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MARKET FLASH

Thursday, 20 Oct 2011

FBM KLCI DAILY CHART



TECHNICAL INDICATIONS

Support : 1440, 1400

Resistance : 1465, 1485

Bias : Uptrend

The upside bias remains for now and the key index could inch up further this week, mainly on the back of the sustained market interest and improving sentiments. As we have noted earlier, the positive undertones will remain so long as the key index stays above the 50 day SMA (now at 1440 level) and as long as volumes stay high. In the interim, the level of 1465 would be its immediate resistance.

COMMENTARY

Uptrend resumes ... After Tuesday's correction, the FBMKLCI resumed its uptrend yesterday, mainly on the quick turnaround of heavyweight stocks and penny stocks. By and large, lower liners had a field day as there were rotational play on laggards and technology stocks. Stocks like JCY and Systech were in the active list. With interest on the lower liners remaining strong, volumes also continue to pick up.

Inching up ... Yesterday's rebound, albeit mild, has again improved the FBMKLCI's core technical indicators, with both the RSI and stochastic turning up.

MARKET STATISTICS

Close Chg.

LOCAL

FBM KLCI	1450.25	10.31
Volume (m)	1690.7	
Value (RMm)	1212.4	
Up	641	
Down	162	
Unchanged	210	

FOREIGN

Nikkei	8772.54	30.63
Hang Seng	18309.22	232.76
STI	2720.21	(4.48)
Shanghai CI	2377.51	(5.97)

BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
HLFG	11.58	0.30
Mflour	7.64	0.28
Dlady	19.14	0.24
MISC	6.73	0.24
Tenaga	5.55	0.20

Losers	Close (RM)	Chg(RM)
BAT	43.60	(1.20)
KLK	20.50	(0.20)
Chintek	8.05	(0.20)
GAB	10.40	(0.18)
MBMR	3.05	(0.14)

Actives	Close (RM)	Chg(RM)
JCY	0.58	0.125
Systech	0.13	0.025
Harvest-WA	0.19	0.09
HWGB	0.415	0.025
Hubline	0.095	0.01

Current Stock Review

Trading Buy – JCY

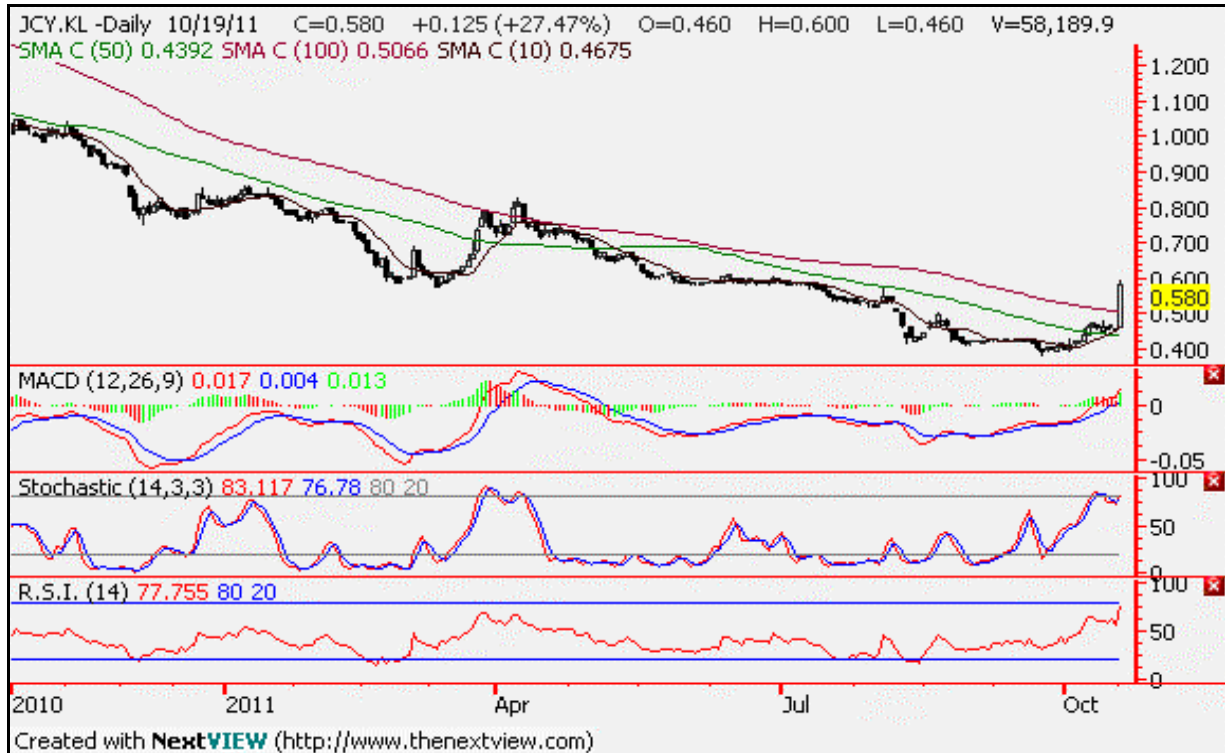


Chart wise:

JCY International Bhd (5161) – Technology – RM0.58.

JCY 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 for the first time in many months, the prospects are good for JCY to test the upper level of the channel at around RM0.605.

Correction are expected along the way, but is expected to be minor given the new burst of buying activities. Furthermore, JCY is supported by a favorable mix of fundamentals, namely the cheap PER valuation. A trading buy.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit closed higher against the US dollar yesterday on an improved risk appetite, dealers said. At the close, the ringgit stood at 3.1105/1135 to the US dollar, compared to 3.1320/1370 on Tuesday. A dealer said risk appetite improved among investors after a report that Europe will act to strengthen the Eurozone's rescue fund. Against other major currencies, the ringgit traded mixed. The ringgit fell against the Singapore dollar to 2.4628/4671 from Tuesday's 2.4565/4619 but the local unit rose against the yen to 4.0501/0556 from 4.0744/0836 previously. It appreciated against the British pound to 4.8990/9047 from Tuesday's 4.9238/9326 but lost against the euro to 4.2993/2041 from 4.2852/2933 on Monday. (BTimes)

Crude palm oil futures contracts on Bursa Malaysia Derivatives closed firmer yesterday on speculative buying despite heavy physical stocks in Malaysia and Indonesia, a trader said. Interband Group of Companies senior trader, Jim Teh, said the speculators were playing with the market in the hope of making a profit. November increased RM61 to RM2,880 a tonne, December added RM59 to RM2,886, January 2012 inched up RM57 to RM2,892 and February 2012 gained RM55 to RM2,900. Volume rose to 29, 646 lots from 26,981 while open interest declined to 137,721 contracts from 141,735 previously. (BTimes)

The **Malaysian rubber market** ended lower in quiet trading yesterday weighed by weaker oil prices and persistent concerns over the euro zone debt crisis, dealers said. At noon, the Malaysian Rubber Board's official physical price for tyre-grade SMR20 softened 4.5 sen to 1283.50 sen per kg while latex-in-bulk decreased 2.0 sen to 819.00 sen per kg. The unofficial closing price for tyre-grade SMR 20 lost 26 sen to 1262.00 sen per kg while latex-in-bulk shed 6.0 sen to 815.0 sen per kg. (BTimes)

The euro maintained a drop from yesterday against the pound as divisions emerged over how to tackle Europe's debt crisis before finance ministers meet in Brussels tomorrow. Demand for the 17-nation currency was limited as a split between France and Germany over Europe's rescue strategy surfaced and the head of Finland's parliament finance committee said plans to boost the region's rescue fund through leverage disguise potential costs. The euro traded at 87.27 pence at 8:37 a.m. in Tokyo from 87.23 pence in New York yesterday, when it fell 0.3 percent. The common currency fetched \$1.3773 from \$1.3760 and 105.85 yen from 105.69. The dollar was little changed at 76.85 yen. (Bloomberg)

Oil traded near a one-week low in New York after U.S. fuel use dropped to the lowest in five months and the Federal Reserve said the pace of economic growth in parts of the world's biggest crude-consumer was "modest." December futures were little changed after declining 2.5 percent yesterday. The Fed said in its Beige Book survey that companies reported more doubt about the strength of the recovery. U.S. fuel use fell 2.2 percent to 18.3 million barrels a day last week, the least since May, the Energy Department said. Crude oil for December delivery, the most actively traded contract, was at \$86.24 a barrel, down 5 cents, in electronic trading on the New York Mercantile Exchange at 9:39 a.m. Sydney time. The contract yesterday fell \$2.24 to \$86.29, the lowest since Oct. 13. Prices are down 5.8 percent this year. November futures, which expire today, were at \$86.11. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	11504.60	-72.43	-0.63	Nasdaq CI	2604.04	-53.39	-2.01
S&P 500	1209.88	-15.50	-1.26	FTSE 100	5450.49	40.14	0.74

Global and Local Headlines

Asian stocks slid, with the benchmark regional index set to erase its weekly gain, as a split emerged between France and Germany over European bailout fund talks, spurring concerns about a slowdown in the global economic recovery. Sony Corp. (6758), Japan's No. 1 exporter of consumer electronics that gets 21 percent of its sales in Europe, fell 0.9 percent. BHP Billiton Ltd., the world's largest mining company, dropped 1.6 percent as commodity prices dropped. Newcrest Mining Ltd. (NCM), Australia's largest gold mining company, sank 4.6 percent after saying gold output fell 13 percent from a year earlier in the three months to Sept. 30. The MSCI Asia Pacific Index sank 0.6 percent to 116.67 as of 9:24 a.m. in Tokyo, with more than two stocks falling for each that gained. The measure dropped 15 percent this year through yesterday. (Bloomberg)

The Federal Reserve said consumer spending rose slightly last month and the economy maintained its expansion, even as companies reported more doubt about the strength of the recovery. "Overall economic activity continued to expand in September, although many districts described the pace of growth as 'modest' or 'slight,'" the Fed said in its Beige Book survey released today in Washington. "Contacts generally noted weaker or less certain outlooks for business conditions." Chairman Ben S. Bernanke early this month told a congressional committee that the two-year-old recovery is "close to faltering," while repeating his forecast for a pickup in growth. Last month, the Fed announced a plan to spur the economy with lower borrowing costs by replacing \$400 billion of short-term Treasury securities in its portfolio with longer-term bonds. (Bloomberg)

Prime Minister Datuk Seri Najib Tun Razak has given his consent to MMC Corp Bhd's proposed listing of its subsidiary **Gas Malaysia Bhd** (GMB) on Bursa Malaysia's Main Market. In a filing to Bursa Malaysia, MMC said it had received a letter from the Economic Planning Unit of the Prime Minister's Department to the Energy Commission saying that the Prime Minister had given his written consent for the listing of GMB. (Star)

Stock exchange operator **Bursa Malaysia Bhd** recorded a 39.3% jump in net profit from RM28.3mil previously to RM38.6mil for its third quarter ended Sept 30 despite concerns of a global economic slowdown. Meanwhile, its third-quarter revenue rose to RM107.3mil from RM86.76mil previously. The stronger performance was attributed to higher contributions from its operations across the board, particularly securities and derivatives trading, where it saw its securities trading revenue increased by 20% to RM48.9mil, compared with RM40.7mil previously. Revenue from its derivatives trading operations jumped 39% to RM13.4mil from RM9.6mil previously. Total contracts traded in the third quarter stood at 2.12 million, compared with 1.58 million previously. For the nine-month period ended Sept 30, Bursa recorded net profit of RM114.82mil on revenue of RM324.47mil. (Star)

Sozo Global Ltd, a China-based foodstuff manufacturer, is looking to raise S\$20mil to S\$30mil from its secondary listing in Singapore next year, says CEO Shen Hengbao. "We are a cash rich company and do not need to raise a lot of money," Shen said at a briefing yesterday. As at June 30, Sozo, which is listed on Bursa Malaysia, has cash and cash equivalent of RMB450.9mil (about RM220mil), with total borrowings and debt securities of RM11.6mil. The company raised RM44.3mil from its initial public offering (IPO) on Bursa Malaysia last December. (Star)

Hard disk driver player **JCY International Bhd** was the most actively traded stock yesterday, with 58.19 million shares changing hands and a price gain exceeding 25% or 12.5 sen to close at 58 sen. The interest in JCY could be due to expectations that it will receive more orders as floods in Thailand affect its competitors, said analysts, adding that the company was likely to stage a turnaround when it announced its fourth-quarter numbers in the third week of November. JCY has been on a virtual downtrend since its much-hyped listing on Feb 25 last year at an institutional price of RM1.60. The stock fell to its all-time low of 39.5 sen on Dec 26 this year. For its third quarter ended June 30, JCY reported a net loss of RM31.9mil versus a net profit of RM55.6mil a year earlier. (Star)

AT Systematization Bhd's (ATS) unit Automation Technology Systematization Industries Ltd has temporarily shut down its Thailand operations due to floods in the Kingdom, it told the stock exchange yesterday. It said the financial effects on the company can't be ascertained at the moment. (BTimes)