



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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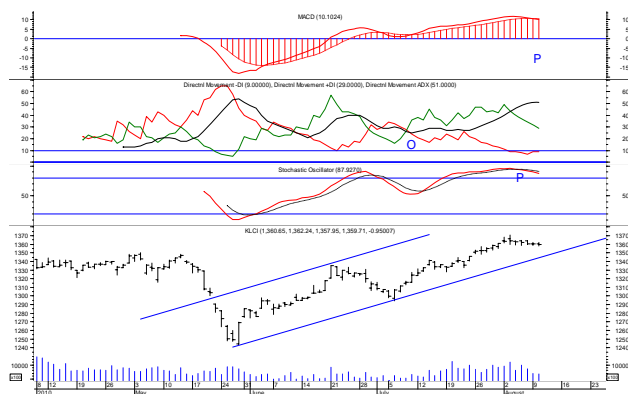
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## MARKET FLASH

### FBM KLCI

Wed, 11 Aug 2010



### MARKET STATISTICS (10/8/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,359.71	- 0.95
FBM 100	8,958.16	- 8.41
FBM ACE	3,810.87	- 5.83
Volume (m)	675.9	
Value (RMm)	1,132.8	
Up	255	
Down	409	
Unchanged	281	

### FOREIGN

Nikkei	9,551.05	- 21.44
Hang Seng	21,473.60	- 327.99
STI	2,984.29	- 10.77
Shanghai CI	2,595.27	- 77.26

### BURSA MOVERS

Gainers	Close	Chg
Nestle	39.38	+ 0.58
Notion-WA	0.31	+ 0.305
Topglove	6.41	+ 0.28
BAT	44.2	+ 0.20
Bldplant	4.36	+ 0.20

Losers	Close	Chg
TStore	2.00	- 0.46
TChong	4.94	- 0.16
HL Bank	8.97	- 0.14
Amway	8.00	- 0.12
KLK	16.84	- 0.12

Actives	Close	Chg
Timecom	0.655	+ 0.01
Sinotop	0.16	=
MSports	0.50	+ 0.05
Maybank	7.73	+ 0.01
Mudajya-CA	0.215	+ 0.01

### Today's Market Direction :

FBM KLCI would likely to trade **below** 1,357.95 level.

### Market Buying Strength :

About **39%** of total market volume on 10/8/2010 was on buying side compared to **51%** in the preceding trading day.

### "Movement" in Strong Hands :

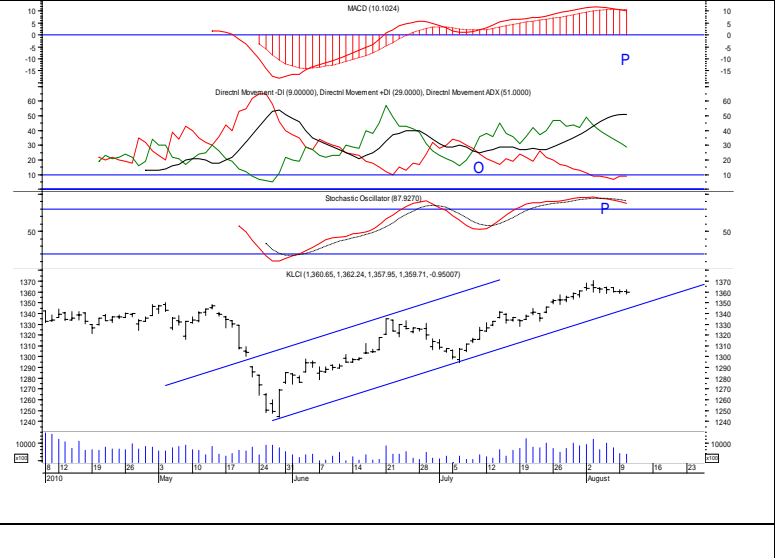
Strong hands were seen **acquiring** a small portion of stock positions on 10/8/2010.

### Pivot Point Studies for Intra-Day :

For **Wednesday (11/8/2010)**, 1<sup>st</sup> resistance @ 1,361.9 & 2<sup>nd</sup> resistance @ 1,364.2 ; 1<sup>st</sup> support @ 1,357.6 & 2<sup>nd</sup> support @ 1,355.6.

**To read more .....**

## Technical Analysis – Daily FBM KLCI

	10/8/2010	9/8/2010	
Open	1,360.65	1,360.56	
High	1,362.24	1,362.04	
Low	1,357.95	1,358.35	
Close	1,359.71	1,360.66	
Volume	675.9 m	699.3 m	
<b>Market Breadth</b>			
Up	255	293	
Down	409	402	
Unchanged	281	256	
<b>Indicators</b>			
MACD	sell	sell	
DM Index	buy	buy	
Stochastics	sell	sell	

**Working hard to keep close near 1,360 level .....**

### Market Commentary :

Driven by optimism that Federal Reserve will re-start its economic stimulus program, DJIA had on 9/8/2010 gained 45.19 points to close at 10,698.75.

The double-digit rise in Wall Street helped the trading sentiment at Bursa Malaysia in the opening bell on 10/8/2010, FBM KLCI traded higher to an intra-day high of **1,362.24** as some traders took the chance to play on buying side in anticipation of higher market. However, weak follow thru buying support in area of **1,362.24** prompted profit taking activity to roll in, and this put a pressure on stock index to a day low of **1,357.95** before settled at **1,359.71**.

The **drop** of **0.95** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.02), **KLK** (down RM0.12), **HL Bank** (down RM0.14), **IJM Plantation** (down RM0.01) and **GenM** (down RM0.02).

### What was the chart saying .....

Market traded higher than previous day high of 1,362.04 on 10/8/2010; but, the high was below 1,365 level, this was something expected as the market had earlier crossed over 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level which was followed by unsuccessful attempts to go higher than 1,365 level in subsequent days (4/8/2010 – 9/8/2010). This showed that traders had yet found the same trading excitement created on 3/8/2010 and 4/8/2010 to acquire more stock positions on 10/8/2010.

The higher high and lower low on 10/8/2010 indicated a battle between bulls and bears with bears seen struggling to control the game. Market was believed to be still looking for a wider stabilization base despite the earlier small base between 1,358.52 and 1,364.82 levels (5/8/2010 – 9/8/2010). In addition, market volume had also been on a decline in the past 4 days (5/8/2010 – 10/8/2010), bears were not that aggressive in selling down the market.

**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 5 consecutive days (4/8/2010 – 10/8/2010) 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 2/8/2010, market traded near the high of 1,368.43; but, traders decided to take a portion of profits on winning trades despite the upside gap created. 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 had obviously learnt the market lessons the hard way during the previous downturns.

In other words, 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 10/8/2010 showed that market was seen 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 would do next. However, for those who are looking for hint(s), here is what the market likely to do ..... this market should stabilize its position between 1,350 and 1,365 level in next 4 days before seeing next buying attempt(s).

**What were the strong hands doing .....**

A check of internal market strength on 10/8/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the net number of stock positions liquidated from 30/7/2010 to 10/8/2010 was thus about 108% more than what was bought between 22/7/2010 and 29/7/2010, this number fell compared to 129% on 9/8/2010..

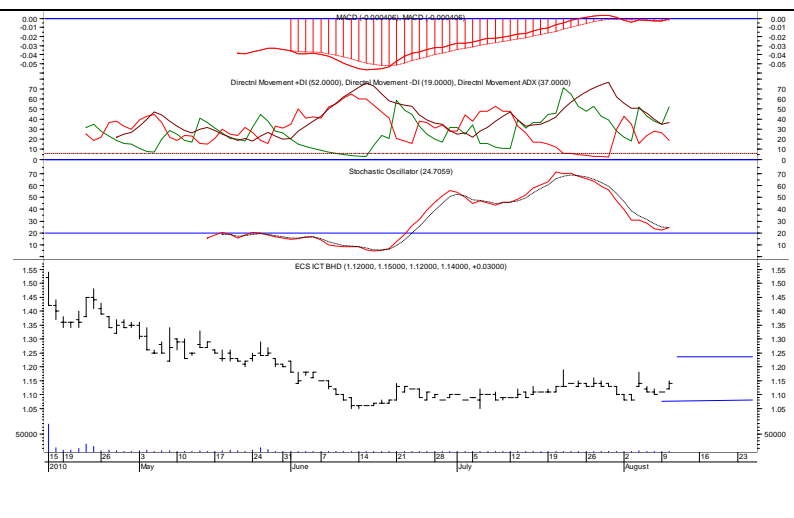
**Conclusion :**

**Market outlook may be beginning to turn negative in the immediate short term on 10/8/2010; but, the key market support level to watch would be 1,350.**

The analysis of overall daily market action(s) on 10/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,357.95.

## Today's Hot Pick – ECS

	10/8/2010	9/8/2010
Open	1.12	1.11
High	1.15	1.11
Low	1.12	1.11
Close	1.14	1.11
Volume	1,286	49
<b>Indicators</b>	10/8/2010	9/8/2010
MACD	buy	sell
DM index	buy	buy
Stochastics	buy	sell



**Chart wise :** *A quick up play seen in the making.....*

**ECS (5162 - MainBoard)** had on 10/8/2010 gapped up to a day high of **RM1.15** before settled at **RM1.14**.

**Next Potential Upside Target :** With the gap up scenario, **ECS** looked set to trade upward with next upside target at **RM1.21**.

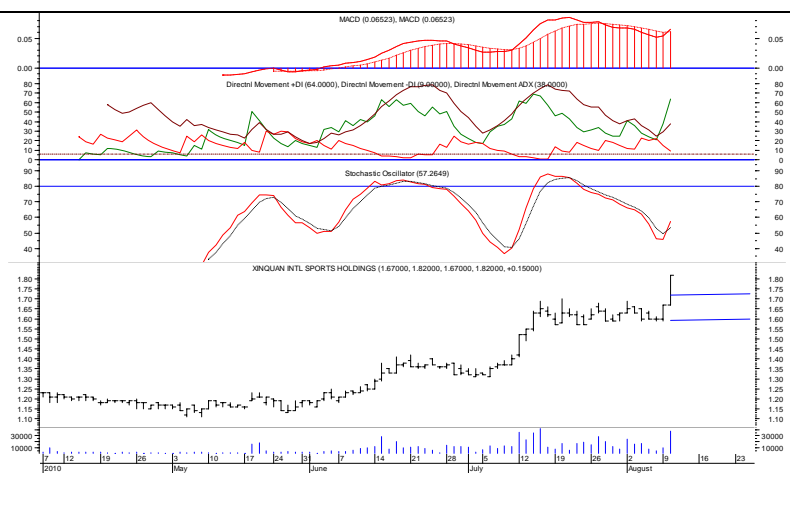
**Entry Level :** Risk taking traders may establish buying position at **RM1.12** as a small pull back is seen likely before making attempt(s) to go higher.

**Stop Loss Level :** Once a buying position is being established, a stop loss at **RM1.09** 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 – Xinquan

	10/8/2010	9/8/2010
Open	1.67	1.60
High	1.82	1.67
Low	1.67	1.59
Close	1.82	1.67
Volume	37,869	9,292
<b>Indicators</b>	10/8/2010	9/8/2010
MACD	buy	sell
DM index	buy	buy
Stochastics	buy	sell



**Chart wise** : Resistance seen RM1.83 – RM1.91.....

**Xinquan (5155 - MainBoard)** had on 10/8/2010 crossed over the immediate high of RM1.70 (20/7/2010) to reach highest high of RM1.82 since 17/7/2009 before settled at day high.

**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 RM1.83 – RM1.91 and support at RM1.57.

**What to watch for** ....

A turnaround of prices to close **below RM1.57** 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 – Multi Sports Holdings



### Chart wise

#### Trading buy on the breakout.

Multi Sports Holdings Limited Bhd (5150-Main Market- Consumer Products) – RM0.50

There was some speculative interest on MSports shares yesterday. Although the gains were relatively mild, the candle is attempting to break out of the downtrend line formed since last year. In the process, it hauled the key indicators up. The trend will be clearly bullish if the candles penetrate the downtrend line convincingly and above 50sen.

If so, there are Trading buy on the break out opportunities. Failure to clear the line, however, leaves a neutral outlook. The resistance is at 52 sen. The support meanwhile is at 40 sen.

## MAJOR NEWS

### Commodity, Currency and Economic News

**The ringgit** eased yesterday for the first time in three days after setting a two-year high on profit-taking amid cautiousness ahead of a Federal Reserve Board meeting, dealers said. At the close, the ringgit was traded higher at 3.1495/1525 against the greenback compared with 3.1405/1445 on Monday. (BTimes)

**Crude palm oil (CPO) futures** prices on Bursa Malaysia Derivatives closed sharply lower yesterday as investors took profits on poor overseas demand and unfavourable export figures for the first 10 days, dealers said. A dealer said the market took a breather after posting five consecutive days of gains, with the price at 15-month high yesterday. Cargo surveyor, Intertek Testing Services, said exports of Malaysian palm oil products for Aug 1-10 are set to fall by 17.4 per cent to 392,185 tonnes from 474,928 tonnes shipped during July 1-10. August 2010 delivery fell RM32 to close at RM2,790 per tonne and September 2010 contract went down RM57 to RM2,705. (BTimes)

Malaysia's **industrial production index (IPI)** for June expanded at the slowest pace since March as external demand fell due to slower global economic growth. The IPI rose 9.4% in June compared with a year ago, according to the Statistics Department's data yesterday. IPI for May was revised slightly lower to 12.3% from a year ago. The department said all indices that made up the IPI had increased, with manufacturing showing a rise of 13.3%, mining up 1.3% and electricity expanding 5.2%. However, on a month-on-month basis, these indices decreased. (Star)

**Oil prices** regained some ground but settled lower Tuesday after the Federal Reserve announced a small move to boost the U.S. economic recovery. Benchmark crude lost US\$1.23 to settle at \$80.25 a barrel on the New York Mercantile Exchange after falling as low as \$79.20 a barrel earlier in the day. The Federal Reserve said it will use money from its investments in mortgage securities to buy government debt on a small scale. That could help send long-term rates on mortgages and corporate debt slightly lower. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10644.25	-54.50	-0.51	Nasdaq CI	2277.17	-28.52	-1.24
S&P 500	1121.06	-6.73	-0.60	FTSE 100	5376.41	-34.11	-0.63

**Global and Local Headlines**

**Japanese machinery orders** rose less than forecast in June, a sign that companies may be holding off on spending as the nation's export-led recovery cools. Orders, an indicator of business investment in three to six months, gained 1.6 percent from May when they dropped 9.1 percent, the biggest decline since August 2008, the Cabinet Office said today in Tokyo. The median forecast of 25 economists surveyed by Bloomberg News was for a 5.4 percent gain. (Bloomberg)

**Asian stocks** dropped earlier today, pushing the MSCI Asia Pacific Index down for a third day, as the U.S. Federal Reserve's proposal to spur growth failed to ease investor concerns the economy is weakening. Canon Inc. and Honda Motor Co., which generate more than 80 percent of their sales outside Japan, slumped at least 2 percent after the dollar weakened against the yen. Computershare Ltd., the world's biggest share registrar, plunged 12 percent in Sydney after forecasting a slump in earnings. China Construction Bank Corp. may be active in Hong Kong and Shanghai amid speculation they may have to raise more capital to cover bad debts. (Bloomberg)

**Australian consumer confidence** rose in August to its highest level since January, after the central bank kept borrowing costs unchanged for a third month amid signs the nation's economic expansion isn't stoking inflation. The sentiment index gained 5.4 percent to 119.2 points this month, according to a Westpac Banking Corp. and Melbourne Institute survey of 1,200 consumers conducted between Aug. 2 and Aug. 8 and released today in Sydney. (Bloomberg)

**U.K. consumer confidence** dropped in July for a third month, plunging to the lowest since the aftermath of the economy's worst quarterly contraction in three decades last year, Nationwide Building Society said. The index of sentiment slumped 7 points from the previous month to 56, the customer-owned lender said in an e-mailed statement today. The result was the lowest since April 2009. A measure of expectations for the economy fell 13 points to 76. (Bloomberg)

The tussle in **Kumpulan Jetson Bhd** (JETSON) is far from over. A contentious point remains the validity of a pre-signed resignation letter of independent director Mohd Najib Abdul Aziz. Sources close to Najib said although Najib had pre-signed the letter, he did not authorize its release. The source said Najib was considering legal action against the board on this matter and had sought the support of Bursa Malaysia. However, a Bursa official, when contacted, said the exchange had not received any such pre-signed letter from Najib. "We are monitoring the situation," the spokesperson said. (Star)

**Mieco Chipboard Bhd** (MIECO) informed Bursa Malaysia yesterday that its major shareholder, Bandar Raya Developments Bhd (BRDB), was still in preliminary and exploratory discussions with a Chinese party on selling its stake in Mieco to the latter. On August 9, a news report stated that BRDB was in talks with a Chinese party to hive off its 56.76% stake in Mieco. BRDB informed Mieco that it had recently met a Chinese party to discuss a potential collaboration between Mieco and the Chinese party in production and marketing of chipboard and related products, including the possibility of the Chinese party participating in the equity of Mieco in the future. (Star)

**Hartalega Holdings Bhd's** (HARTA) net profit nearly doubled to RM41.45 million year-on-year in the first quarter to June 2010 from RM26.37 million previously on strong demand for synthetic and natural latex gloves. Group turnover edged up 4 per cent to RM169.56 million from RM125.34 million in the same period last year. Hartalega, in a filing to Bursa Malaysia yesterday, said its outlook for the remaining months is bright with continuous growth in demand for gloves from the healthcare and food sector. (BTimes)

**Ahmad Zaki Resources Bhd** (AZRB) has not been approached by state-controlled Terengganu Inc Sdn Bhd to buy out its 21.3 per cent stake in Eastern Pacific Industrial Corp Bhd (Epic), a top company official said yesterday. Sources close to AZRB said that if and when there was an offer, it would let the shareholders vote on it at a special shareholders' meeting. (BTimes)