



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

(A Participating Organisation of Bursa Malaysia)

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# MARKET FLASH

Friday, 9 Sept 2011

## FBM KLCI DAILY CHART



### TECHNICAL INDICATIONS

**Support : 1423, 1400**      **Resistance : 1500**  
**Bias : Downtrend**

Already, the candle has penetrated the 1468 level convincingly and its core indicators continuing to show strength. At the same time, the lagging MACD is about to cross the trigger line on the upside again, thereby strengthening the positive outlook. On the upside, the FBMKLCI resistances are now at 1475-1490 before the 1500 level come into play.

### COMMENTARY

**Still climbing ...** The market maintained its upward streak as the healthy buying momentum provided the impetus for the uptrend. On the main board, Nestle and BAT paced the gainers, Tan Chong and TWS provided the secondary lift. Tenaga rose to its highest in weeks after oversold. Interest on lower liners was also brisk with AsiaBio topping volumes. Malton and Gpro also garnered trading interest.

**Looking good ...** The continuing optimism is due to the recovering global and regional bourses. With the market's prognosis still positive, the key index's recovery is poised to sustain and could even lead the market to end the week on a high.

## MARKET STATISTICS

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,469.83	5.22
Volume (m)	812.87	
Value (RMm)	1143.16	
Up	415	
Down	265	
Unchanged	284	
<b>FOREIGN</b>		
Nikkei	8793.12	29.71
Hang Seng	19912.82	(135.18)
STI	2856.90	24.77
Shanghai CI	2498.94	(17.15)
<b>BURSA MOVERS</b>		
<b>Gainers</b>		
Nestle	49.58	0.58
BAT	43.90	0.30
Edaran	0.60	0.28
Tchong	4.75	0.26
TWS	9.13	0.23
<b>Losers</b>		
Panamy	21.24	(0.24)
PetDag	17.62	(0.12)
CAB	0.34	(0.105)
Genome	0.60	(0.10)
SSteel	2.16	(0.09)
<b>Actives</b>		
AsiaBio	0.06	(0.005)
Malton	0.585	0.09
Gpro	0.085	(0.01)
E&O	1.68	(0.03)
Kbunai	0.15	0.01

## Current Stock Review

### Watch for trading opportunity – **Tenaga Nasional Bhd.**



#### Chart wise:

#### Tenaga Nasional Bhd (5347) – Trading/Services – RM5.30

After a prolonged downtrend following the gas curtailment which resulted in higher fuel cost, Tenaga Nasional's candle is finally making a stronger rebound. As it is, the candle is testing the short-term downtrend line, with its core indicators recovering as well. The lagging MACD has also crossed the trigger line on the upside and collectively pointing to further near term recoveries.

Consequently, the stock is a trading buy if the candles clear the short-term downtrend line of RM5.40 convincingly. Failure to breach the line, however, leaves a neutral outlook. The other resistance is at RM5.50 while the support is at RM5.10.

## MAJOR NEWS

### Commodity, Currency and Economic News

The ringgit eased against the US dollar for the fourth consecutive day at close yesterday amid the lack of fresh leads and bearish exports data, dealers said. At 5pm, the ringgit stood at 2.9900/9940 to the US dollar, compared to 2.9815/9845 on Wednesday. A dealer said trading was weak, weighed on by lower exports growth, resulting from the deteriorating global economy. The ringgit was mixed against other major currencies. It rose against the Singapore dollar to 2.4684/4744 from 2.4685/4731 on Wednesday but depreciated against the Japanese yen at 3.8655/8717 from 3.8625/8689 previously. The ringgit also gained against the British pound to 4.7639/7721 from Wednesday's 4.7716/7779 but fell against the euro to 4.2052/2132 from 4.2000/2052 previously. (BTimes)

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives closed lower yesterday in choppy trading, dealers said. A dealer said the market, which saw active trading in the morning, was quiet in the afternoon. September contract fell RM25 to RM3,115, October dropped RM20 to RM3,069, November decreased RM17 to RM3,025 and December was RM21 lower at RM3,010. Turnover, however, increased to 24,793 lots from 16,192 lots yesterday while open interest went down to 132,440 contracts from 133,068 contracts previously. (BTimes)

Oil dropped for a second day in New York, trimming a third week of gains, as investors bet that signs of a slowing U.S. economy indicate fuel demand will falter in the world's biggest crude consumer. Futures slid as much as 0.7 percent after Federal Reserve Chairman Ben S. Bernanke said the economic recovery is fragile. An Energy Department report showed gasoline stockpiles climbed 199,000 barrels last week, compared with an analyst forecast for a 1.4 million barrel decline. Tropical Storm Nate is forecast to become a hurricane today in the Gulf of Mexico, the National Hurricane Center said. Crude for October delivery fell as much as 65 cents to \$88.40 a barrel in electronic trading on the New York Mercantile Exchange and was at \$88.58 at 9 a.m. Sydney time. The contract yesterday slipped 29 cents to \$89.05. Prices are 2.5 percent higher this week and up 19 percent the past year. (Bloomberg)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	11295.80	-119.05	-1.04	Nasdaq CI	2529.14	-19.80	-0.78
S&P 500	1185.90	-12.72	-1.06	FTSE 100	5340.38	21.79	0.41

## Global and Local Headlines

Japanese stocks fell after Federal Reserve Chairman Ben S. Bernanke disappointed investors by failing to detail new plans to spur the U.S. economy, and European Central Bank President Jean-Claude Trichet said "downside risks" to the region's growth increased, damping demand for riskier assets. Fanuc Corp. (6954), which gets 75 percent of its sales outside of Japan, fell 4.6 percent, the biggest slide on the Nikkei 225 (NKY) Stock Average. Toyota Motor Corp. (7203), the world's No. 1 carmaker, dropped 0.6 percent. Chipmakers fell with Tokyo Electron Ltd. dropping 0.2 percent after Texas Instruments Inc., the largest maker of analog chips, said third-quarter sales may fall short of forecasts. The Nikkei 225 Stock Average fell 0.3 percent to 8,766.55 as of 9:11 a.m. in Tokyo. The broader Topix index dropped 0.1 percent to 756.56. For the week, the Nikkei has fallen 2.1 percent, while the Topix is down 1.7 percent. (Bloomberg)

President Barack Obama called on Congress to pass a jobs plan that would inject \$447 billion into the economy through infrastructure spending, subsidies to local governments to stem teacher layoffs and cutting in half the payroll taxes paid by workers and small-business owners. The package is heavily geared toward tax cuts, which account for more than half the dollar value of the stimulus, and administration officials said they believe that will have the greatest appeal to Republican members of Congress. "The question is whether, in the face of an ongoing national crisis, we can stop the political circus and actually do something to help the economy," Obama told a joint session of Congress tonight. A \$105 billion infrastructure proposal includes money for school modernization, transportation projects and rehabilitation of vacant properties. Most of the economic impact from the infrastructure spending would be next year, though some of it would come in 2013, an administration official said. (Bloomberg)

Japan's economy contracted more than the government initially estimated in the second quarter, adding to concern the stronger yen may derail the nation's recovery from the March 11 earthquake. Gross domestic product shrank at an annualized 2.1 percent rate in the three months ended June 30, more than the 1.3 percent contraction reported last month, the Cabinet Office said today in Tokyo. The reading was in line with the median forecast of 21 economists surveyed by Bloomberg News. Reports in the past week indicate growth in the world's third-largest economy may stall toward the end of the year. Machinery orders, a leading indicator of capital spending, fell the most in 10 months in July and companies are also struggling with a yen near a postwar record, risking an erosion of overseas profits when they're repatriated. (Bloomberg)

As DiGi.Com Bhd's (DIGI) net profit this year will be affected by higher depreciation due to its network modernisation programme, the company hopes to offset the lower earnings by rewarding its shareholders through its proposed capital distribution of RM509mil. In addition, the company's books will also have accelerated depreciation charges for financial years 2012 and 2013, prompting DiGi.Com to look at other capital management initiatives for those financial years. "We are working on additional initiatives but we are not in the position to discuss it at the moment," DiGi.Com chief financial officer Terje Borge told StarBiz yesterday. The company has committed to pay out at least 80% of its net profit as dividends, but since it will be experiencing lower profits due to the accelerated depreciation, the capital management initiatives will be another means of rewarding shareholders. (Star)

The overnight policy rate (OPR) remained unchanged at 3% after Bank Negara's monetary policy committee meeting yesterday. In a statement, the central bank said recent indicators in the domestic economy pointed to slower growth in external demand following the weaker global economic environment. It noted that domestic growth prospects, however, continued to remain positive, underpinned by the expansion in private consumption and private investment. "Moving forward, the more challenging external environment has, however, increased the downside risks to the domestic economy." The central bank also said that going forward, inflation is expected to remain relatively stable for the rest of the year. (Star)

South Korea, Indonesia and the Philippines held interest rates steady yesterday as expected, pausing in the fight against inflation while they assess how much their economies may suffer from a slowdown in growth in the United States and Europe. Price pressures intensified in South Korea and Indonesia last month, and South Korea acknowledged it might miss its 2011 inflation target of 4%. (Star)

Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), a subsidiary of Puncak Niaga Holdings Bhd, has filed a RM1.05bil claim against the Selangor Government. In a Bursa Malaysia filing yesterday, Puncak Niaga said the claim, filed at the Kuala Lumpur High Court, was for compensation for the period from Jan 1, 2009 to March 31, 2011 from the state government under the 2004 concession agreement between Syabas, the Federal Government and the Selangor Government. (Star)

Fitch Ratings warned yesterday that it might downgrade China's credit rating within two years as the country's banks struggle with debt loads following a lending surge to help lift the economy during the 2008 financial crisis. It also said that Japan, weighed down by a public debt load twice the size of the US\$5 trillion economy, faced a greater-than-even chance of a downgrade in part due to a political impasse that is stalling plans to clean up its finances. Asia's two biggest economies are in the ratings firing line alongside Europe and the United States as they deal with massive debts built up during the global financial crisis. (Star)

Anger at Greece's failure to meet fiscal targets that are a condition for its international bailout is nearing breaking point in Berlin and other European capitals, with senior politicians now talking openly about the possibility of Athens exiting the eurozone. Horst Seehofer, the head of the Bavarian Christian Social Union (CSU), was the first prominent figure in Germany to suggest publicly that Greece might eventually be forced to leave the 17-nation single-currency bloc in an interview in the Bild newspaper on Wednesday. But he was expressing what many lawmakers and ministers in the German capital have been whispering behind closed doors for weeks, according to well-informed sources. (Star)

Kuala Lumpur Kepong Bhd (KLK) will relocate its tocotrienol (vitamin E) plant in Singapore to Selangor, as part of a RM706 million investment scheme to expand its offerings. Davos Life Science Pte Ltd is currently located in Tuas South Street in Singapore. The plan is to relocate it to Kuala Lumpur Kepong's site in Pulau Indah, Selangor. Kuala Lumpur Kepong yesterday announced four projects it would embark on in an effort to beef up its production capacity. The first project is an integrated methyl ester sulphonate and fatty alcohol plant, an ingredient used in the production of toiletries, bio-degradable detergent and moisturiser. The second is a plant to produce specialty fatty ester while the third is to produce high grade tocotrienol isomers, used in the cosmetics and pharmaceutical industries. The fourth project is to develop a world-class research and development centre. (BTimes)

DRB-HICOM Bhd, a conglomerate, plans to spend up to RM1 billion in its current financial year mainly to grow its automotive business. According to group managing director Datuk Seri Mohd Khamil Jamil, the bulk of the capital expenditure will be used to expand its automobile assembly plant in Pekan, Pahang, for the assembly of Volkswagen Passat as well as the manufacture of 8x8 armoured wheeled vehicles. The rest of the money will be used to set up an International College of Automotive Manufacturing, its flagship campus, as well as for property development projects. (BTimes)

1Malaysia Development Bhd (1MDB) said it is evaluating a plan to privatise Indah Water Konsortium Sdn Bhd (IWK), the national sewerage company. "1MDB is still assessing how it can serve national interest and shareholders in the proposed privatisation, in which the government will retain control," its senior vice-president corporate communications Shahriza Embi told Business Times in an e-mail reply. An IWK spokesperson declined to comment when contacted. 1MDB and IWK are both controlled by the government. (BTimes)

Malaysian exports in July grew better than expected but were still slower than June, weighed by slow recovery in orders for electronics. The Ministry of International Trade and Industry (Miti) announced yesterday that exports expanded by 7.1 per cent to reach RM59.24 billion compared with July 2010, while imports increased by 2.9 per cent to RM49.79 billion. A total trade of RM109.04 billion was recorded, which was 5.1 per cent higher from a year ago. (BTimes)

A new recession stalks some rich countries and the eurozone crisis could deepen, the OECD warned yesterday urging most central banks not to raise, and maybe to cut, interest rates. "Growth is turning out to be much slower than we thought three months ago and the risk of hitting patches of negative growth going forward has gone up," OECD chief economist Pier Carlo Padoan said. In its latest analysis, the OECD insisted on the urgency for the eurozone to apply rescue action agreed in July and to tighten financial discipline. (BTimes)