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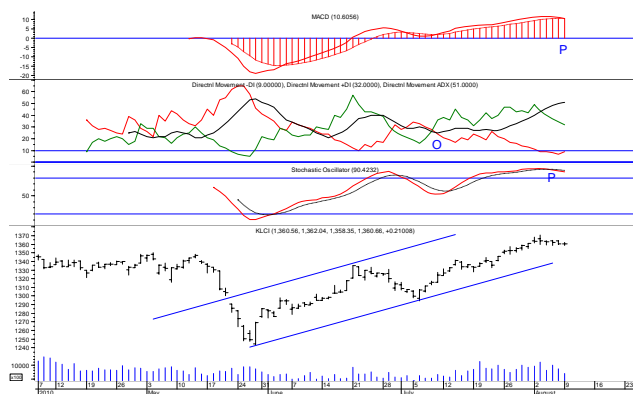
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MARKET FLASH

FBM KLCI

Tues, 10 Aug 2010



MARKET STATISTICS (9/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,360.66	+ 0.21
FBM 100	8,966.57	+ 1.23
FBM ACE	3,816.70	- 10.96
Volume (m)	699.3	
Value (RMm)	1,065.8	
Up	293	
Down	402	
Unchanged	256	

FOREIGN

Nikkei	9,572.49	- 69.63
Hang Seng	21,801.59	+ 122.79
STI	2,995.06	- 11.70
Shanghai CI	2,672.53	+ 14.14

BURSA MOVERS

Gainers	Close	Chg
Mudajaya	4.50	+ 0.50
Tasek	6.93	+ 0.33
Nestle	38.80	+ 0.30
TChong	5.10	+ 0.20
Airport	5.49	+ 0.20

Losers	Close	Chg
Ho Hup	0.495	- 0.195
Tomypak	3.20	- 0.18
CView	0.42	- 0.18
Petgas	10.10	- 0.18
Notion	1.87	- 0.17

Actives	Close	Chg
Sinotop	0.16	- 0.005
Siggas	0.61	+ 0.03
Timecom	0.645	- 0.02
Mudajaya-CA	0.205	+ 0.055
KNM	0.51	- 0.01

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,358.35 level.

Market Buying Strength :

About **51%** of total market volume on 9/8/2010 was on buying side compared to **8%** in the preceding trading day.

"Movement" in Strong Hands :

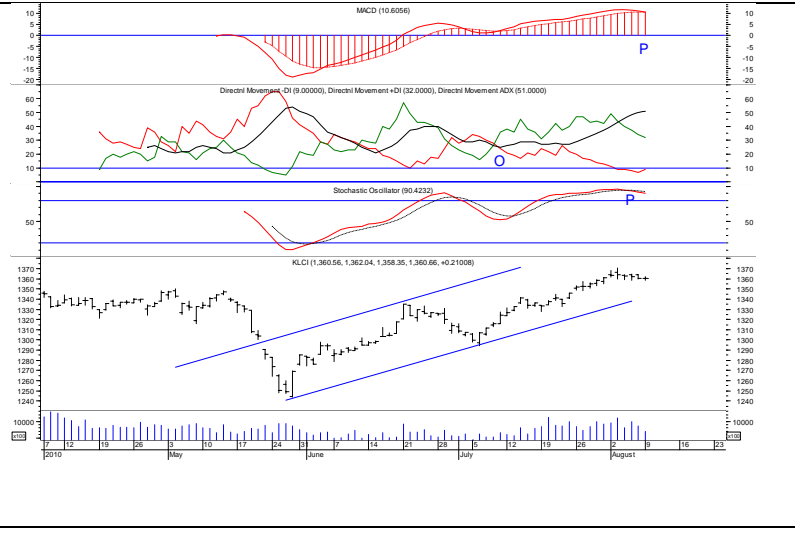
Strong hands were seen **liquidating** a portion of stock positions on 9/8/2010.

Pivot Point Studies for Intra-Day :

For **Tuesday (10/8/2010)**, 1st resistance @ 1,362.3 & 2nd resistance @ 1,364.0 ; 1st support @ 1,358.6 & 2nd support @ 1,356.6.

To read more

Technical Analysis – Daily FBM KLCI

	9/8/2010	6/8/2010	
Open	1,360.56	1,364.20	
High	1,362.04	1,364.20	
Low	1,358.35	1,359.72	
Close	1,360.66	1,360.45	
Volume	699.3 m	866.0 m	
Market Breadth			
Up	293	328	
Down	402	367	
Unchanged	256	281	
Indicators			
MACD	sell	buy	
DM Index	buy	buy	
Stochastics	sell	sell	

1,350 level seen “hard” to crack at this juncture.....

Market Commentary :

Dampened by a decline of 0.7% in consumer credit amid increased saving by American Households in June 2010, DJIA had on 6/8/2010 shed 21.42 points to close at 10,653.56.

The double-digit drop in Wall Street affected the trading sentiment at Bursa Malaysia in the opening bell on 9/8/2010, FBM KLCI only traded to an intra-day high of **1,362.04** as traders were seen reluctant to play a buying game. In the absence of stronger buying support in area of **1,362.04**, renewed selling interest rolled in, and this pushed the stock index down below 1,360 level with a day low of **1,358.35** before settled at **1,360.66**.

The **rise of 0.21** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Sime Darby** (up RM0.09), **KLK** (up RM0.02), **Maybank** (up RM0.01), **IJM Plantation** (up RM0.06) and **IOI Corp** (up RM0.02).

What was the chart saying

Market did not make the attempt to test 1,365 level on 9/8/2010, this was not something unexpected as the market had earlier traded above 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level followed by unsuccessful attempts to go higher than 1,365 level in subsequent days (4/8/2010 – 9/8/2010). It was simply due to the fact that traders could not find the same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions.

The inability on the part of stock index to make a higher high on 9/8/2010 did not pose much of a surprise as traders had shown the uneasy sign on 2/8/2010 & 3/8/2010 when market approached 1,370 level. And, it was obvious to have been noted that **the way market carried itself in the past 4 days (4/8/2010 - 9/8/2010) had undeniably shown the “intention” on the part of certain traders to keep the stock index afloat. Can stock index continue to hold in the**

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vicinity of 1,360 ? Nobody can rule out this possibility. Market traded its day lows below 1,360 for 4 consecutive days (4/8/2010 – 9/8/2010) 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.

Ladies & gentlemen, we had mentioned 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. 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.

A study of market trading pattern from 3/8/2010 to 9/8/2010 shows that market is entering a sideways phase. **When can this sideways phase be expected to end ?** This is **NOT** easy to answer as nobody can really predict what the market will do next. However, for those who are looking for a reference, here is what the market likely to do this market should stabilize its position between 1,350 and 1,365 level in next 3 to 5 days before seeing next buying attempt(s).

What were the strong hands doing

A check of internal market strength on 9/8/2010 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 9/8/2010 was about 129% 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 9/8/2010; but, the key market support level to watch would be 1,350.

The analysis of overall daily market action(s) on 9/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,358.35.

Today's Hot Pick – Lion Diversified

	9/8/2010	6/8/2010
Open	0.425	0.415
High	0.46	0.425
Low	0.425	0.415
Close	0.45	0.42
Volume	113,531	23,602
Indicators	9/8/2010	6/8/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

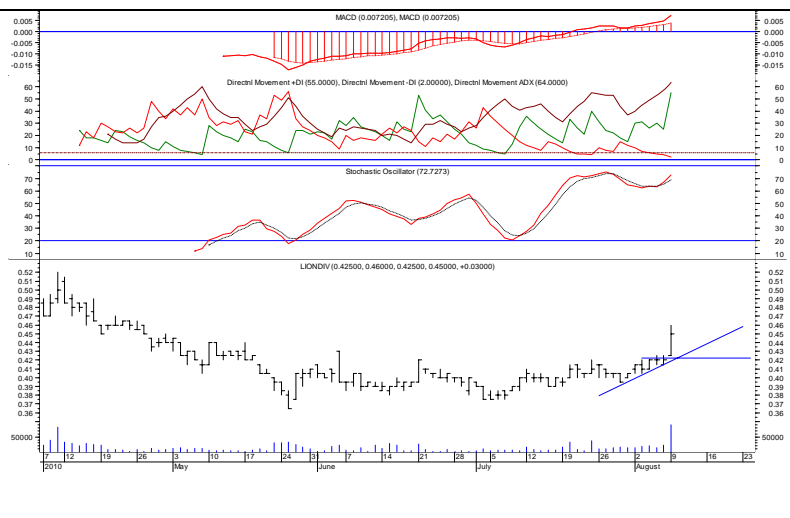


Chart wise : *Volume spiked with a crossover of RM0.42*

Lion Diversified (2887 - MainBoard) had on 9/8/2010 crossed over RM0.42 hurdle to reach a day **high of RM0.46** before settled at **RM0.45**.

Next Potential Upside Target : An upside violation of **RM0.45** level would likely see **Lion Diversified** to trade upward with next upside target at **RM0.53**.

Entry Level : Risk taking traders may establish buying position at **RM0.44** 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 **RM0.415** 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 – AZRB

	9/8/2010	6/8/2010
Open	0.97	0.90
High	0.985	0.935
Low	0.935	0.88
Close	0.94	0.925
Volume	39,395	12,602
Indicators	9/8/2010	6/8/2010
MACD	buy	buy
DM index	by	by
Stochastics	buy	buy

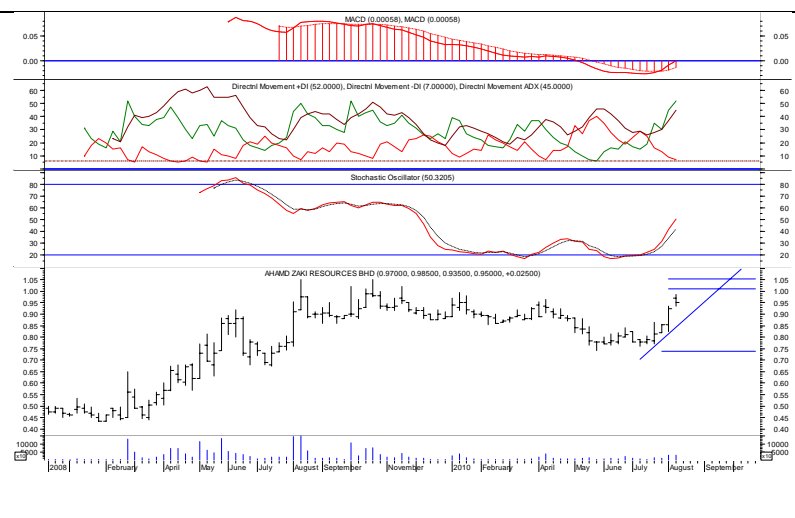


Chart wise : A small consolidation expected before making next attempt to go higher

AZRB (7078 - MainBoard) had on 9/8/2010 traded higher to a day **high of RM0.985** before settled at **RM0.94**.

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 **RM1.00 – RM1.05** and support at **RM0.87**.

What to watch for

A turnaround of prices to close **below RM0.87** level would see an immediate short term reversing direction in the stock.

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.

Active Stock Review – TWS Bhd



Chart wise

Trading buy.

TradeWinds (M) Bhd (4421-Main Market- Consumer Products)

TWS Bhd's candles are testing recent highs again after an earlier attempt resulting in the candles retreating back slightly. The renewed attempt is pulling its core momentum indicators up with the lagging MACD continuing to look positive. With its indicators showing strength, new highs could be formed again.

What is required is a stronger follow through over the next few days to challenge its high and once this is cleared, there are trading buy opportunities. Failure to breach the line, however, leaves a neutral call. Beyond the RM3.74 resistance, the other resistance is at RM3.78, July 28th intraday high. The support, meanwhile is at RM3.50.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit, which was steady at 3.1390 against the US dollar in early trade yesterday, gave up earlier gains ahead of the US Federal Reserve meeting today. At 5pm, the ringgit traded higher at 3.1405/1445 against the US dollar compared with Friday's 3.1460/1490 closing. "The market paused for breath after the healthy gains the last few weeks amid weaker greenback globally," a dealer said. He said yesterday's support level was at 3.14 level. (BTimes)

Crude palm oil futures contracts on the Bursa Malaysia Derivatives closed at a near seven-month high on strong demand from China and concerns that a dry weather in the US could affect soya bean production, dealers said. August 2010 rose RM78 to RM2,822 a tonne, September was RM65 higher at RM2,762, October gained RM70 to RM2,730 and November climbed RM69 to RM2,721. Turnover increased to 24,644 lots from 15,560 lots last Friday while open interest increased to 66,661 contracts from 66,617 last Friday. (BTimes)

Oil prices rose Monday as stock market gains encouraged investors to buy back into the crude market after heavy losses last week, when weak U.S. jobs figures disappointed expectations. Benchmark crude for September delivery rose 78 cents to settle at \$81.48 a barrel on the New York Mercantile Exchange. Oil has stayed above \$80 a barrel for six straight sessions. (Star)

The US dollar traded near a three-month low against the euro on speculation the Federal Reserve will signal it will take more measures to keep borrowing costs low amid signs the U.S. recovery is faltering. The greenback was close to the weakest in six months versus the pound before a U.S. report that may show worker productivity growth slowed in the second quarter. The yen traded near a one-week low versus the euro on prospects the Bank of Japan, wrapping up a two-day meeting today, will consider steps to curb the currency's strength. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10698.75	45.19	0.42	Nasdaq CI	2305.69	17.22	0.75
S&P 500	1127.79	6.12	0.55	FTSE 100	5410.52	78.13	1.47

Global and Local Headlines

US stocks rallied, sending the MSCI World Index to a 12-week high, amid speculation slower jobs growth will prompt the Federal Reserve to say it's prepared to combat further weakening in U.S. growth. The euro weakened and copper rose. The MSCI World Index of equities in 24 developed nations advanced 0.5 percent at 4:34 p.m. New York time, as the Standard & Poor's 500 Index rose 0.6 percent and the Stoxx Europe 600 Index gained 1.4 percent. The euro slumped against 12 of its 16 most-traded peers. Copper futures rose 0.5 percent. Hogs fell to a five-month low and pork bellies surged to a record. The S&P 500 retreated on Aug. 6, paring its surge since July 2 to 9.7 percent, after private employers added fewer jobs in the U.S. than economists forecast. That helped spur bets today that the Fed will say the U.S. economy has weakened and it's prepared to act. (Bloomberg)

Hewlett-Packard Co. slid the most in six years in New York trading following the Aug. 6 resignation of Chief Executive Officer Mark Hurd, who leaves behind a company with slowing growth and a senior staff that may be distracted by jockeying for the top job. Cathie Lesjak, the interim CEO who addressed reporters and analysts twice in the past three days, is seeking to play down concerns about the shakeup. Hurd left after a probe found inaccurate expense reports and a personal relationship with a contractor named Jodie Fisher, a former actress and reality TV contestant. She worked at the company for two years, helping organize executive events. (Bloomberg)

National Australia Bank Ltd., the country's biggest business lender, said fiscal third-quarter profit rose 22 percent as charges for bad debts decreased. Unaudited cash earnings in the three months ended June 30 were A\$1.1 billion (US\$1 billion), the Melbourne-based bank said in a statement to the stock exchange today. That compares with about A\$900 million in the same period a year earlier. National Australia Bank is relying on a revival in business credit demand to power earnings as the industry faces tighter regulation worldwide and higher funding costs. Chief Executive Officer Cameron Clyne is also battling to overcome regulatory opposition to the bank's A\$13.3 billion agreed takeover of asset manager Axa Asia Pacific Holdings Ltd. (Bloomberg)

McDonald's Corp. said comparable- store sales climbed 7 percent last month from a year earlier, the biggest monthly gain since January 2009, fuelled by U.S. and Asian sales at the world's largest restaurant chain. Analysts projected global sales would advance 5.1 percent, the median of three estimates compiled by Bloomberg. Sales at restaurants open at least 13 months rose in all regions, with a 5.7 percent increase in the U.S. and a 10 percent gain in Asia, Africa and the Middle East. (Bloomberg)

China's property prices climbed at the slowest pace in six months in July as the government clamped down on speculation to prevent asset bubbles and keep housing affordable. Prices in 70 major cities climbed 10.3 percent from a year earlier, the statistic bureau's newspaper, China Information News, reported today. That was less than an 11.4 percent increase in June and the median estimate of 10.5 percent in a Bloomberg News survey of economists. (Bloomberg)

A **U.K. housing-market** gauge showed the first decline in prices for a year in July as demand for homes fell and more people put their properties on the market, the Royal Institution of Chartered Surveyors said. The number of real-estate agents and surveyors saying prices fell exceeded those reporting gains by 8 percentage points, compared with a positive reading of 8 in June, the London-based group said in an e-mailed report today. A third more real-estate agents reported an increase rather than a drop in the number of properties they had for sale. (Bloomberg)

The Government needs to decide soon on the details of a new **coal-fired power plant aimed at** resolving a predicted power shortage in the peninsula in 2015, said Energy Commission chairman Tan Sri Dr Ahmad Tajuddin Ali. "There is an urgency to finalise the project. There will be a power shortage in 2015 as initially 1,600MW is supposed to be transmitted to the peninsula from Bakun dam. "However, the (1,600MW supply) plan has been scrapped thus the shortage and the need for a new plant," Tajuddin said yesterday. (Star)

Baswell Resources Bhd (BASWELL) has been declared a PN17 company after a proposed memorandum of understanding for a Middle East job was cancelled, it failed to meet credit payments and it ceased all of its furniture making businesses yesterday. The company in a filing to Bursa Malaysia said it is in the midst of formalising a regularisation plan to address its PN17 status. The company's furniture making subsidiaries had defaulted on loans amounting to RM2.7mil. (Star)

KKB Engineering Bhd (KKB), which will double its annual capacity to 60,000 tonnes on full completion of its proposed RM20mil new steel fabrication plant in Muara Tebas here in 2012, is set to expand its business beyond the shores of Sarawak and Sabah. Group executive director Kho Pok Tong said the company was exploring steel-related projects in peninsula Malaysia. (Star)

Linear Corp Bhd (LINEAR) has appointed PriceWaterHouseCoopers Advisory Services Sdn Bhd as special auditor to undertake an independent investigation into the financial affairs of the company. The investigation will also include delve into the existence, operations and conduct of Prime Savings & Trust (PST) accounts in Sweden where RM36mil was paid out. "The scope of work of the special auditor is divided into three tranches for implementation," the company said in a statement to Bursa Malaysia. (Star)

Petroleum supply base operator **Eastern Pacific Industrial Corp Bhd** (EPIC) has denied there will be a change in the company's major shareholding soon. Chief executive officer Ramli Shahul Hameed said that since last Thursday, the company's share price on Bursa Malaysia had increased from RM1.80 to RM2.30 a piece. "We are happy about the rise in share prices. We deny that the increase has to do with a report in a newspaper last Thursday of an impending change in the company's major shareholding," he told Bernama yesterday. Ramli said the rise in share price was due to the performance of the company, which achieved a 21% growth in revenue to RM109mil for the first half of this year compared with the same period last year. (Star)

Perusahaan Otomobil Kedua Sdn Bhd (Perodua) is confident sales this year will reach 185,000, surpassing its forecast of 176,000. Managing director Aminar Rashid Salleh said the company was confident of surpassing the targeted figure because of the sales and bookings it had achieved so far. From January till July, the car maker had sold 111,500 units, an increase of 20.3% from 93,000 achieved in the same period last year. (Star)

Philippine President Benigno Aquino said yesterday his government would study a US\$10 billion (US\$1 = RM3.14) offer from a local tycoon to take over the government's monopoly casino franchise with Malaysian help. Ramon Ang, vice-chairman of food and beverage giant San Miguel, made the stunning offer unofficially in an interview with the mass circulation Philippine Daily Inquirer, which carried his comments on its front page. Aquino, who began his six-year term as president on June 30, has said he is looking at privatising state assets to help deal with a growing budget deficit, and the Philippine Amusement and Gaming Corp (Pagcor) could be sold off. "The sale of Pagcor fits in well with the president's agenda. Why wait for six years to have US\$10 billion when you can have US\$10 billion in just six months," Ang said, according to the Inquirer. Ang said he intended to make a formal bid to acquire Pagcor once it was formally put on the auction block for privatisation, the Inquirer reported. He said he intended to go into partnership with Malaysian magnates Tan Sri Robert Kuok, Tan Sri Ananda Krishnan and Tan Sri Francis Yeoh, according to the report. (BTimes)

Malaysia Airlines (MAS) yesterday announced that it has chosen Kota Kinabalu to be its eastern hub, as the airline sets its sights on China, Taiwan, North Asia, Indonesia and Australia markets. Its managing director cum chief executive officer Tengku Datuk Azmil Zahrudin said the hub will be developed over three stages from November 15 to June 3 next year, where new destinations and frequencies will be added to complement the currently served foreign cities from Kota Kinabalu. "We picked Kota Kinabalu in Sabah to leverage on the strategic location of the city as an ideal gateway to promote travels between the markets mentioned. (BTimes)

Prices of residential properties will rise 10-20 per cent over the next six months because of cost and inflationary pressures, says Real Estate and Housing Developers' Association Malaysia (Rehda) president Datuk Michael K.C. Yam. "The current housing market is simmering. There is no boom or bust, but property prices will rise. The increase will be in high-rise and landed properties in all price categories across Malaysia," Yam said at a half-year property market briefing in Kuala Lumpur yesterday. He said it was still a good time to buy property as the market was heading upwards, noting also the liquid banking sector and improvement in credit facilities for construction players. (BTimes)