

**31 May 2012**
**Analyst**

 Team Coverage  
 allianceresearch@alliancecg.com  
 +603 2692 7788

**Market indices and statistics**

Indices	Last	Daily chg %	YTD chg %
Malaysia			
FBM KLCI	1,575.2	0.6	2.9
FBM Emas	10,723.4	0.5	2.2
FBM Syariah	10,675.2	0.4	3.6
FBM Small Cap	11,777.3	0.1	0.9
FBM ACE	4,275.8	0.2	5.1
Dow Jones	12,419.9	-1.3	1.7
S&P 500	1,313.3	-1.4	4.4
Nasdaq	2,837.4	-1.2	8.9
FTSE	5,297.3	-1.7	-4.9
Nikkei	8,633.2	-0.3	2.1
Hang Seng	18,690.2	-1.9	1.4
Strait Times	2,784.0	-0.6	5.2

**Market Turnover**

Vol (m shrs)	920.5
Value (RMm)	1,236.2

Top 5 value	Last	Daily chg %	Value (RM m)
CIMB Group	7.49	1.8	79.7
Sime Darby	9.64	0.4	61.9
Genting Bhd	9.99	-0.1	59.8
Maybank	8.70	0.2	51.4
AXIATA Group	5.33	0.6	45.7

**Currencies**

	Last	Daily chg	Daily chg %
RM/USD	3.1680	0.0113	0.4
RM/100 Yen	3.9988	0.0371	0.9
RM/€	3.9348	-0.0170	-0.4
RM/SGD	2.4564	-0.0094	-0.4
RM/CNY	2.0108	-0.0049	-0.2

**Commodities and futures**

	Last	Daily chg	Daily chg %
KLCI (1 <sup>st</sup> month)	1,581.0	13.0	0.8
CPO (3 <sup>rd</sup> month)	3,111.0	-67.0	-2.1
WTI (1 <sup>st</sup> month)	87.8	-2.9	-3.2
Gold (spot)	1,565.7	14.7	0.9

**FBMKLCI Chart**


## FBMKLCI: 1,575.17

### +9.85 (+0.63%)

**Market trend**

➤ The market continues to climb yesterday against the regional market trend with focus on blue chip counters. The FBMKLCI climbed 9.85 points or 0.63% higher to 1,575.17 points after trading between 1,564.60 and 1,578.28. Not much resistance was seen intraday especially in the second session. The close near the high of the day's trading range indicates a bullish market sentiment and this time with a higher volume. Buying strength yesterday was supported by good accumulation. The FBMKLCI rose 2.30% since last week. The index has climbed above its short term moving averages and the RSI indicator is above the middle level. These indicators signal a trend reversal. However, the index is currently right below the downtrend line resistance level which was developed since early April. Immediate resistance level is at 1,590 points while immediate support level has moved from 1,500 points to 1,530 points. Expect a pullback in our market today with the FBMKLCI trading between 1,565 and 1,580 points.

**Stock picks for the day**

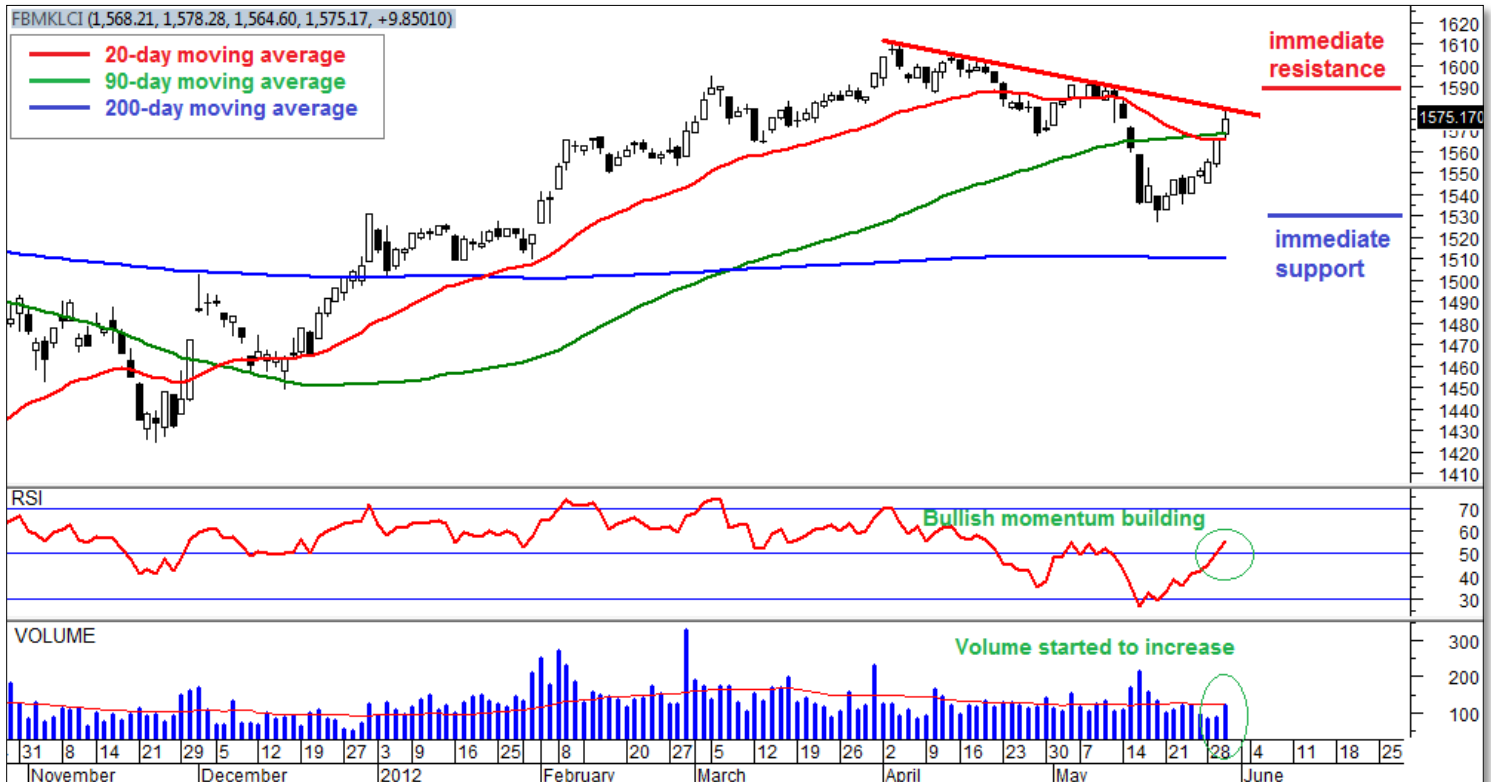
➤ **JCY (5161): Technical rebound (Buy)**



## MARKET TREND

The market continues to climb yesterday against the regional market trend with focus on blue chip counters. The FBMKLCI climbed 9.85 points or 0.63% higher to 1,575.17 points after trading between 1,564.60 and 1,578.28. Not much resistance was seen intraday especially in the second session. The close near the high of the day's trading range indicates a bullish market sentiment and this time with a higher volume. Buying strength yesterday was supported by good accumulation. The FBMKLCI rose 2.30% since last week. The index has climbed above its short term moving averages and the RSI indicator is above the middle level. These indicators signal a trend reversal. However, the index is currently right below the downtrend line resistance level which was developed since early April. Immediate resistance level is at 1,590 points while immediate support level has moved from 1,500 points to 1,530 points. Expect a pullback in our market today with the FBMKLCI trading between 1,565 and 1,580 points.

Figure 1 : FBMKLCI daily chart



Source: Alliance Research

Figure 2 : Technical reading

MACD	<b>bullish</b>	Candlesticks Bullish Reversal	No bullish reversal patterns detected in last 3 days
MACD Histogram	Momentum of the trend is <b>strong</b>	Candlesticks Bearish Reversal	No bearish reversal patterns detected in last 3 days
Moving Average (Short Term)	<b>bearish</b>	Bar Chart Bullish Reversal	No bullish reversal patterns detected in last 3 days
Moving Average (Long Term)	<b>Bullish</b>	Bar chart Bearish Reversal	No bearish reversal patterns detected in last 3 days
Immediate Support	1,530.00	Stochastic	Currently is <b>neutral</b> and is getting higher
Longer Term Support	1,420.00	Average True Range (ATR)	Short term price action is <b>more volatile</b>
Immediate Resistance	1,590.00	Bollinger Bands	Long term price action is <b>less volatile</b>
Longer Term Resistance	1,650.00	Daily On-Balance Volume (OBV)	OBV is increasing, indicating <b>accumulation</b> of shares in the market

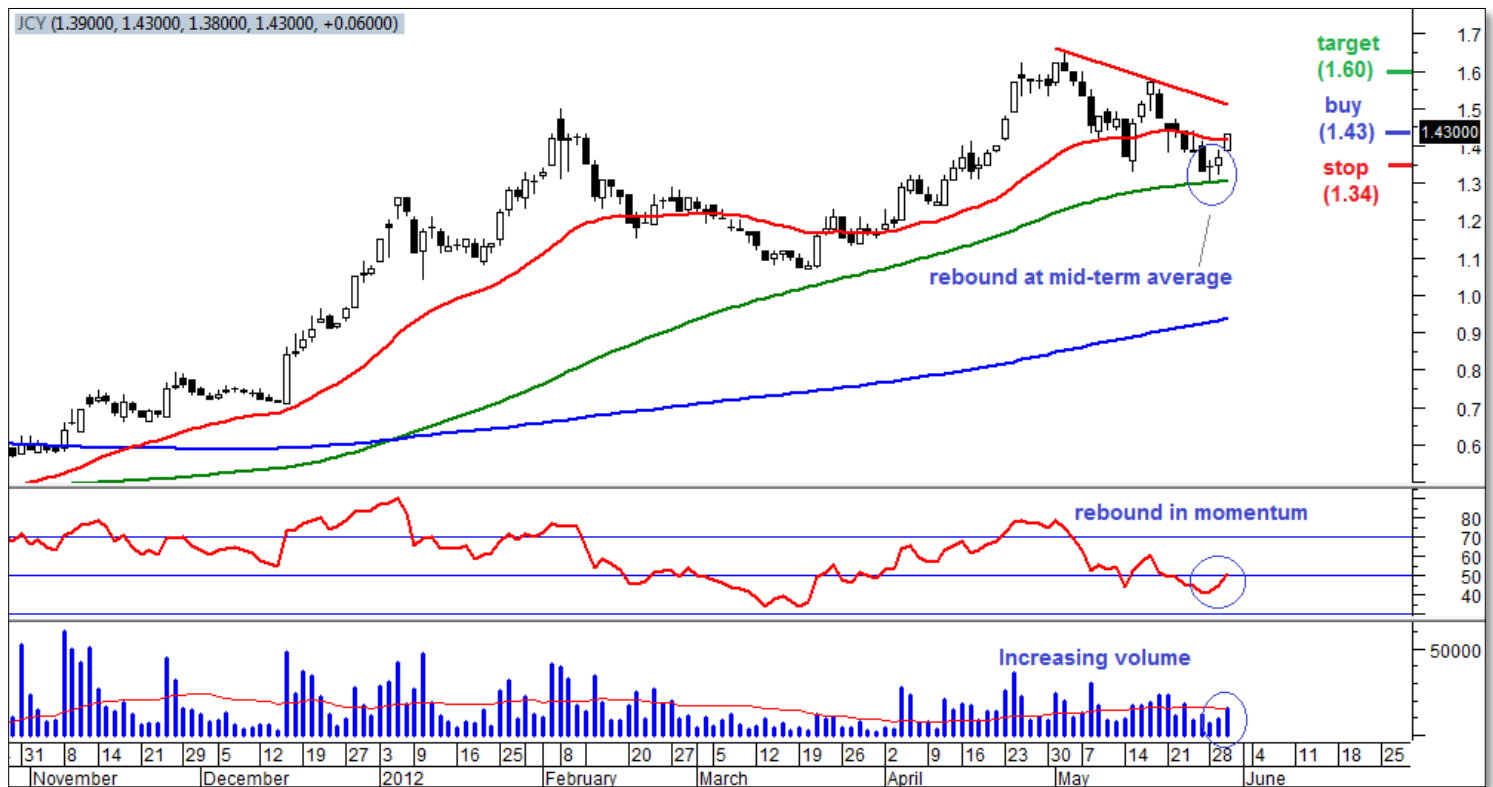
Source: Alliance Research

## STOCK PICKS FOR THE DAY

### JCY (5161) – Technical rebound (Buy)

Price of JCY went into a downward correction since last month after enjoying a strong uptrend since October last year with a 300% gain. In the current downtrend, the price rebounded on 15 June but lasted only a few days. Price continued to move downwards until it rebounded again two days ago after testing the mid-term 90-day moving average. Yesterday, JCY rose 4.4% to close at RM1.43 with a relatively strong volume. The Stochastic golden cross at oversold level indicate a technical rebound and the rebound from the mid-term average shows support in JCY and the rally may continue. We may see further upside if the price can break above RM1.45 downtrend line resistance level and with current momentum, there is a high chance for this to happen. Therefore, we recommend a short term buy for JCY with a price target at RM1.60 and a stop loss at RM1.34 to protect capital if the rebound fails to materialise.

Figure 3 : JCY daily chart



Source: Alliance Research

Figure 4 : Technical reading

MACD	<b>bearish</b>	Candlesticks Bullish Reversal	No bullish reversal patterns detected in last 3 days
MACD Histogram	Momentum of the trend is <b>weak</b>	Candlesticks Bearish Reversal	No bearish reversal patterns detected in last 3 days
Moving Average (Short Term)	<b>Bullish</b>	Bar Chart Bullish Reversal	No bullish reversal patterns detected in last 3 days
Moving Average (Long Term)	<b>Bullish</b>	Bar chart Bearish Reversal	No bearish reversal patterns detected in last 3 days
Immediate Support	1.30	Stochastic	Currently is <b>slightly oversold</b> and is getting higher
Longer Term Support	1.45	Average True Range (ATR)	Short term price action is <b>less volatile</b>
Immediate Resistance	1.65	Bollinger Bands	Long term price action is <b>less volatile</b>
Longer Term Resistance	1.95	Daily On-Balance Volume (OBV)	OBV is increasing, indicating <b>accumulation</b> of shares in the market

Source: Alliance Research



## SUMMARY OF RECENT TECHNICAL STOCK PICKS

Figure 2 : Summary of recent technical stock picks

Stocks	Date Initiated	Title (Recommendation)	Initiation Price RM	Current Price RM	Target Price RM	Cut loss Price RM
INGRESS (7112)	15 Mar 2012	Autoparts maker to rebound (Buy)	0.98	1.03	1.15	0.92
AIRASIA (5099)	17 April 2012	Flying high (Buy)	3.47	3.51	3.80	3.33
BIMB (5258)	18 May 2012	A shariah-compliant financial institution (Buy)	2.42	2.59	2.65	2.32
LIONFIB (8486)	24 May 2012	A high yield building material player (Buy)	1.37	1.47	1.53	1.29
WTK (4243)	28 May 2012	Potential rebound after steep sell down (Buy)	1.22	1.21	1.40	1.13
JCY (5161)	31 May 2012	Technical rebound (Buy)	1.43	1.43	1.60	1.34

Source: Alliance Research



## DISCLOSURE

### Technical stock rating definitions

Buy	- Expected 3-month total return (including dividends) of 15% or more
Neutral	- Expected 3-month total return between -15% and 15%
Sell	- Expected 3-month total return of -15% or less

Technical recommendations are purely based on price and volume-related indicators extracted from Bursa Malaysia Securities Berhad. Featured securities are selected as and when their technical indicators appear convincing for an investment action. Alliance Research Sdn Bhd expressly disclaims any obligation to update or revise its technical recommendations to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

### Glossary of technical terms used

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility introduced by Welles Wilder whereby the indicator is the greatest of the following: <ul style="list-style-type: none"> <li>- current high less the current low;</li> <li>- the absolute value of the current high less the previous close;</li> <li>- the absolute value of the current low less the previous close;</li> </ul>
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average, developed by John Bollinger.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describe a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.



## DISCLAIMER

This report has been prepared for information purposes only by Alliance Research Sdn Bhd (Alliance Research), a subsidiary of Alliance Investment Bank Berhad (AIBB). This report is strictly confidential and is meant for circulation to clients of Alliance Research and AIBB only or such persons as may be deemed eligible to receive such research report, information or opinion contained herein. Receipt and review of this report indicate your agreement not to distribute, reproduce or disclose in any other form or medium (whether electronic or otherwise) the contents, views, information or opinions contained herein without the prior written consent of Alliance Research.

This report is based on data and information obtained from various sources believed to be reliable at the time of issuance of this report and any opinion expressed herein is subject to change without prior notice and may differ or be contrary to opinions expressed by Alliance Research's affiliates and/or related parties. Alliance Research does not make any guarantee, representation or warranty (whether express or implied) as to the accuracy, completeness, reliability or fairness of the data and information obtained from such sources as may be contained in this report. As such, neither Alliance Research nor its affiliates and/or related parties shall be held liable or responsible in any manner whatsoever arising out of or in connection with the reliance and usage of such data and information or third party references as may be made in this report (including, but not limited to any direct, indirect or consequential losses, loss of profits and damages).

The views expressed in this report reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendation(s) or view(s) in this report. Alliance Research prohibits the analyst(s) who prepared this report from receiving any compensation, incentive or bonus based on specific investment banking transactions or providing a specific recommendation for, or view of, a particular company.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation to buy or sell any securities or other investments or any options, futures, derivatives or other instruments related to such securities or investments. In particular, it is highlighted that this report is not intended for nor does it have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this report. Investors are therefore advised to make their own independent evaluation of the information contained in this report, consider their own individual investment objectives, financial situations and particular needs and consult their own professional advisers (including but not limited to financial, legal and tax advisers) regarding the appropriateness of investing in any securities or investments that may be featured in this report.

Alliance Research, its directors, representatives and employees or any of its affiliates or its related parties may, from time to time, have an interest in the securities mentioned in this report. Alliance Research, its affiliates and/or its related persons may do and/or seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell or buy such securities from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

AIBB (which carries on, inter alia, corporate finance activities) and its activities are separate from Alliance Research. AIBB may have no input into company-specific coverage decisions (i.e. whether or not to initiate or terminate coverage of a particular company or securities in reports produced by Alliance Research) and Alliance Research does not take into account investment banking revenues or potential revenues when making company-specific coverage decisions.

In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the overriding issue of confidentiality, available upon request to enable an investor to make their own independent evaluation of the information contained herein.

Published & printed by:

ALLIANCE RESEARCH SDN BHD (290395-D)  
Level 19, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur, Malaysia  
Tel: +60 (3) 2692 7788  
Fax: +60 (3) 2717 6622  
Email: [allianceresearch@alliancefg.com](mailto:allianceresearch@alliancefg.com)