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MARKET FLASH

Friday, 25 Nov 2011

FBM KLCI DAILY CHART



TECHNICAL INDICATIONS

Support : 1420, 1400

Resistance : 1452, 1485

Bias : Consolidating

Technically speaking, the breakout is a preliminary sign of a trend reversal from its bearish channel. With the short-term moving averages trend turning positive after a sustained downtrend, there is a glimmer of hope for a reprieve. The immediate support is at 1420 followed by 1400 while the near term resistance is at 1452. Another positive technical development is the up-trend which is beginning to be formed as seen in the chart.

COMMENTARY

A strong swing up ... Yesterday's upswing must have come as a pleasant surprise to many market participants who had been facing a declining trend over the past few months. Blue chips took the lead as in previous rises while the lower-priced stocks continued to be traded cautiously. However, with most counters already trading at or near their medium-term bottoms, a similar move is not discounted. Already, gainers outpaced losers 440 to 277.

Early breakout signs ... The FBMKLCI breezed through 1440 without much resistance yesterday on strong buying support for the blue-chip, resulting in 14.82 points gain on the Composite Index.

MARKET STATISTICS

	Close	Chg.
LOCAL		
FBM KLCI	1447.99	14.82
Volume (m)	1499.4	
Value (RMm)	1077.7	
Up	440	
Down	277	
Unchanged	289	
FOREIGN		
Nikkei	8165.18	(149.56)
Hang Seng	17935.10	70.67
STI	2677.15	0.58
Shanghai CI	2397.55	2.49

BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
Bkawan	16.52	0.32
HILFG	11.32	0.32
Kassets	5.30	0.28
Proton	3.18	0.23
CIHldg	0.90	0.23
Losers		
BAT	47.24	(0.26)
Dlady	23.40	(0.20)
Tahps	4.15	(0.14)
Petone	1.02	(0.13)
KYM-WA	1.18	(0.10)
Actives		
MbfHldg-WA	0.325	0.07
JCY-CD	0.21	0.095
Compugt	0.08	0.000
JCY	0.75	0.07
Sumatec	0.23	(0.055)

Current Stock Review

Downward Consolidation – Maybulk.



Chart wise:

Malaysian Bulk Carriers (5077) – Trading/Services – RM1.59.

Entrenched firmly in a medium-term down channel, Maybulk is heading towards its longer-term support line. As the base is yet to be form, traders are advised to be patience in the immediate term before initiating a new trade.

Bargain hunters are likely to emerge at lower levels, possibly between RM1.50-RM1.60. In the meantime, the Downward Consolidation is expected to continue.

MAJOR NEWS

Commodity, Currency and Economic News

Oil rose from a two-week low in New York. Crude for January delivery climbed 50 cents, or 0.5 percent, to US\$96.67 a barrel in electronic trading on the New York Mercantile Exchange at 10:56 a.m. Sydney time. Floor trading was closed yesterday for the U.S. Thanksgiving Day holiday and electronic trades will be booked with today's transactions for settlement purposes. The contract closed at \$96.17 a barrel on Nov. 23, the lowest settlement since Nov. 9. (Bloomberg)

Japan's consumer prices fell for the first time in four months, an indication that slowing global demand and the yen's strength are weighing on growth and prolonging deflation. Consumer prices excluding fresh food fell 0.1 in October, the statistics bureau said today in Tokyo, matching the median forecast of 32 economists surveyed by Bloomberg News. The yen's surge to postwar highs against the dollar is lowering import costs, putting pressure on prices that have also been damped by weaker demand at home. Europe's deepening sovereign debt crisis is also threatening the outlook for growth in the world's third-largest economy. (Bloomberg)

The US dollar and yen were poised to gain against major peers this week as investors sought the safest assets on concern economies in the euro area will worsen as leaders struggle to halt the region's debt crisis. The dollar traded within 0.2 percent of a seven-week high against the euro as Italy prepares to sell bills today after the country's two-year yield soared to a 14-year high yesterday. The Australian dollar was set for a fourth straight week of declines on prospects Asian stocks will extend a global rout in equities after German Chancellor Angela Merkel's rejection of joint euro bonds dampened optimism about a potential remedy for the region's debt crisis. The dollar traded at \$1.3337 per euro as of 8:21 a.m. in Tokyo from \$1.3347 yesterday, when it touched \$1.3316, the highest since Oct. 6. The greenback was set for a 1.4 percent gain against the 17-nation currency this week. The dollar was little changed at 77.18 yen from 77.12 yesterday, and was poised for 0.3 percent five-day advance. The Japanese currency was at 102.90 per euro from 102.92 yesterday, when it strengthened to 102.71, the highest since Oct. 10. (Bloomberg)

The ringgit remained weak against the US dollar yesterday on mild buying interest for the local currency, said dealers. At 5pm, the ringgit was quoted at 3.1840/1880 per US dollar compared with 3.1770/1800 on Wednesday. Dealers said investors took long-term dollar positions against the backdrop of wobbly global economic outlook and this would pressure the ringgit in the near-term. The ringgit, however, appreciated against the Singapore dollar to 2.4335/4377 versus 2.4347/4388 previously and advanced against the yen to 4.1233/1301 from 4.1244/1299 on Wednesday. It rose against the euro to 4.2573/2633, from 4.2743/2793, previously, but fell against the British pound to 4.9476/9551 versus 4.9463/9519 on Wednesday. (BTimes)

Crude palm oil futures contracts on Bursa Malaysia Derivatives closed sharply lower yesterday on last-minute sell-off and expectations of unfavourable export data to be released today, a dealer said. She said cargo surveyors Intertek Testing Services and Societe Generale de Surveillance will release Malaysia's export data for November 1 to 25 yesterday. "The market expects the export data to be quite unfavourable. Last-minute sell-off triggered the fall in the futures contracts prices," she said. December 2011, January 2012 and February 2012 fell RM53 each to RM3,118 a tonne, RM3,113 a tonne and RM3,108 a tonne, respectively, while March 2012 dwindled RM55 to RM3,107 a tonne. Turnover tumbled to 23,557 lots while open interest rose to 127,085 contracts. (BTimes)

The Malaysian **rubber market** closed mixed yesterday, supported by positive sentiment amid the rainy season in the east coast of the country. "The market performed better yesterday. Prices are anticipated to move up on the fear of a shortage of the raw material due to the rainy season in the east coast as well as in southern Thailand," a dealer added. At noon, the Malaysian Rubber Board's official physical price for tyre-grade SMR20 fell 7.5 sen to 1,004 sen a kg while latex-in-bulk increased 2.5 sen to 671 sen a kg. The unofficial closing price for tyre-grade SMR20 rose 4 sen to 1,011.5 sen a kg while latex-in-bulk rose 1.5 sen to 672.5 sen a kg. (BTimes)

Gold rose yesterday to around US\$1,700 an ounce after its decline to one-month lows this week triggered some bargain hunting, helped by the euro's slight gain against the dollar after the common currency hit seven-week lows the previous day. Gold's rise mirrored that of European equity markets, which inched up yesterday, also driven by technical factors and bargain hunting after shares fell 7 per cent in five sessions. Spot gold last traded at US\$1,697.30 an ounce at 1107 GMT, up 0.3 per cent on the day after hitting a session low of US\$1,680.54 on Wednesday. (BTimes)

Stepped-up consumer spending and investment lifted growth in **Germany**, the biggest EU economy, in the third quarter to 0.5 percent, according to official data on Thursday confirming earlier estimates. Gross domestic product rose 0.5 percent in the third quarter, following a 0.3-percent expansion in the second quarter, the federal statistics office Destatis said in a statement. "There was more consumption but also more investment than in the previous quarter," it said. The data confirmed that Germany outperformed its neighbours during the three months ending September 30. (BTimes)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	11257.50	Holiday	Holiday	Nasdaq CI	2460.08	Holiday	Holiday
S&P 500	1161.79	Holiday	Holiday	FTSE 100	5127.57	-12.21	-0.24

Global and Local Headlines

Asian stocks (MXAP) fell for a third day earlier today after German Chancellor Angela Merkel ruled out common euro-area bonds and a bigger role for the European Central Bank in fighting the region's debt crisis, damping the earnings outlook for Asian exporters. Hyundai Motor Co. (005380), South Korea's biggest carmaker by market value, lost 1.2 percent. Commonwealth Bank of Australia (CBA), Australia's No.1 lender by market value, decline 1.3 percent. Woodside Petroleum Ltd. (WPL) fell 5.6 percent after Australia's second-biggest oil producer narrowed its annual output guidance. The MSCI Asia Pacific Index dropped 0.3 percent to 109.86 as of 9:20 a.m. in Tokyo with seven of 10 industry groups sliding. The measure has lost 3.8 percent this week, headed for a fourth weekly loss. (Bloomberg)

German Chancellor Angela Merkel again ruled out joint euro-area borrowing and an expanded role for the European Central Bank in fighting the debt crisis. Euro bonds are “not needed and not appropriate,” Merkel said today at a press conference with Italian Prime Minister Mario Monti and French President Nicolas Sarkozy in Strasbourg, France. She said euro bonds would “level the difference” in euro-region interest rates. “It would be a completely wrong signal to ignore those diverging interest rates because they’re an indicator of where work still needs to be done.” Merkel, the leader of Europe’s biggest economy, has so far backed a focus on debt reduction and closer economic coordination, calling for a revision of European Union treaties, a move that threatens to bog down in a multiyear negotiation, as core euro economies risk succumbing to the contagion that began in Greece in 2009. (Bloomberg)

Olympus Corp. (7733) officials including the former chairman formally resigned from the company’s board, a day before the Japanese camera maker’s directors were due to meet the president they fired. Tsuyoshi Kikukawa, former Executive Vice President Hisashi Mori and auditor Hideo Yamada all quit, and other managers are ready to do so once a restructuring plan is in place, Olympus said in two statements to the Tokyo Stock Exchange yesterday. The three executives colluded to hide losses from investors using inflated takeover costs, the company said Nov. 8. (Bloomberg)

MISC Bhd is likely to include US\$400mil (RM1.3bil) one-off cost to its income statement and incur losses in the current financial year ending Dec 31 as a result of its decision to exit the liner or container shipping operations. MISC said the amount of the one-off cost would be subject to market conditions during the exit process and the company’s successful execution of its exit plans. The cash cost of the exit is estimated to be about US\$30mil (RM95.6mil.) MISC, renowned for its energy shipping business, is the world’s single largest owner-operator of liquefied natural gas carriers. It announced yesterday its exit from the liner operations due to difficult market conditions and development. (Star)

SP Setia Bhd confirmed that it was in talks with Irish group Real Estate Opportunities (REO) to acquire a stake in the redevelopment of the Battersea Power Station in south London but the deal had fallen through as the creditors of REO had rejected its preliminary offer. In an announcement to Bursa Malaysia yesterday, SP Setia said the lenders, Lloyds Banking Group Plc (Lloyds) and the National Asset Management Agency (NAMA), had in a letter dated Nov 23, informed SP Setia that they did not intend to engage further on SP Setia’s preliminary offer. The property group said it had on Nov 18 instructed its investment adviser to submit a conditional non-binding preliminary offer to acquire from Lloyds and NAMA, the senior debt facilities and the swap exposure and other related claims in the Battersea Power Station site and its holding company for 262mil (RM1.3bil). (Star)

Standard & Poor’s Ratings Services (S&P) has acquired a 4.9% stake in RAM Holdings Bhd from the Asian Development Bank, deepening a relationship that was forged between the two rating agencies via an affiliation agreement in 2004. S&P’s Asia-Pacific executive managing director and region head Chang Yu-Tsung said in a press release that areas for further cooperation between the agencies included sharing analytical best practices and research, joint seminars, contributions to industry sector reports and expanded career opportunities for staff. (Star)

Genting Bhd's net profit for its third quarter (Q3) ended Sept 30, 2011 declined 22% to RM597.19mil from RM765.92mil a year ago despite a rise in revenue to RM5.14bil from RM3.91bil previously. However, pre-tax profit rose by 1% to RM1.43bil from RM1.42bil in the same period a year earlier, it said in a filing with Bursa Malaysia yesterday. The group had made a one-off gain of RM413.6mil in Q3 10 arising from the entitlement to the deferred consideration in relation to the sale of Cairns Ltd by its indirect 95% owned subsidiary. Genting said there had been an increase in revenue for the leisure and hospitality divisions in all its country segments in Singapore, Malaysia, Britain and the United States. (Star)

Telekom Malaysia Bhd's (TM) net profit for the third quarter ended Sept 30, 2011 declined to RM302.2mil from RM438.5mil in the same period a year ago on the back of 5.8% higher revenue of RM2.32bil. Basic earnings per share for the quarter decreased to 8.4 sen from 12.3 sen in the same period a year ago. The company told Bursa Malaysia yesterday that the decline in its net profit was due to unrealised foreign exchange loss on borrowings. It, however, recorded higher revenue from its Internet and multimedia; and data and non-telecom related business segments which mitigated the impact of lower revenue from its voice and other telecom-related services segment. (Star)

A substantial shareholder of **Envair Holding Bhd** had disposed of his entire 6.75% stake less than a month after acquiring it on Nov 1. On Nov 23, filings with stock exchange showed the owner, Chinese national Jiang Chuan Yi, had sold off all his shares at an undisclosed price through open market transactions. Filings on Nov 1 showed that Jiang bought his block of shares amounting to 8 million shares directly from the loss-making manufacturer of air and water filters at an undisclosed price. The shares were traded at its five-year high of 41.5 sen. Envair's stock surged in early October from 11 sen to 40 sen before the company unveiled its plans to venture into the oil and gas industry by supplying two million barrels of light crude oil monthly for 60 months to a China-based company, An Hong Shenzhen. (Star)

Fitch downgraded Portugal's credit rating to junk status on Thursday, citing large fiscal imbalances, high debts and the risks to its EU-mandated austerity program from a worsening economic outlook. The ratings agency cut Portugal to BB+ from BBB-, which is still one notch higher than Moody's rating of Ba2. S&P still rates Portugal investment grade. Fitch said a deepening recession makes it "much more challenging" for the government to cut the budget deficit but it still expects fiscal goals to be met both this year and next. (Star)

AirAsia Bhd has backtracked on an earlier statement which stressed it will not adhere to Malaysia Airports Holdings Bhd (MAHB)'s recent airport tax hike. A post on its official Facebook fan page late yesterday morning said AirAsia would not adhere to the increase in airport tax, which will be implemented on November 25 2011. The statement was even tweeted out to its followers on social network Twitter. The post was in reference to MAHB's plans to increase airport tax for international passengers at the low-cost carrier terminal (LCCT) to RM32 from RM25 previously. A check on AirAsia's Facebook fan page later in the afternoon, however, showed that the post had been changed to read that the airline will continue to lobby for no hike in airport tax at the LCCT, with the public's support. (BTimes)

Perdana Petroleum Bhd has got another Sarawakian investor in Dayang Enterprise Holdings Bhd, barely a week after Sarawakian Tiong Chiong Hiiung bought 8.15 per cent stake in the oil and gas services provider. In a statement yesterday, Dayang said it is buying a 10 per cent stake in Perdana Petroleum as part of its plan to expand and diversify its business to mitigate the shortfall of vessels. "In addition, the board believes that the proposed subscription would provide the opportunity to participate in potentially high yielding contracts," the company told Bursa Malaysia. Last week, Tiong, a Sarawakian chicken breeder emerged as a substantial shareholder in Perdana Petroleum via Achiever Development Sdn Bhd. Achiever is believed to be a vehicle of the Tiong family in Sarawak, of which Tiong has a direct shareholding. Tiong is also the managing director of listed the CCK Consolidated Holdings Bhd, which was founded by his father Datuk Tiong Su Kuok. (BTimes)

Hwang-DBS (M) Bhd yesterday dismissed media reports of a merger scheme with Alliance Financial Group Bhd (AFG). "This is speculative and we have nothing to comment." "So far the board has not deliberated on the possibility of any merger and we will take market conditions as a cue," its director Eric Ang told Business Times after Hwang-DBS' annual shareholders meeting at Hotel Equatorial. Also present was director Alex Hwang Lip Teik. (BTimes)