



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

(A Participating Organisation of Bursa Malaysia)

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## MARKET FLASH

Tuesday, 31 May 2011

### FBM KLCI DAILY CHART



### MARKET STATISTICS

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,542.84	(5.85)
Volume (m)	681	
Value (RMm)	1,241	
Up	242	
Down	518	
Unchanged	272	
<b>FOREIGN</b>		
Nikkei	9504.97	(16.97)
Hang Seng	23184.32	66.25
STI	3140.60	5.08
Shanghai CI	2706.36	(3.59)

### TECHNICAL INDICATIONS

Support : 1525, 1507      Resistance : 1550, 1565  
Bias : Uptrend

*Despite the hint of weakness, however, we are not pressing the alarm bells as yet and the bearishness can still be neutralized quickly. Hopes for the market to build up its base are also still intact as the candles are still within our envisioned range of the 1540 to 1550 levels.*

### COMMENTARY

**Down again ...** The market failed to hold on to the gains it attained for the past two trading days as the key index dipped in lackluster trade. However, the market started on a bright note, rising nearly a point, but by mid morning trading turned cautious with most investors staying on the sidelines. The insipid regional markets were of little help as they too slipped when oil. Back home, trading volumes were thin, with losers beating gainers once again. Malayan Flour, on the other hand, close 91 sen higher after proposing share split, dividend and rights issue.

**At the crossroads again ...** The market's inability to stage a sustained recovery has once again left it at the crossroads.

### BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
Mflour	7.66	0.91
Panamy	24.20	0.40
PPB	17.96	0.36
Hapseng	5.32	0.25
Rsawit	2.38	0.19
Losers	Close (RM)	Chg(RM)
KLK	21.76	(0.34)
Digi	28.24	(0.30)
Perstim	4.30	(0.30)
Genting	11.00	(0.22)
Esso	5.36	(0.21)
Actives	Close (RM)	Chg(RM)
SAAG	0.075	(0.01)
MAS	1.35	(0.10)
Jotech	0.135	(0.005)
KNM	2.10	(0.05)
Axiata	4.99	0.00

## Current Stock Review

### Pennant Pattern – **AIRPORT**



#### Chart wise:

#### Malaysia Airport Holdings Bhd (5014) – Trading/Services – RM6.56

The share price jumped and staged a breakout of the upper resistance line recently, opening up a new technical outlook for Airport. However, it is facing some resistance at the RM6.60 range that forced a consolidation, resulting in a pennant formation. A player in the aviation industry, sentiment for Airport will benefit from the resurgence in air travel.

At this juncture, the share price can breakout in either direction that will set its medium-term trend. A positive breakout will see RM6.65 breached while also constituting a trading signal but a negative move will see RM6.50 tested on the downside and more losses will likely follow.

## **MAJOR NEWS**

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

**The ringgit** closed firmer against the US dollar in thin trade yesterday. At 5pm, the local unit was quoted at 3.0170/0200 per US dollar compared with 3.0300/0330 at the close Friday. A dealer said the market was quiet as most US and European market players were absent due to the Memorial Day holidays. "The ringgit is expected to consolidate between the 3.01 and 3.04 levels," he added. Meanwhile, the local currency appreciated against the Singapore dollar to 2.4431/4475 from 2.4451/4487 and advanced against the Japanese yen to 3.7321/7372 from 3.7380/7440. The local unit, however, depreciated against the euro to 4.3092/3150 from 4.3044/3096 and eased against the British pound to 4.9720/9785 from 4.9701/9765. (BTimes)

**Crude palm oil futures** on Bursa Malaysia Derivatives closed lower yesterday after the earlier uptrend, succumbing to selling pressure late in the second trading session, dealers said. "It is a healthy correction cum profit taking with a hint that prices would go up after this technical correction," a dealer said. She said market talk also suggests that the exports data to be released tomorrow will show a higher volume in the range of 1.356 million tonnes. The June 2011 and July 2011 contracts both declined RM25 to RM3,519 per tonne and RM3,465 respectively, while August 2011 fell RM30 to RM3,408 and September 2011 lost RM28 to RM3,380. Turnover declined to 16,739 lots from 24,568 lots last Friday while open interest fell to 105,790 contracts from 106,927 contracts previously. (BTimes)

**Oil** headed for its first monthly decline since August in New York as Europe's continuing debt crisis stoked speculation that fuel demand may falter as the economy slows. Futures were little changed today and are down 11.9 percent this month. Greece's main opposition party rejected the government's austerity plans and called for bailout terms to be renegotiated as the European Union debates giving more aid. U.S. floor trading was closed yesterday for the Memorial Day public holiday. Electronic trades will be booked with today's transactions for settlement purposes. Crude for July delivery was at US\$100.37 a barrel, down 1 cent, in electronic trading on the New York Mercantile Exchange at 9:31 a.m. Sydney time. The contract slid 21 cents to \$100.38 yesterday. Prices are 36 percent higher the past year. (Bloomberg)

**The euro** strengthened against most of its major peers amid speculation European officials will sanction more assistance for Greece. U.S. stock index futures gained, while oil slid and copper snapped a four-day advance. Europe's 17-nation currency gained 0.4 percent to \$1.4344 and rose 0.3 percent to 115.90 yen as of 8:38 a.m. in Tokyo, after sliding against most of its major peers yesterday. Futures on the Standard & Poor's 500 Index added 0.2 percent and those on the Nikkei 225 Stock Average traded at 9,510 in Chicago, little changed from the close in Osaka, Japan, yesterday. Oil lost 0.2 percent and copper fell 0.4 percent in New York. European Union leaders will decide on a new aid package for Greece by the end of next month, said Luxembourg's Jean-Claude Juncker, who leads the group of euro-area finance ministers. Greek Prime Minister George Papandreou said on May 27 he'll press ahead with new austerity measures after failing to win backing from the main opposition parties. (Bloomberg)

## Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	12441.60	Closed	Closed	Nasdaq CI	2796.86	Closed	Closed
S&P 500	1331.10	Closed	Closed	FTSE 100	5938.87	Closed	Closed

## Global and Local Headlines

**European Union** leaders will decide on additional aid for Greece by the end of June and have ruled out a "total restructuring" of the nation's debt, said Jean-Claude Juncker, head of the euro-area finance ministers' group. Inspectors from the EU, International Monetary Fund and European Central Bank are set to wrap up a review of Greece's progress in meeting the terms of last year's 110 billion-euro (US\$157 billion) bailout in coming days. The EU will then formulate its plan for further aid to Greece, which remains shut out of financial markets a year after the rescue package. Under the terms of the rescue package, Greece was due to return to financial markets and sell about 30 billion euros of bonds next year. With its 10-year bonds yielding 16.4 percent, more than twice that of the time of the bailout, the EU has indicated Greece will need more aid to plug its financing gap. The IMF has threatened to withhold its share of the payments until the EU explains how Greece will be funded. (Bloomberg)

**Electricity tariff** will be about 7% higher from Wednesday in Peninsular Malaysia as part of the Government's move to reduce its burden on subsidies. The Government, however, said the increase would not affect 75% of Malaysians who use less than 300kWh or pay about RM77 in monthly bills. (Star)

The signing of a memorandum of understanding (MoU) between Kuala Lumpur and Jakarta ended a two-year freeze on **Indonesian maids** working in Malaysia, thus paving the way for their arrival in two weeks. Both countries agreed that the salary be determined by market forces but Indonesia requested that such wages not be lower than the minimum wage in Indonesia. The wages for domestic maids in Indonesia range from Rp600,000 (RM212) to Rp1.2mil (RM424). Also, the MoU set the initial fees employers have to pay at RM4,511. (Star)

**CIMB Group's** (CIMB) first quarter results came in slightly below expectations but the second half will likely be boosted by stronger capital market activities, higher domestic net interest margin (NIM) and impact from various economic transformation projects. CIMB reported net earnings of RM917mil, representing an increase of 9.3% for the first quarter (Q1) of financial year (FY) 2011. The quarter, being a quieter period, also experienced margin pressure from CIMB Niaga, a steep decline in foreign exchange income and a slower-than-expected domestic annualised loans growth. (Star)

**PLUS Expressways Bhd's** (PLUS) net profit for its first quarter ended March 31 rose by 75.3% to RM495.1mil as it received RM364mil of compensation in accordance with the terms in the current concession agreements. PLUS said RM364mil of compensation was included in the current quarter under review. "There is a significant increase in the non-cash toll compensation due to a higher differential in the toll rates as compared to the previous toll rate structure," it said in a statement yesterday. (Star)

RAM Rating Services Bhd has revised the outlook of manufacturer **Texchem Resources Bhd's** (TEXCHEM) RM100mil commercial papers/medium-term notes (CP/MTN) programme to negative from stable after losses in three of the company's five divisions in the first quarter ended March 31. The CP/MTN programme currently carries A3/P2 ratings. The rating agency said in a statement yesterday that the company's business and financial profile had been weighed down by various external factors for the last three quarters. Among the factors which impacted the company's performance were foreign-exchange losses which thinned the margins of several of the divisions while demand for family-care products had slipped in certain markets following unusual weather patterns in Taiwan, Japan and Thailand. (Star)

**Malayan Flour Mills Bhd** (MFLOUR) has proposed a share split of every one existing ordinary share of RM1 each in the company into two new ordinary shares of 50 sen each. Based on the issued and paid-up capital of MFM of RM107.6mil comprising 107.6 million shares as at May 27, the share split would result in an issued and paid-up capital of RM107.6mil comprising 215.3 million shares. In its filing to Bursa Malaysia yesterday, MFM also proposed a rights issue that would involve the issuance of up to 215.3 million rights shares together with up to 107.6 warrants and up to 107.6 million bonus shares attached. This is on the basis of two rights shares with a warrant and a bonus share for every two shares held after the proposed share split. (Star)

In an updated prospectus draft, **Oldtown Bhd** is pricing its issue/offer price at RM1.25 per share for its initial public offering (IPO) of 96.4 million shares of RM1 each, instead of offering 59.5 million shares as stated in its first draft posted in February. The company, which owns and operates the Oldtown White Coffee chain, aims to list on Bursa Malaysia's Main Market on July 11. According to its prospectus draft, the company is offering 63.4 million new ordinary shares for application by the Malaysian public, directors, eligible employees and business associates of Oldtown and its subsidiaries. (Star)

**Esthetics International Group Bhd** (EIG) has proposed a rights issue of 52.8 million rights shares with 52.8 million free detachable warrants on the basis of two rights shares and two free warrants for every five existing EIG shares. "Based on the indicative issue price of the rights share of 50 sen per EIG share, the proposed rights issue is expected to raise RM26.4mil which would mainly be used for capital expenditure and working capital," said the company in its filing to Bursa Malaysia yesterday. (Star)

**Pengurusan Aset Air Bhd** (PAAB) will sign a water restructuring deal with the Penang state government on June 2, confirming a recent Business Times report. According to a media invitation, the signing would also include the development of the Mengkuang dam. Business Times, in a report on May 20, stated that the government is expected to make an offer to buy the water assets in Penang for more than RM3 billion on the same date. (BTimes)