trendline. The resistance is RM21.00. The support, meanwhile is at RM20.00.

## **MAJOR NEWS**

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

**The ringgit** ended higher against the US dollar yesterday, in line with other strengthening regional currencies. The local currency surged to 3.0350/0375 from Monday's close of 3.0500/0530. A dealer said speculation that Federal Reserve chairman will continue with loose monetary policy until June supported the local currency. The greenback is expected to be weaker in the first quarter of the year against a backdrop of a firm ringgit which is anticipated to appreciate to 2.97 against the dollar. "The underlying fundamentals for a stronger ringgit are intact," said another dealer. Against the Singapore dollar, the ringgit traded higher at 2.3878/3917 from 2.3975/4026 on Monday and gained against the Japanese yen to 3.6949/6984 from 3.7275/7338 previously. (BTimes)

**Crude palm oil (CPO) futures** contracts on Bursa Malaysia Derivatives closed higher yesterday on active short-covering. Dealers said the market for the commodity was tight due to the lower stocks, which in turn were caused by lower production of palm oil amid growing orders from China and India. "Some importers are resuming purchases after staying on the sidelines in the past few weeks to take advantage of the slump in CPO prices," a dealer said. March 2011 rose RM59 to RM3,609 a tonne, April 2011 increased RM69 to RM3,578, May 2011 jumped RM74 to RM3,546 and June 2011 chalked up RM69 to RM3,528. (BTimes)

**The US dollar** traded about 0.6 percent from a one-month low against the euro on speculation the Federal Reserve will overlook improving economic prospects and lag behind the European Central Bank in raising interest rates. The U.S. currency approached a 13-month low versus the pound on the prospect that Fed Chairman Ben S. Bernanke will reiterate today that inflation will remain subdued even as commodity prices gain. Demand for the euro was bolstered before a report that economists said will show producer prices accelerated in January, adding to the European Central Bank's inflation concerns before a policy meeting tomorrow. The dollar traded at \$1.3775 per euro as of 8:28 a.m. in Tokyo from \$1.3777 in New York yesterday, after falling to \$1.3856 on Feb. 28, the weakest since Feb. 2. The greenback was at 81.94 yen from 81.86 yen, and traded at \$1.6271 per pound from \$1.6267, after declining to \$1.6330 yesterday, the weakest since Jan. 20, 2010. The euro was at 112.87 yen from 112.77 yen. (Bloomberg)

**Oil** advanced for a second day in New York, exceeding US\$100 a barrel amid speculation turmoil in the Middle East may spread from Libya to Iran, the second-largest producer in the Organization of Petroleum Exporting Countries. Futures rose to the highest since September 2008 yesterday as Libyan rebels braced for renewed clashes with forces loyal to leader Muammar Qaddafi. Saudi Arabia's benchmark stock index plunged the most since November 2008 on concern regional unrest may extend to the kingdom. Iranian protesters clashed with security forces in Tehran, Al Arabiya television reported. Oil for April delivery gained as much as \$1.01, or 1 percent, to \$100.64 a barrel, in electronic trading on the New York Mercantile Exchange, and was at \$100.47 at 10:16 a.m. Sydney time. Yesterday, the contract climbed to \$100.69 before settling \$2.66, or 2.7 percent, higher at \$99.63. Prices are up 26 percent from a year ago. (Bloomberg)

**Manufacturing in the U.S.** grew in February at the fastest pace in almost seven years, driven by gains in orders, employment and exports that signal factories will continue to propel the expansion. The Institute for Supply Management's factory index increased to 61.4, exceeding the median forecast of economists surveyed by Bloomberg News and the highest level since May 2004, the Tempe, Arizona-based group said today. Readings greater than 50 signal growth. Compared with similar measures released today in Europe and Asia, the data put the U.S. at the forefront of the global manufacturing rebound. Business investment in new equipment is prompting companies like Eaton Corp. and Deere & Co. to raise profit forecasts as growth picks up worldwide. At the same time, Federal Reserve Chairman Ben S. Bernanke today said a sustained jump in prices for commodities like oil threatens slower growth and higher inflation, a concern echoed by the purchasers group chairman. (Bloomberg)

**The Australian dollar** held onto yesterday's drop against the yen as turmoil in North Africa and the Middle East reduced demand for higher-yielding currencies. The so-called Aussie fell against eight of its 16 major counterparts before a report on the nation's economic growth. New Zealand's dollar was about 0.5 percent away from the lowest level against the yen in almost four months as a global slump in stocks damped investor appetite for riskier assets. The Australian dollar was at 83.05 yen as of 10:23 a.m. in Sydney from 82.95 yen in New York yesterday when it fell 0.4 percent. The Aussie bought \$1.0136 from \$1.0134. (Bloomberg)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	12058.00	-168.32	-1.38	Nasdaq CI	2737.41	-44.86	-1.61
S&P 500	1306.33	-20.89	-1.57	FTSE 100	5935.76	-58.25	-0.97

### Global and Local Headlines

**Toyota Motor Corp.'s** 42 percent U.S. sales gain in February led Asia-based car brands, the biggest increase in at least 11 years as the company overcame any effect from last week's 2.2 million-vehicle recall. The rise in Toyota, Lexus and Scion brand deliveries last month was the company's biggest percentage increase since 2000, said Carly Schaffner, a spokeswoman for Toyota's U.S. sales unit. Honda Motor Co.'s sales rose 22 percent, Nissan Motor Co.'s 32 percent and Hyundai Motor Co.'s 28 percent, according to researcher Autodata Corp. in Woodcliff Lake, New Jersey. Toyota, the world's largest automaker, had spent 15 months reassuring consumers about quality after calling back millions of vehicles for defects related to unintended acceleration, when it said on Feb. 24 that more recalls were planned to fix floor mat and carpet flaws. Earlier that month, U.S. officials said a review by NASA didn't find a link tying electronics to reports of sudden acceleration in Toyota vehicles. (Bloomberg)

Financially-troubled **Ho Hup Construction Co Bhd** (HOHUP) has come out with a series of proposals to regularise its financial condition and restoring it onto stronger financial footing. In a filing with Bursa Malaysia yesterday, the company announced that it had entered into a conditional definitive agreement with Plenitude Frontier Sdn Bhd which set out the series of proposals. Among the proposed regularisation exercise were par value reduction, rights issue with warrants, private placement with warrants, acquisition and creditors scheme. Ho Hup proposed to reduce its existing issued and paid-up share capital comprising ordinary shares of RM1 each via the cancellation of 50 sen from the par value of each existing ordinary share. The issued and paid-up share capital of Ho Hup as at Dec 31, 2010 was about RM102mil. The proposed par value reduction will result in a credit of RM51,000,204 which will be utilised to reduce the accumulated losses of Ho Hup. (Star)

**Mulpha International Bhd** (MULPHA), which reported a 10-fold increase in its net profits for its financial year ended Dec 31, 2010 (FY10), will likely be paring down its debts by at least RM300mil this year, according to executive chairman Lee Seng Huang. He says Mulpha will also be continuing with share buybacks. Its latest financial results show that Mulpha has a cash and bank balance of some RM372.6mil. In addition, Mulpha will be receiving RM327mil by end-March from the sale of its Hilton Melbourne Airport Hotel, potentially raising the company's cash levels to around RM700mil or 56% of its total debt levels of RM1.24bil. "We will reduce our debt so long as we have no better use of our funds. We are constantly looking for suitable assets and businesses to which we can add value," Lee said in a telephone interview. (Star)

**Axiata Group Bhd** (AXIATA) has renewed Datuk Seri Jamaludin Ibrahim's contract as the company's president and group chief executive officer (CEO) for another three years. Jamaludin has been the CEO since 2008. The company told Bursa Malaysia that Axiata had seen its revenue grew by 40% and profits almost quadrupled under Jamaludin. Its cash position had also almost doubled to RM6.3bil in just two years. Axiata chairman Tan Sri Azman Mokhtar said the group's performance under Jamaludin's leadership spoke for itself, with double-digit growth in all key financial metrics. (Star)

Clothes maker **Hing Yiap Group Bhd** (HINGYAP) announced the resignations of managing director Khoo Henn Kuan, chairman Chi Oi Meng and executive director Khoo Henn Kiew. In its filings to Bursa Malaysia yesterday, Hing Yiap also announced the resignation of non-executive directors Datuk Dr Khairuddin Yusof, Lee Chaing Huat and Tan Sri Ahmad Mohd Don. In their place, Ng Chin Huat has been made the chairman, while the new non-executive directors are Lim Kim Meng and Kong Sau Kian. The change of guard follows Asia Brands Corp Bhd managing director Ng Chin Huat buying out the stakes held by Khoo Henn Kiew and his brother Khoo Henn Kuan and sister-in-law Chi Oi Meng. (BTimes)

**US stocks** dropped sharply on Tuesday after Federal Reserve chief Ben Bernanke warned that high oil prices could spark inflation and stall the country's economic recovery. The Dow Jones Industrial Average lost 168.32 points (1.38 per cent) at 12,058.02. The broader S&P 500 index dropped 20.89 points (1.57 per cent) to 1,306.33, and the tech-focused Nasdaq fell 44.86 points (1.61 per cent) to 2,737.41. "Sustained rises in the prices of oil and other commodities would represent a threat both to economic growth and to overall price stability," the US central banker said in testimony to Congress on Tuesday. The fresh worries came as fighting in Libya sent oil prices and gold higher, with gold hitting a new record above US\$1,433 an ounce. (BTimes)

Malaysia's largest cocoa processor **Guan Chong Bhd** (GUANCHG) has commissioned its cocoa grinding plant in Batam, Indonesia, which is expected to improve earnings significantly. The plant boasts of an initial annual grinding capacity of 60,000 tonnes, increasing the group's total production by 75 per cent to 140,000 tonnes a year. This makes Guan Chong one of the largest cocoa processors in Asia, the company said in a statement yesterday. The group's existing 80,000 tonnes plant in Pasir Gudang, Johor is almost fully utilised due to a rise in global demand for its cocoa ingredients, it added. (BTimes)