



Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

Butterworth Office
Wisma UMHO,
Lorong Bagan Luar Dua,
12000 Butterworth,
Seberang Perai.
Tel: 604-3322 123

KL BRANCH
L-7-2, Ilo 2,
Jalan Solaris,
Solaris Mont' Kiara,
50480 Kuala Lumpur
Tel: 603-6203 7227

MELAKA BRANCH
81B & 83B,
Jalan Merdeka,
Taman Melaka Raya,
75000 Melaka.
Tel: 606-292 1898

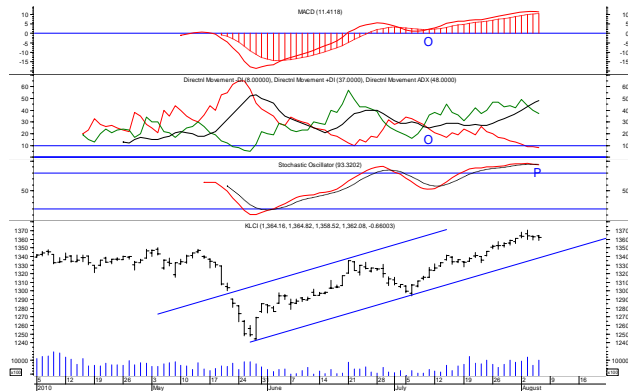
PENANG BRANCH
2nd Floor,
Std Chartered Bank,
2 Lebuhr Pantai,
10300 Penang.
Tel: 604-263 9118

JOHOR BRANCH
Menara Pelangi,
Suite 17.1, Level 17,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru.
Tel: 607-331 6992

MARKET FLASH

FBM KLCI

Fri, 6 Aug 2010



MARKET STATISTICS (5/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,362.08	- 0.66
FBM 100	8,974.98	+ 3.67
FBM ACE	3,845.25	+ 22.71

Volume (m)	993.8
Value (RMm)	1,575.6
Up	362
Down	349
Unchanged	276

FOREIGN

Nikkei	9,653.92	+ 164.58
Hang Seng	21,551.72	+ 1.84
STI	3,006.76	+ 4.89
Shanghai CI	2,620.76	- 17.76

BURSA MOVERS

Gainers	Close	Chg
BAT	44.80	+ 0.94
Nestle	39.30	+ 0.50
Supermx	6.23	+ 0.23
GenP	7.39	+ 0.20
Chintek	8.10	+ 0.15

Losers	Close	Chg
Mudajaya	3.92	- 1.01
Tasek	6.61	- 0.39
CView	0.30	- 0.30
Help	3.47	- 0.23
Sime	7.52	- 0.18

Actives	Close	Chg
Timecom	0.71	+ 0.06
Time	0.475	+ 0.02
Air Asia	1.65	+ 0.15
Zelan	0.73	- 0.05
Sinotop	0.17	- 0.01

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,358.52 level.

Market Buying Strength :

About **33%** of total market volume on 5/8/2010 was on buying side compared to **42%** in the preceding trading day.

"Movement" in Strong Hands :

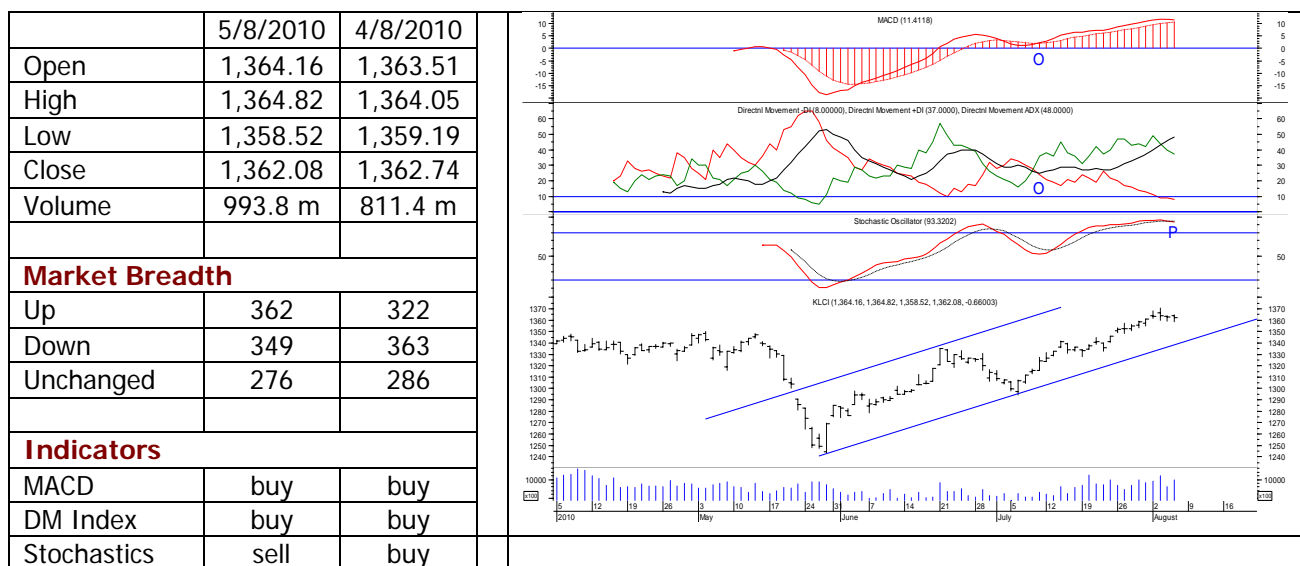
Strong hands were seen **liquidating** a portion of stock positions on 5/8/2010.

Pivot Point Studies for Intra-Day :

For **Friday (6/8/2010)**, 1st resistance @ 1,365.0 & 2nd resistance @ 1,368.1 ; 1st support @ 1,358.7 & 2nd support @ 1,355.5.

To read more

Technical Analysis – Daily FBM KLCI



1,350 level must hold

Market Commentary :

Encouraged by reassuring signs on employment and growth in the service industry measured by ISM index from 53.8 in June 2010 to 54.3 in July 2010, DJIA had on 4/8/2010 gained 44.05 points to close at 10,680.43.

The double-digit gain in Wall Street did not provide much positive kick to the Bursa Malaysia in the opening bell on 5/8/2010, FBM KLCI traded higher to an intra-day high of **1,364.82** as some traders chose to play a buying game. However, weak follow thru buying support in area of **1,364.82** prompted profit taking activity to roll in, and this pushed the stock index down below 1,360 level with a day low of **1,358.52** before rebounded to settle at **1,362.08**.

The **fall of 0.66** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.01), **Sime Darby** (down RM0.18), **Public Bank** (down RM0.02), **Gamuda** (down RM0.01) and **Topglove** (down RM0.16).

What was the chart saying

Market traded higher on 5/8/2010 with another attempt to go above 1,365 level; but, it could only reach a day high of 1,364.82. This outcome of the attempt was not something unexpected as the market had traded higher high with intra-day upside breakout of 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlement above 1,365 level in those 2 days, the market subsequently also could not find the same excitement to go higher on 4/8/2010 on the back of marginal up close scenario with 1.10 billion shares in the preceding day (3/8/2010).

The inability on the part of stock index to go higher than 1,365 level on 5/8/2010 had once again did not pose much of a surprise as traders had earlier shown the uneasy sign on 2/8/2010 & 3/8/2010 when market approached 1,370 level.

All information, views and advice are given in good faith but without legal responsibility. Mercury Securities Sdn. Bhd. or companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks in the markets mentioned.

Market traded lower on 5/8/2010 without a cross over of 1,365 hurdle. So, what would likely to happen next ? In the immediate short term, market found its' top between 1,365 and 1,370 level.

Let's do a recap of recent market happenings.

On 3/8/2010, market went higher to trade into 1,370 zone. Logically, traders should have felt the kind of trading excitement at that level and driven by the desire to join in the game. Somehow, we did not get to see the expected hu...ha. This reflected the psychological aspect of trading game, many traders and investors have obviously learnt the market lessons the hard way during the previous downturns. On 2/8/2010, traders displayed the same psychological behaviour as market traded near the high of 1,368.43 where traders also decided to take a portion of profits on winning trades despite the upside gap created. In shorts, traders adopted a cautious play tactic and were unwilling to buy up stocks for the sake chasing the game.

On 29/7/2010, the higher low and lower high market move had helped to clear away the uncertainty scenario brought by inside day bar on 28/7/2010, the inside day bar on 28/7/2010 was believed to have resulted from cautious play by traders following the market crossover into 1,350 zone.

If you could also recall the market play on 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue, **what happened at the end of that trading day ?** Market ended with a marginal up close, this indicated the presence of selling pressure in the vicinity of 1,357, and explained the unwillingness on the part of bullish traders to aggressively push the market upward on 28/7/2010.

And, we had said in our earlier market reports that "With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ? 1,365 level** is envisaged as a hurdle for KLCI in the immediate short term." So, this 1,365 level was taken out during the day on 2/8/2010, **would it mean 1,365 no longer serve a hurdle ? The upside violation of 1,365 level was on intraday basis, and 1,365 level remained a valid hurdle and would continue to act as resistance for a minimum of 3 consecutive days on close basis.**

This market is seen slowly entering a sideways phase; however, this does not mean to say that market would not go up anymore from present level, bear in minds there is not such thing as "sure thing" in stock market, and attempt(s) to prop up the market higher nearer to 1,365 level can still be made. FYI, as day passes by, the resistance point on an upward sloping trendline extended from low of 1,040 (22/6/2009) to connect the other low of 1,224 (9/2/2010) would also be moving higher; thus, range of resistance should now be in between 1,365 and 1,370 level.

What were the strong hands doing

A check of internal market strength on 5/8/2010 showed that buying strength weakened with strong hand(s) seen disposing another portion of buying positions, *the number of stock positions liquidated from 30/7/2010 to 5/8/2010 was about 62% more than what was acquired between 22/7/2010 and 29/7/2010.*

Conclusion :

Market outlook may be beginning to turn negative in the immediate short term on 5/8/2010. The key market level to watch would be 1,350.

The analysis of overall daily market action(s) on 5/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,358.52.

Today's Hot Pick – Muhibah Eng

	5/8/2010	4/8/2010
Open	0.96	0.955
High	0.995	0.97
Low	0.955	0.945
Close	0.975	0.955
Volume	41,673	15,303
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

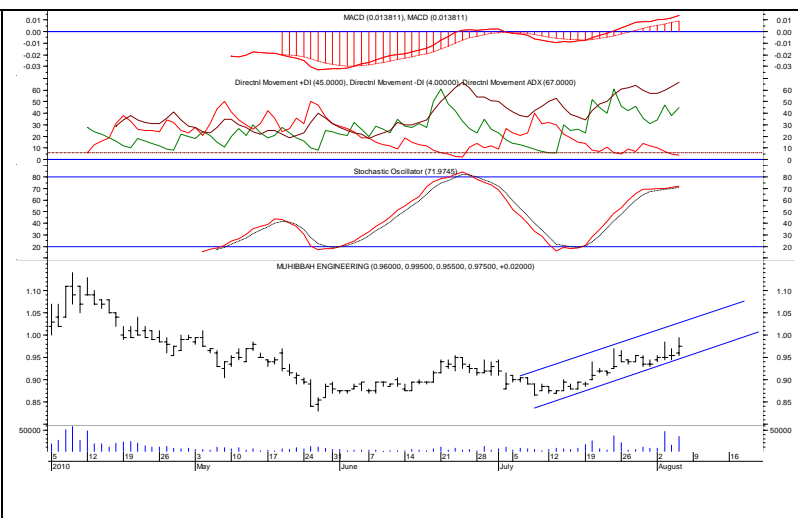


Chart wise : *Buying seen stronger within upward price channel*

Muhibah Eng (5703 - MainBoard) had on 5/8/2010 crossed over the immediate high of **RM0.985** (3/8/2010) to reach highest **high of RM0.995** since 5/5/2010 before settled at **RM0.975**.

Next Potential Upside Target : With the upside violation of **RM0.985** level, **Muhibah Eng** looked set to trade upward with next immediate upside target at **RM1.07**.

Entry Level : Risk taking traders may establish buying position at **RM0.96** as a small pull back is seen likely before making attempt(s) to go higher.

Stop Loss Level : Once a buying position is being established, a stop loss at **RM0.92** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Special Note : As of 3/8/2010, KLCI was seen undergoing a corrective move. Thus, a conservative trading approach should be employed with an eye to preserve capital.

Current Active Stock Review – Air Asia

	5/8/2010	4/8/2010
Open	1.52	1.50
High	1.67	1.52
Low	1.52	1.50
Close	1.65	1.50
Volume	335,805	43,966
Indicators	5/8/2010	4/8/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	sell

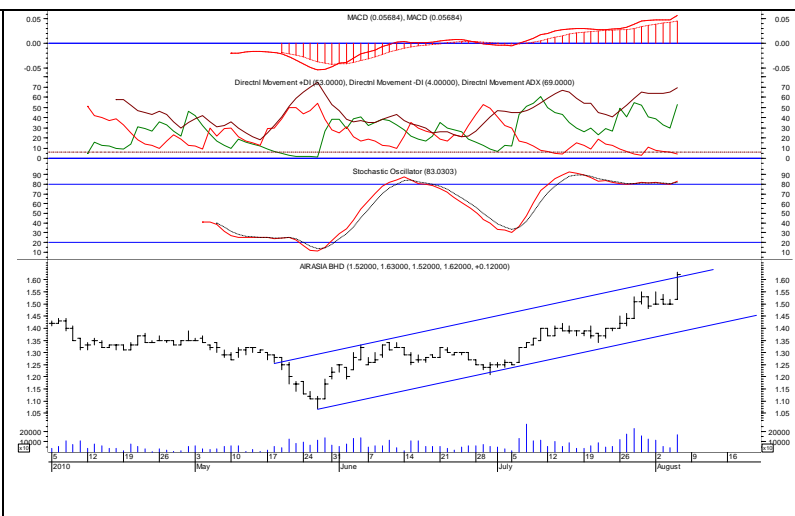


Chart wise : Resistance seen RM1.70 – RM1.80

Air Asia (5099 - MainBoard) had on 5/8/2010 crossed over the immediate high of **RM1.55** (2/8/2010) to reach highest high of **RM1.67** since 24/12/2007 before settled at **RM1.65**.

Price Direction

In view of an increase in market participation, the stock could be expected to trade upward in coming day(s) with an overhead resistance pegged at **RM1.70 – RM1.80** and support at **RM1.55**.

What to watch for

A turnaround of prices to close **below RM1.55** level would see an immediate short term reversing direction in the stock.

Special Note : As of 3/8/2010, KLCI was seen undergoing a **corrective move**. Thus, a **conservative trading approach** should be employed with an eye to preserve capital.

Active Stock Review – Plus Expressway Bhd



Chart wise

Downside bias.

Plus Expressways Bhd (5052-Main Market- Trading/Services) – RM3.79

The daily candles lost ground at the beginning of this week on profit taking and resulted in the candles testing the recent low of RM3.75 points. At the same time, the indicators are also slipping after an extended overbought spell, with the lagging MACD also weakening.

As the indicators are still weakening, the downside bias looks to sustain for now, with support at RM3.70, which should also serve as a critical support level. It is also imperative that the candles stay above RM3.70 level to ensure that the recent uptrend is preserved.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit closed firmer against the US dollar yesterday ahead of key payroll report and gains in Asian currencies. At 5pm, the ringgit strengthened to 3.1540/1570 against the greenback compared with 3.1660/1690 Wednesday. A dealer said traders remained cautious ahead of the US payroll data for July due today and European Central Bank policy meeting. He said sentiment was buoyed by investor appetite for risky assets and firm commodity prices. (BTimes)

Crude palm oil (CPO) futures ended firmer yesterday on Bursa Malaysia Derivatives driven by the festive demand for the commodity against a backdrop of tight supply, dealers said. Prices could hover around RM2,650 per tonne due to supply constraints brought on by the El Nino phenomena and competition from close substitutes. Crude palm oil moves in tandem with soyoil as they compete for similar export destinations. At close yesterday, August 2010 increased RM25 to RM2,700 per tonne, September 2010 rose RM13 to RM2,645 per tonne, October 2010 gained RM29 to RM2,619 per tonne and November 2010 added RM26 higher to RM2,613 per tonne. Volume surged to 17,144 lots yesterday, from 12,945 lots on Wednesday, and open interest declined to 67,272 contracts, from 68,584 contracts previously. (BTimes)

Oil prices fell Thursday after an economic report suggesting that hiring in the U.S. remains weak. Benchmark crude for September delivery fell 46 cents to settle at US\$82.01 a barrel on the New York Mercantile Exchange. Oil has traded in the \$70s for most of this year on concerns about the global economic recovery. Analysts believe traders are looking beyond ample supplies and anemic demand this week to capitalize on a weaker dollar and low U.S. interest rates. Since commodities such as oil are priced in dollars, a weaker dollar makes them more attractive for foreign buyers. (Star)

The Malaysian Institute of Economic Research (Mier) has revised the country's gross domestic product (GDP) growth forecast for the year to 6.5% from 5.2% previously. Its executive director Dr Zakariah Abdul Rashid said the upward revision was based on the strong first- quarter GDP growth of 10.1% and the good export performance. (Star)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10674.98	-5.45	-0.05	Nasdaq CI	2293.06	-10.51	-0.46
S&P 500	1125.81	-1.43	-0.13	FTSE 100	5365.78	-20.38	-0.38

Global and Local Headlines

U.S. stocks fell and Treasuries rallied as an unexpected jump in American jobless claims fueled concern the economic rebound is slowing. The yen strengthened and wheat jumped to a 23-month high. The Standard & Poor's 500 Index slipped 0.1 percent to 1,125.81 at 4 p.m. in New York, paring losses of as much as 0.8 percent. The Stoxx Europe 600 Index declined 0.3 percent after earlier climbing as much as 0.6 percent. Ten-year Treasury yields slid 5 basis points to 2.9 percent. The Japanese yen rose against all but one of its 16 most-traded peers. Wheat futures jumped as much as 7.9 percent as Russia banned exports amid the worst drought in at least a half century. (Bloomberg)

Greece has shown "great progress" in implementing austerity measures to cut the European Union's second-biggest budget gap and should qualify for a 9 billion-euro (\$11.8 billion) installment of emergency loans, an International Monetary Fund official said. "I'm confident we are definitely going forward with the next payment" of a three-year, 110 billion-euro rescue package for Greece, Poul Thomsen, head of the IMF's Greece mission, said at a press conference in Athens today. (Bloomberg)

The Bank of Japan is likely to hold off on increasing monetary stimulus next week as policy makers are unconvinced the yen's approach toward a 15-year high will derail the nation's economic recovery. The BOJ will keep unchanged its bank-loan program and monthly bond purchases on Aug. 10, according to all but one of 17 economists in a Bloomberg News survey. The forecast reflects Deputy Governor Hirohide Yamaguchi's July 21 comment that companies are better able to cope with the yen's gain now than in November, when it rose to the highest level since 1995. With Prime Minister Naoto Kan refraining from the pressure on the bank he applied last year to do more to end deflation, and firms from Sony Corp. to Toyota Motor Corp. raising profit projections, the bank has less of a trigger to move. (Bloomberg)

Barclays Plc, Britain's third-largest bank, said first-half profit rose 29 percent as a drop in provisions for bad loans mitigated a decline in investment banking revenue. Net income rose to 2.43 billion pounds (\$3.9 billion) from 1.89 billion pounds in the year-earlier period, the London-based bank said in a statement today. Earnings beat the 2.26 billion-pound median estimate of 10 analysts surveyed by Bloomberg. Barclays follows HSBC Holdings Plc and Lloyds Banking Group Plc in reporting a gain in first-half profit as provisions for bad loans dropped by almost a third to 3.1 billion pounds. Revenue at Barclays Capital, the investment banking unit led by Robert Diamond, fell 32 percent as income from rates and commodities dwindled. Costs at the unit rose by a third. (Bloomberg)

European Central Bank President Jean- Claude Trichet said Europe is recovering faster than forecast and money markets are improving, paving the way for the ECB to phase out liquidity tools used to fight the financial crisis. "The available data for the third quarter are better than expected," Trichet told reporters in Frankfurt today after the ECB's Governing Council kept its benchmark rate at a record low of 1 percent. "The market is functioning a little bit better." The ECB's main rate is still "appropriate," he said, indicating officials see no immediate need to tighten policy. (Bloomberg)

A general manager at **Sime Darby Bhd** (SIME) is expected to be charged today with graft totalling RM300,000 following a Malaysian Anti-Corruption Commission (MACC) probe. The senior executive, who is in his late 30s, is expected to face two charges, including allegedly accepting RM100,000 from a contractor in Johor awarded with a contract related to the shipping industry.. (Star)

HeiTech Padu Bhd (HTPADU) has secured a RM74.9mil contract from the Government for the maintenance services of the National Registration Department's main business ICT system. It told Bursa Malaysia that the contract was for one year ending June 30, 2011. Any further renewal or extension of the duration is at the discretion of the Government. (Star)

Just when the market thought the worst was over for troubled **Sime Darby Bhd** (SIME), rumours that the conglomerate will be making more chunky provisions sent its shares to the lowest since July 6, dropping 18 sen yesterday to close at RM7.52. An online news report said yesterday that the company could experience more losses when it announces results for the fourth quarter ended June 30, 2010 (Q4) towards the end of the month. However, in an email reply to StarBiz yesterday evening, Sime Darby said: "Based on its best estimate, it still expects its results for the financial year ended June 30, 2010 to be in the black." (Star)

Soft drinks and dairy distributor **Fraser & Neave Holdings Bhd** (F&N) posted an 18.52% rise in net profit to RM70mil in the third quarter ended June 30 compared with the previous corresponding period after seeing a rise in soft drinks sales. The company said in an announcement to Bursa Malaysia yesterday that revenue was up 7% to RM892.77mil with contribution from the soft drinks division improving 26%. F&N said soft drinks revenue grew on the back of strong promotional activities in major sports events. "Revenue of the dairies division declined by 3% affected by lower exports for both Malaysia and Thailand operations," it added. (Star)

KBB Resources Bhd (KBB) has failed to settle the outstanding amount totalling RM20.8mil to Prima Uno Bhd and Malaysia Trustees Bhd under the primary collateralised loan obligations transaction facility of RM20mil. KBB told Bursa Malaysia that it had submitted an application to the Corporate Debt Restructuring Committee (CDRC) on July 21 but the company was still preparing the proposed debt-restructuring plan and other documents as required by CDRC. "The company targets to furnish all documents to CDRC by early August and to be accepted by CDRC by the end of this month," it said. KBB said the payment default was due to the increase in raw material prices and an investment in Indonesia that had not yielded any returns. (Star)

Direct-selling company **Amway (M) Holdings Bhd's** (AMWAY) net profit rose 32.98% to RM21.64mil for the second quarter ended June 30 compared with the previous corresponding period. This was achieved on higher sales revenue and favourable foreign exchange, the company said yesterday. Revenue gained 9.78% to RM168.31mil. (Star)

Concern about the ongoing investigation by the Securities Commission (SC) on **Mudajaya Group Bhd** (MUDAJYA) resulted in Mudajaya shares hitting its lowest level since last November. Its share price ended trading yesterday at RM3.92. This is a decline of 31% since news first broke about the SC investigation in the weekend of July 24. The decline has wiped out more than RM650mil in Mudajaya's market capitalisation. The SC said it had no immediate comment when queried by StarBiz. However, the SC had earlier confirmed it was investigating Mudajaya. (Star)

Diversified group **Multi-Purpose Holdings Bhd** (MPHB) is turning to foreign partners to help it grow its stockbroking business, its chief says. "We are talking to a foreign bank with global presence. The bank will bring in institutional investors who want to invest in Malaysian stocks. We want to grow big in stockbroking, but it won't be easy to grow the business by ourselves," managing director Datuk Lau Kim Khoo @ Surin Upatkoon told Business Times in an interview. Stockbroking activities currently account for less than 5 per cent of group revenue, with its clients comprising mainly local retail investors. (BTimes)