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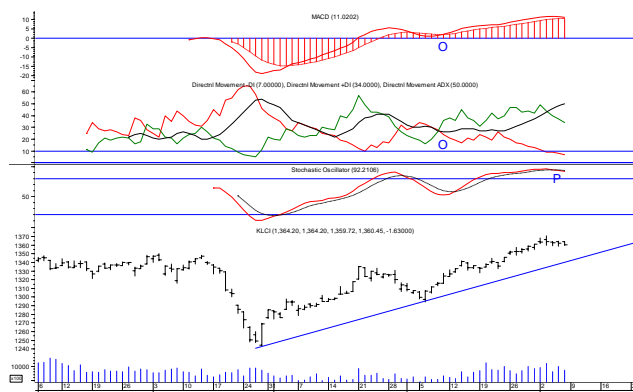
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MARKET FLASH

FBM KLCI

Mon, 9 Aug 2010



MARKET STATISTICS (6/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,360.45	- 1.63
FBM 100	8,965.34	- 9.64
FBM ACE	3,827.66	- 17.59
Volume (m)	866.0	
Value (RMm)	1,255.9	
Up	328	
Down	367	
Unchanged	281	

FOREIGN

Nikkei	9,642.12	- 11.80
Hang Seng	21,678.80	+ 127.08
STI	2,995.06	- 11.70
Shanghai CI	2,658.39	+ 37.63

BURSA MOVERS

Gainers	Close	Chg
Help	3.80	+ 0.33
BKawan	12.08	+ 0.30
CView	0.60	+ 0.30
BAT	44.98	+ 0.18
Delloyd	2.92	+ 0.15

Losers	Close	Chg
Nestle	38.50	- 0.80
Fareast	6.45	- 0.40
Topglove	6.24	- 0.25
TChong	4.90	- 0.23
Notion	2.04	- 0.16

Actives	Close	Chg
Timecom	0.665	- 0.045
Talam	0.115	=
Tiger	0.18	- 0.07
Jadi	0.30	+ 0.005
AirAsia	1.67	+ 0.02

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,359.72 level.

Market Buying Strength :

About **8%** of total market volume on 6/8/2010 was on buying side compared to **33%** in the preceding trading day.

"Movement" in Strong Hands :

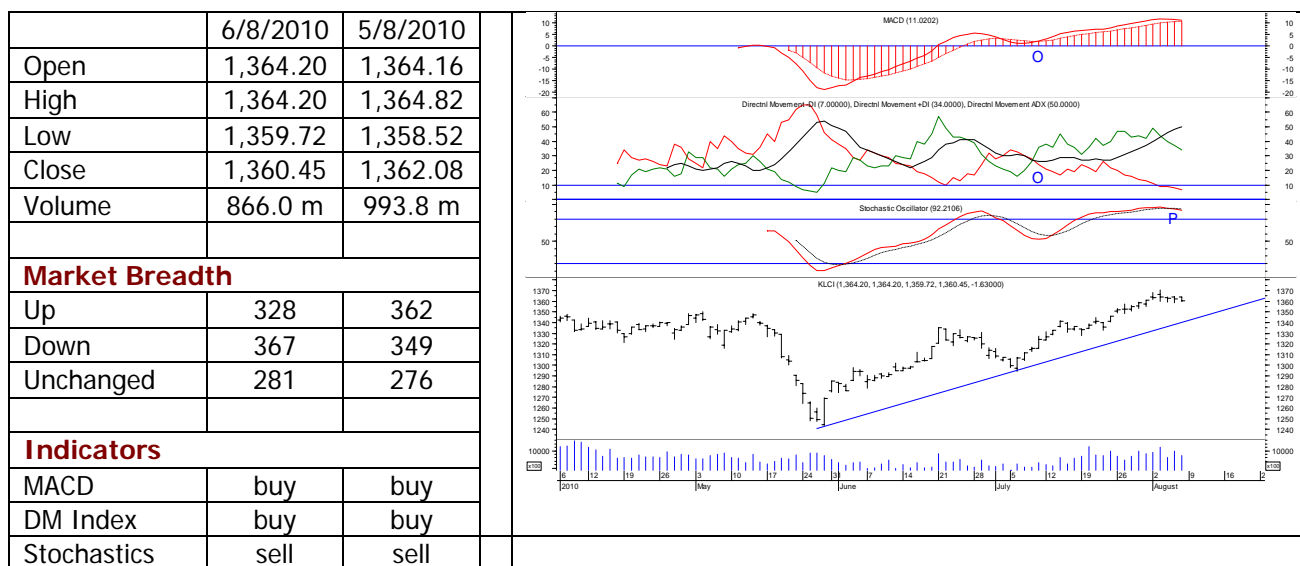
Strong hands were seen **liquidating** a portion of stock positions on 6/8/2010.

Pivot Point Studies for Intra-Day :

For **Monday (9/8/2010)**, 1st resistance @ 1,363.1 & 2nd resistance @ 1,365.9 ; 1st support @ 1,358.7 & 2nd support @ 1,356.9.

To read more

Technical Analysis – Daily FBM KLCI



Market continued to hold well

Market Commentary :

Dampened by an unexpected increase in initial claims for unemployment benefits report from US Labour Department, DJIA had on 5/8/2010 shed 5.45 points to close at 10,674.98.

The single-digit drop in Wall Street did not affect the trading sentiment at Bursa Malaysia in the opening bell on 6/8/2010, FBM KLCI traded to an intra-day high of **1,364.20** as some traders chose to play a buying game. However, weak follow thru buying support in area of **1,364.20** prompted profit taking activity to roll in, and this pushed the stock index down below 1,360 level with a day low of **1,359.72** before settled at **1,360.45**.

The **fall** of **1.63** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **CIMB** (down RM0.02), **Tenaga** (down RM0.01), **Maybank** (down RM0.03), **IJM** (down RM0.03) and **IOI Corp** (down RM0.01).

What was the chart saying

Market again made another attempt to go above 1,365 level on 6/8/2010; but, it could only reach a day high of **1,364.20**. 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 6/8/2010 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. However, it was obvious to have been noted that **the way market carried itself in the past 3 days (4/8/2010 - 6/8/2010) had undeniably shown the "intention"**

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on the part of certain traders to keep the stock index afloat. Can stock index continue to hold in the vicinity of 1,360 ? Nobody can rule out this possibility. Market traded its day lows below 1,360 for 3 consecutive days (4/8/2010 – 6/8/2010) without a cross over of 1,365 hurdle, this implied a market top between 1,365 and 1,370 level in the immediate short term.

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 6/8/2010 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 6/8/2010 was about 122% more than what was acquired between 22/7/2010 and 29/7/2010. In other word, strong hands were also selling stock positions established before 22/7/2010.

Conclusion :

Market outlook may be beginning to turn negative in the immediate short term on 6/8/2010; but, the key market level to watch would be 1,350.

The analysis of overall daily market action(s) on 6/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,359.72.

Today's Hot Pick – Leong Hup Hldgs

	6/8/2010	5/8/2010
Open	1.48	1.47
High	1.53	1.47
Low	1.48	1.46
Close	1.50	1.47
Volume	8,824	4,055
Indicators		
MACD	sell	sell
DM index	buy	sell
Stochastics	buy	sell

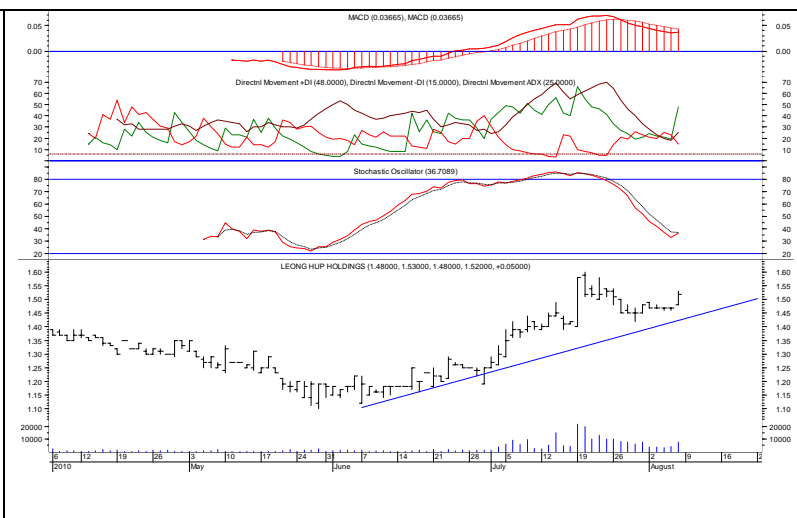


Chart wise : *Buying volume kicked in*

Leong Hup Hldgs (4839 - MainBoard) had on 6/8/2010 crossed over the immediate high of **RM1.49** (2/8/2010) to a day **high of RM1.53** before settled at **RM1.50**.

Next Potential Upside Target : With the upside violation of **RM1.49** level, **Leong Hup Hldgs** looked set to trade upward with next upside target at **RM1.70**.

Entry Level : Risk taking traders may establish buying position at **RM1.49** 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 **RM1.43** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Special Note : KLCI is currently still seen undergoing a **corrective move**. Thus, a **conservative trading approach** should be employed with an eye to preserve capital.

Current Active Stock Review – Equine

	6/8/2010	5/8/2010
Open	0.51	0.485
High	0.525	0.515
Low	0.50	0.48
Close	0.50	0.50
Volume	118,857	90,357
Indicators	6/8/2010	5/8/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

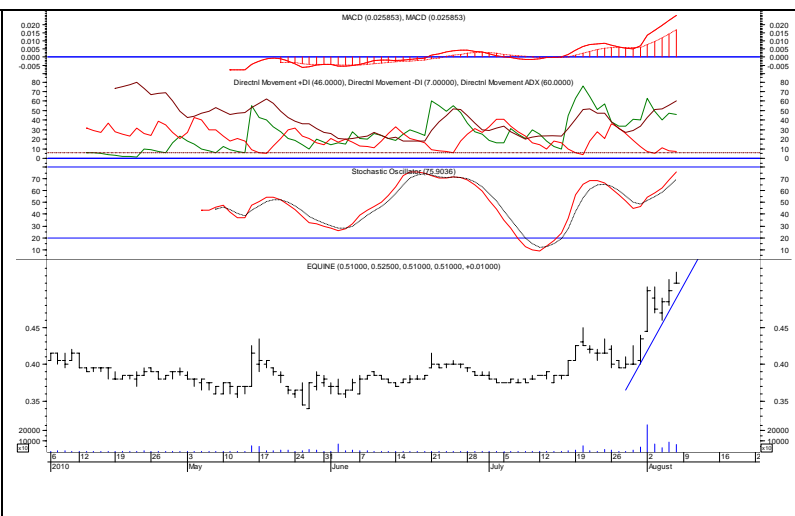


Chart wise : *Resistance seen at RM0.54*

Equine (1147 - MainBoard) had on 6/8/2010 traded higher to **RM0.525** before settled at day low of **RM0.50**.

Price Direction

In view of **an increase** in market participation, the stock could be expected to trade **sideways** in coming day(s) with an overhead resistance pegged at **RM0.54** and support at **RM0.45**.

What to watch for

A turnaround of prices to close **below RM0.45** level would see an immediate short term reversing direction in the stock.

Note : KLCI is currently still seen undergoing a **corrective move**. Thus, a **conservative trading approach** should be employed with an eye to preserve capital.

Stock review – Tan Chong Motor Holdings Bhd

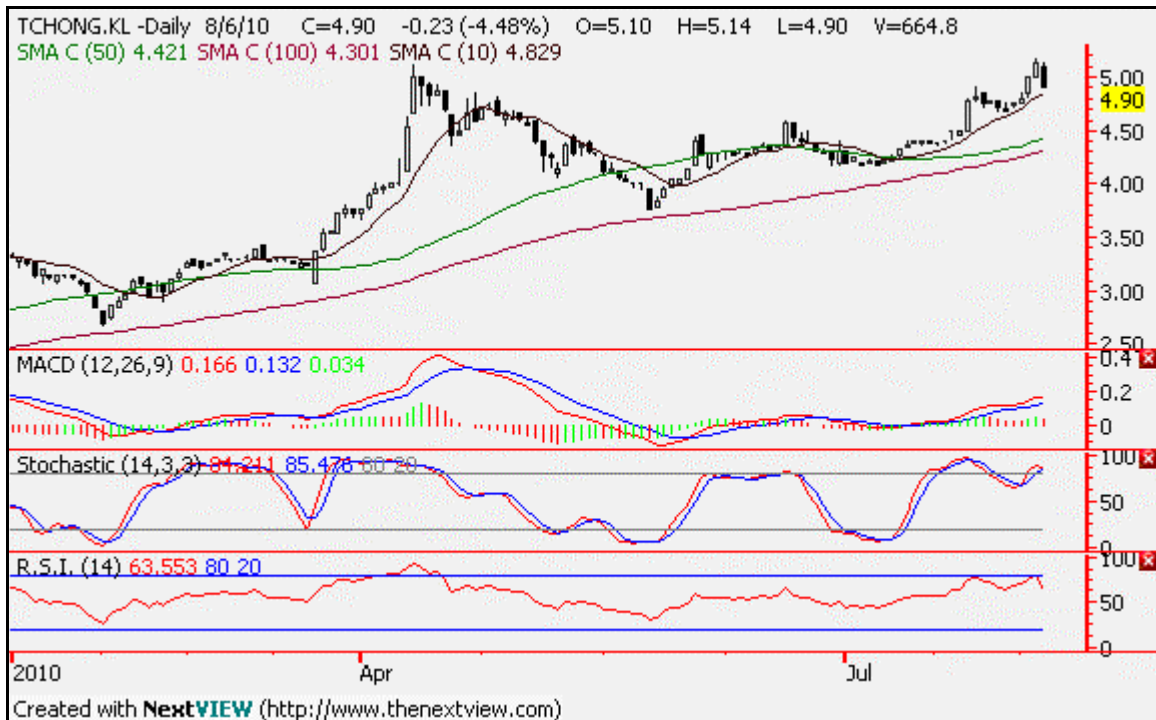


Chart wise:

Trading buy.

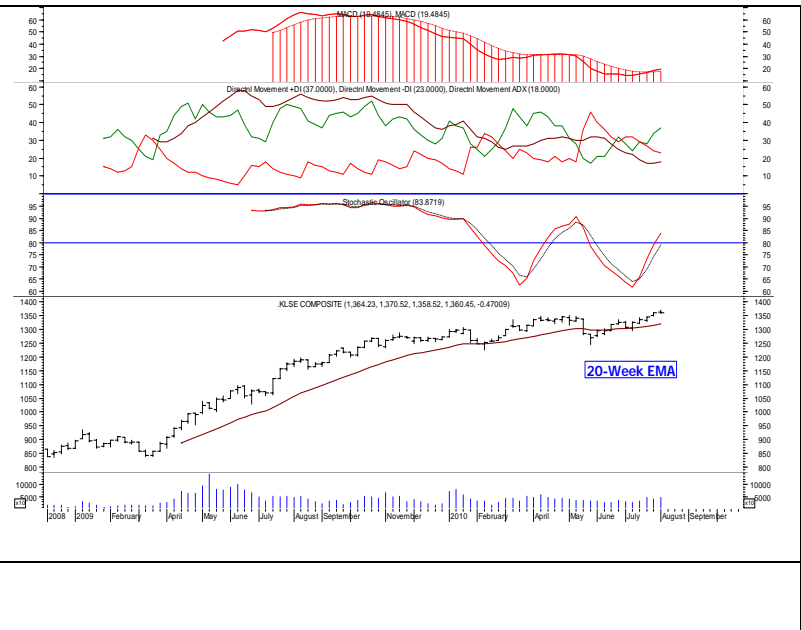
Tan Chong Motor Holdings Bhd (4405-Main Market- Consumer Products)

Tan Chong made a recent high recently and is poised for further upside. Under the current upswing cycle, the support is at RM4.85 while the upside target is tentatively set at RM5.50. Its daily MACD had curved up that may lead to more upside.

Nevertheless, as trading volume is still relatively slow, the target may take some time to materialize. As long as the share price stays above its short-term moving averages, namely the 10-day moving averages, it is indicative of the uptrend staying its course. Hence, Tan Chong is a Trading Buy.

Technical Analysis – Weekly FBM KLCI

	6/8/2010	30/7/2010
Open	1,364.23	1,350.54
High	1,370.52	1,360.92
Low	1,358.52	1,348.29
Close	1,360.45	1,360.92
Volume	4.74 bil	4.34 bil
Pivot	1,363.1	1,356.7
1 st Resis.	1,367.8	1,365.1
2 nd Resis.	1,375.1	1,369.3
1 st Supp.	1,355.8	1,352.5
2 nd Supp.	1,351.1	1,344.0
Indicators		
MACD	buy	sell
DM Index	buy	buy
Stochastics	buy	buy



The chart displays the weekly price movement of FBM KLCI from 2008 to 2010. The price is shown as a candlestick series with a red 20-week Exponential Moving Average (EMA) overlaid. The MACD indicator is shown in the top panel, and the Stochastic Oscillator is in the middle panel. The price shows a general upward trend from 2008, peaking in early 2010, followed by a sharp decline and a subsequent recovery. The current price is above the 20-week EMA, indicating a short-term uptrend.

Chart wise : .

..... **34%** of total weekly market trading activity was on buying side

Weekly Market Commentary :

Supported by news of better corporate earnings report from Procter & Gamble, Dow Chemical Co., and 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 traded higher to a high of 10,703 before settled at **10,675** for the week ended 5/8/2010.

The friendly upward move in Wall Street sent a feel good sentiment to Bursa Malaysia last week, FBM KLCI traded higher to reach highest high of 1,370.23 since 29/2/2008; but, profit taking activity rolled in, and this pushed stock index down to a week low of **1,358.52** before settled at **1,360.45**.

Last week, total market turnover was **4.74** billion shares compared to **4.34** billion shares in the preceding week; thus, the **bigger market volume** in a down close scenario suggested **stronger selling pressure**.

With a week high (1,370.52) higher than previous week high (1,360.92) and a low (1,358.52) higher than previous week low (1,348.29), can market continue to go upward ? The higher weekly high and higher weekly low last week (6/8/2010) coupled with settlement above the 20-week MA continued to be supportive; however, market was also believed to have met its resistance at 1,370 level. Selling pressure would thus likely to show up in coming week even though **the ability on the**

part of stock index to close above 1,300 level after an intra-week dip below 1,300 level in week ended 9/7/2010 may have helped to validate the earlier crossover of 1,300 level in week ended 18/6/2010 and has also opened up room to go upward (FYI : week high on 9/7/2010 was 1,327.27 compared to week high at 1,370.52 on 6/8/2010)

On examination of the market behaviour for the week ended 6/8/2010, the weekly down close of 1,360.45 did not paint a friendly picture onto the chart with support pegged at 1,325 and overhead resistance at 1,370 level.

A mathematical calculation showed that about 34 % of the total market trading activity for week ended 6/8/2010 was on the buying side compared to the 91 % in the previous week.

Conclusion :

The market action(s) for week ended 6/8/2010 revealed that buying power was **weaker** than selling pressure, FBM KLCI would thus be making attempt to trade **below 1,358.52**.

MAJOR NEWS

Commodity, Currency and Economic News

The Kuala Lumpur **Crude Palm Oil (CPO) futures** market saw bullish action last week. The bull run was triggered off by the setting off of a bear trap, and ramped up by fierce and frantic short-covering. The October 2010 contract rose to an eight-month high, closing last Friday at RM2,661 a tonne, up RM144 or 5.72 per cent over the week. The technicals had indicated the previous week that this market was prime for a technical rebound - and raring for bullish action. Some market observers saw the latest export estimates as the "spark" that sent prices rampaging up the price chart. Export monitors Societe Generale de Surveillance (SGS) and Intertek Agri Services' (IAS) July 1 to July 25 export estimates averaged 1.406 million tonnes, up 60,000 tonnes or 4.47 per cent compared to that of the similar period in June. Buying and short-covering snowballed on market-inciting talk that Bangladesh would be buying in a big way to stock up on cooking oil ahead of the Hari Raya Puasa festive season, slated to start on September 10. But others saw the bull run in wheat prices, set off by drought and wildfires in Russia which has destroyed a fifth of its crop, as the real "spark". However, the CPO futures market appears in overbought territory, with a technical correction possible soon. (BTimes)

The U.S. economy will improve slowly and another round of fiscal stimulus probably wouldn't be effective, former Treasury secretaries Paul O'Neill and Robert Rubin said. Rubin, who served under Democratic President Bill Clinton, said the U.S. is "going to have slow and bumpy growth," during a taped interview on CNN's "Fareed Zakaria GPS" aired today. A "major second stimulus" might create more uncertainty and undermine confidence, he said. (Bloomberg)

Singapore's economy expanded less than previously estimated in the first half of 2010 and growth may "moderate" in the coming months, Prime Minister Lee Hsien Loong said. The Southeast Asian nation's gross domestic product rose 17.9 percent in the six months through June from a year earlier, Lee said in a televised National Day message in Singapore late yesterday. That compares with a record 18.1 percent pace reported in July. The economy may grow 13 percent to 15 percent in 2010, Lee said, reiterating an earlier forecast. The island is in the running to be the world's fastest-growing economy in 2010 amid an Asian rebound that has prompted neighbors including Malaysia and India to raise interest rates and Singapore to revalue its currency. Still, manufacturing growth slowed in June as Europe's sovereign-debt crisis and slowing U.S. growth threatened the global recovery. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10653.56	-21.42	-0.20	Nasdaq CI	2288.47	-4.59	-0.20
S&P 500	1121.64	-4.17	-0.37	FTSE 100	5332.39	-33.39	-0.62

Global and Local Headlines

Japanese and Australian stock futures fell after U.S. companies hired fewer workers than forecast in July, undermining confidence in a global economic recovery. American depositary receipts of Canon Inc., a Japanese camera maker that gets more than 80 percent of its sales abroad, slumped 1.5 percent from the closing share price in Tokyo on Aug. 6 after the dollar weakened against the yen. Those of Toyota Motor Corp., which gets about 30 percent of its revenue in North America, lost 0.7 percent. ADRs of Woodside Petroleum Ltd., Australia's second-largest oil and gas producer, decreased 1.3 percent from the close in Sydney after the price of oil dropped. (Bloomberg)

European stocks climbed last week as earnings from HSBC Holdings Plc to BNP Paribas offset weaker-than-forecast U.S. data that reignited concerns about the strength of the recovery in the world's biggest economy. HSBC, the region's largest bank, BNP Paribas and Lloyds Banking Group Plc all climbed after posting profit that topped analysts' estimates. Aviva Plc jumped 6.8 percent after the insurer reported higher profit. Yara International ASA led gains in agriculture-related companies after wheat prices surged to the highest level in almost two years. (Bloomberg)

An **Apple Inc** executive whose responsibilities include iPhone hardware is leaving the company in the wake of antenna problems with the newest version of the smart phone. Mark Papermaster, Apple's senior vice president of iPhone and iPod hardware engineering, is leaving the company. Papermaster's departure comes weeks after Apple announced it will give free protective cases to buyers of its latest iPhone model to alleviate the so-called "death grip" problem: holding the phone with a bare hand can muffle the wireless signal. (AP)

Costs at the RM7.3bil **Bakun Dam** project are set to balloon with every step in the delay in impoundment and power supply to Sarawak, said Sarawak Hidro Sdn Bhd MD Zulkiflie Osman. Starting next year, an additional interest payment of RM10mil per month will be incurred as the dam is already five months behind schedule for flooding. It takes seven months from the impoundment date for the dam to reach its minimum operating level to generate power. (Star)

In the past week or so, **Mudajaya Group Bhd** (MUDAJYA) has been in the limelight - but for all the wrong reasons. The events were triggered by a letter to the Securities Commission (SC) alleging improprieties in relation to Mudajaya's power plant project in India. The SC had confirmed that it was looking into the matter. Meanwhile the stock, which had been under selling pressure for most of the week, gained some ground in Friday's trade. It should be noted that SC's review of Mudajaya's Indian project stemmed from a poison pen letter and related to Mudajaya's cost of investment in RKM Powergen Pvt Ltd and the returns on its engineering and procurement contracts. Some parties had also noted that the company enjoyed exceptionally high profit margins compared to its peers. Mudajaya has told the media that the high margins were due to incentives put in place by the government of China, where most of its equipment were procured. (Star)

Menara Taipan Star in Jalan P. Ramlee in Kuala Lumpur's so-called Golden Triangle, has been put up for sale for an estimated RM306 million. Located behind Shangri-La Hotel Kuala Lumpur and UBN Apartments, the property comprises an 18-storey office building and a 25-storey apartment block. According to international property consultant Rahim & Co's website, the property is freehold and has a land area of 2,789 sq m. The office building has a gross floor area of 198,571 sq ft and a net lettable area of 131,184 sq ft. The buildings belong to Taipan Star Sdn Bhd and the people behind Taipan Star are three directors of **SHL Consolidated Bhd** (SHL). (BTimes)

Multi-Purpose Holdings Bhd (MPHB) (3859) expects revenue to hit the RM5 billion mark in the next five years, driven by its gaming and property development business, says its chief. In fiscal year March 31 2010, MPHB recorded net profit of RM327 million on revenue of RM3.3 billion. Some 80 per cent of the revenue came from the gaming business via its 51 per cent stake in Magnum Holdings Sdn Bhd. The rest were from property, insurance, stockbroking and investment holding. Managing director Datuk Lau Kim Khoon @ Surin Upatkoon said its property division has five projects worth over RM10 billion on the table to roll out by next year. The biggest is the redevelopment project in Makati City in the Philippines. It plans to convert a 22ha horseracing track into an integrated development, featuring commercial, residential and retail space as well as a hotel. MPHB has a 40% stake in listed Philippine Racing Club Inc that owns the race track, which has been relocated to Manila. Lau said in an interview with Business Times recently that the project is estimated to worth over RM5 billion. (BTimes)

Malaysian Resources Corp Bhd (MRCB) expects an annual return of 6-7 per cent from its RM1 billion Nu Sentral retail mall at Kuala Lumpur Sentral in Brickfields, Kuala Lumpur. Chief executive officer Mohamed Razeek Hussain is confident all 270 retail lots will be taken up before its completion in early 2012. From this project, MRCB expects up to RM70 million in revenue per annum. MRCB has named Parkson department store and Golden Screen Cinemas as its anchor tenants, each taking 138,000 sq ft and 50,000 sq ft of space. (BTimes)

The owner of the **Duta-Ulu Kelang Expressway** (DUKE) plans to restructure its RM780 million debt to rectify its funding-concession mismatch, and has approached Danajamin Nasional Bhd to ensure the success of its new Islamic bond. "There is a need for a new sukuk issuance as there's a mismatch between the asset and the company's financing requirements," said a source familiar with the latest proposed issuance. Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (Kesturi) was given a 34-year concession to design, construct, operate and manage DUKE in August 2004. The company is wholly owned by Nuzen Corp Sdn Bhd, which in turn is 70 per cent held by Wira Kristal Sdn Bhd and 30 per cent by Malaysian Resources Corp Bhd. Under a debt restructuring exercise, Kesturi will issue a senior sukuk of up to RM780 million and a junior sukuk of up to RM50 million for a 17-year tenure. Proceeds will be used to redeem an earlier sukuk issued in October 2005. (BTimes)