

04 October 2012

<b>BURSA</b>	<b>3-Oct</b>	<b>RSI (13D)</b>	<b>SMAV (21D)</b>
KLCI	1,649.8	59.7	1,647.0
FTSE EMAS	11,183.7	56.1	11,252.0
FTSE Smallcap	11,717.5	39.0	12,234.0
FTSE MESDAQ	4,291.2	37.3	4,536.4
<b>KLCI Futures</b>			
Sept-12	1,649.5	59.3	1,645.4
Oct-12	1,649.0	58.6	1,645.1
CPO	2,351.0	23.3	2,987.8

<b>INDICES</b>	<b>3-Oct</b>	<b>RSI (13D)</b>	<b>SMAV (21D)</b>
Dow Jones	13,494.6	57.4	13,423.3
NASDAQ	3,135.2	54.4	3,135.6
FTSE-100	5,825.8	52.6	5,808.5
Nikkei 225	8,746.9	38.8	8,941.0
SHCOMP	Closed	Closed	2,069.1
HSI	20,888.3	65.7	20,191.3
STI	3,077.1	59.5	3,044.3
KOSPI	Closed	Closed	1,961.3
TWSE	7,684.6	56.3	7,621.6
JCI	4,251.5	58.2	4,193.1
SET	1,307.6	74.3	1,269.5

<b>KLCI COMPONENT STOCKS</b>	<b>3-Oct</b>	<b>RSI (13D)</b>	<b>SMAV (21D)</b>
AIRASIA	3.02	40.8	3.11
AMMB HOLDINGS	6.37	53.0	6.34
AXIATA GROUP	6.67	80.2	6.19
BAT	61.00	44.0	62.30
BUMI ARMADA	3.69	44.8	3.71
CIMB GROUP	7.56	48.9	7.54
DIGI.COM	5.47	80.2	4.96
GENTING	8.90	50.92	8.87
GENTING MALAYSIA	3.72	62.9	3.53
HONG LEONG BANK	13.56	59.5	13.33
HONG LEONG	12.04	53.6	11.90
IHH	3.20	65.2	3.16
IOI CORPORATION	4.97	42.9	5.05
KLK	20.90	17.6	22.32
MALAYAN BANKING	9.09	49.5	9.15
MALAYSIA MARINE	4.90	59.4	4.75
MAXIS	7.01	66.8	6.85
PETCHEM	6.44	48.5	6.44
PETDAG	22.10	51.5	21.94
PETRONAS GAS	19.74	67.3	18.92
PPB GROUP	12.04	32.3	12.54
PUBLIC BANK	14.40	60.4	14.29
RHB CAPITAL	7.32	62.6	7.14
SIME DARBY	9.41	14.8	9.79
TELEKOM MALAYSIA	6.28	69.4	6.03
TENAGA NASIONAL	6.95	61.1	6.76
UEM LAND	1.77	50.3	1.74
UMW HOLDINGS	10.10	53.4	10.07
YTL CORPORATION	1.76	43.7	1.79
YTL POWER	1.66	39.5	1.69

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## Market Snapshot

### Dow Jones Industrial Average

US stocks were nudged higher by the better than forecast growth in the US employment and services industries released early Wednesday. However, the Dow Jones Industrial Average ("DJIA") only ended the day in flat tone. At the close, the DJIA was up 12.25 points at 13,494.61. The technical picture for the DJIA was little changed from the day earlier, with the DJIA continuing to trade within the short term congestion zone on thin volume. On Wednesday, the DJIA formed a "Spinning Top" candlestick, which showed indecision as investors were on the sidelines ahead of pivotal unemployment data later this evening and tomorrow. The indicators remain neutral to mildly bullish, hence investors should wait for a breakout of the consolidation zone before entering into a trade. That said, the bias is to the upside with overhead resistance at 13,550 and immediate support at 13,450.

### FTSE Bursa Malaysia KLCI

Stocks on Bursa ended lower on Wednesday following a six-day run-up on the index. The move lower was in line with the cautious sentiment on the other Asia markets after economic data from China and Australia came in weaker than expected. At 5pm, the FBM KLCI was down 1.28 points to 1,649.75. On the daily chart, the FBM KLCI formed a "Hanging Man" candlestick, which could be a bearish reversal pattern that typically forms after a rally. The Hanging Man candlestick also marks a short term top, reinforcing the already strong resistance levels between 1,651 and 1655. As for the indicators, the Stochastics and RSI have both dipped downwards to reflect the weakness in the index, although the MACD remains positive. Given the mixed signals from the indicators, a confirmation of the trend reversal is highly recommended and a decisive breakdown below Wednesday's closing price will likely provide just that.

## Highlights / Stock Picks of the Day

### Kuala Lumpur Kepong Berhad ("KLK")

Plantation stocks were battered on Wednesday following the sharp sell-down in CPO futures the day earlier. Among the heavyweight, losers were Sime Darby and KLK, which offset the gains in the Telco sector to drag the index into the negative territory. Chart-wise, KLK fell through the floor in the morning session but pared some losses thereafter to close at RM20.90 - a RM1.14-decline throughout the day. The price action continued to trade within a downtrend channel, and looks well in place to reach the channel support in due course. Nevertheless, with the 14-Stochastic and RSI both within deeply oversold regions, we will not rule out a rebound in the short term. Traders should then take the opportunity to sell into strength closer to the return line at RM21.60.

### Redtone International Berhad ("Redtone")

Redtone's share price broke out of the symmetrical triangle pattern in the final hour of trading to end the day up 2 sen on increased volumes. The decisive close above the resistance line paints a very bullish picture from a technical perspective, particularly with the share price having traded in sideways mode over the past three months. The indicators have all moved higher to reflect the rise, and with the RSI still a fair distance from the overbought zone, the share price could potentially move higher towards the end of the week. Traders should look to buy into the stock with the RM0.425 measurement objective in mind. Stop loss should be placed just below the resistance-turned-support level at RM0.335.

Daily Charting - FBM KLCI



Source: Kenanga Research

On the daily chart, the FBM KLCI formed a "Hanging Man" candlestick, which is a bearish reversal pattern that typically forms after a rally. The Hanging Man candlestick also marks a short term top, reinforcing the already strong resistance levels between 1,651 and 1655. As for the indicators, the Stochastics and RSI have both dipped downwards to reflect the weakness in the index, while the MACD remains positive. Given the mixed signals from the indicators, a confirmation of the trend reversal is highly recommended and a decisive breakdown below Wednesday's closing price would likely provide just that.

Technical Ratings

Resistance 2	: 1,655
Resistance 1	: 1,653
Current Level	: 1,649.75
Support 1	: 1,635
Support 2	: 1,611
Action	: WATCH/SELL

Daily Charting - Dow Jones Industrial Average



Source: Kenanga Research

The technical picture for the DJIA was little changed from the day earlier, with the DJIA continuing to trade within the short term congestion zone on thin volume. On Wednesday, the DJIA formed a "Spinning Top" candlestick which shows indecision as investors were on the sidelines ahead of pivotal unemployment data later this evening and tomorrow. The indicators remain neutral to mildly bullish, hence investors should wait for a break out of the consolidation zone before entering into a trade. That said, bias is to the upside, with overhead resistance at 13,550 and immediate support at 13,440.

Technical Ratings

Resistance 2	: 13,644
Resistance 1	: 13,550
Current Level	: 13,494.61
Support 1	: 13,440
Support 2	: 13,339
Action	: WATCH/BUY

Daily Charting - Kuala Lumpur Kepong Berhad



Source: Kenanga Research

Chart-wise, KLK fell through the floor in the morning session, but pared some losses to close at RM20.90- a RM1.14 decline for the day. The price action continued to trade within a downtrend channel, and looks well in place to reach the channel support in due course. Nevertheless, with the 14-Stochastics and RSI both within deeply oversold regions, we would not rule out a rebound in the short term. Traders should then take the opportunity to sell into strength closer to the return line at RM21.60.

Technical Ratings

Resistance 2	:	RM23.03
Resistance 1	:	RM21.60
Current Price	:	RM20.90
Support 1	:	RM20.40
Support 2	:	RM19.30
Action	:	SELL INTO STRENGTH

Kuala Lumpur Kepong Berhad

FY2011

Market Capitalisation (RM'm)	22,310.8
Issued Shares ('m shares)	1,067.5
52 Week High (RM)	26.76
52 Week Low (RM)	15.30
3-m Average Daily Volume	838,468.3
Dividend Yield (%)	4.1
Free Float (%)	37.1%
P/E (x)	17.4
P/B (x)	3.3
Beta vs. KLCI	0.9
Revenue (RM'm)	10,691.9
Net Profits (RM'm)	1,571.4
Consensus Target Price (RM)	23.40

Source: Bloomberg

Daily Charting - Redtone International Berhad



Source: Kenanga Research

Redtone's share price broke out of the symmetrical triangle pattern in the final hour of trading to end the day up 2 sen on increased volumes. The decisive close above the resistance line paints a very bullish picture from a technical perspective, particularly with the share price having traded in sideways mode over the past three months. The indicators have all moved higher to reflect the move, and with the RSI still a fair distance from overbought zones, the share price could potentially move higher towards the end of the week. Traders should look to buy into the stock with the RM0.425 measurement objective in mind. Stop losses should then be placed just below the resistance turned support at RM0.335.

Technical Ratings

Resistance 2	: RM0.425
Resistance 1	: RM0.385
Current Price	: RM0.365
Support 1	: RM0.335
Support 2	: RM0.31
Action	: BUY

Redtone International Berhad

FY2012

Market Capitalisation (RM'm)	174.6
Issued Shares ('m shares)	478.3
52 Week High (RM)	0.38
52 Week Low (RM)	0.20
3-m Average Daily Volume	3,000,321.0
Dividend Yield (%)	N.A.
Free Float (%)	47.5%
P/E (x)	83.0
P/B (x)	2.2
Beta vs. KLCI	1.1
Revenue (RM'm)	107.0
Net Profits (RM'm)	2.1
Consensus Target Price (RM)	N.A.

Source: Bloomberg

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