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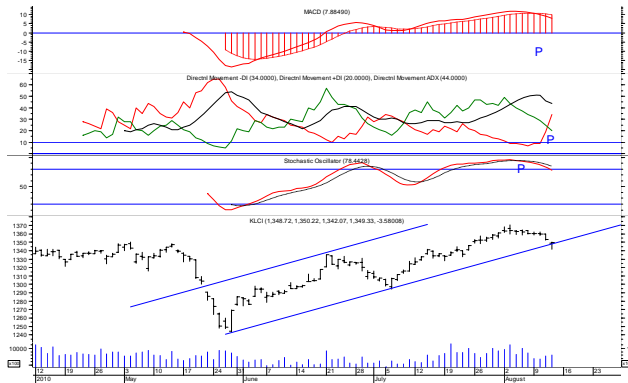
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MARKET FLASH

FBM KLCI

Fri, 13 Aug 2010



MARKET STATISTICS (12/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,349.33	- 3.58
FBM 100	8883.00	- 25.76
FBM ACE	3,822.33	+ 17.49
Volume (m)	798.1	
Value (RMm)	1,087.7	
Up	298	
Down	383	
Unchanged	261	

FOREIGN

Nikkei	9,212.59	- 80.26
Hang Seng	21,105.71	- 188.83
STI	2,927.04	- 22.22
Shanghai CI	2,575.48	- 32.02

BURSA MOVERS

Gainers	Close	Chg
Digi	24.68	+ 0.32
Nestle	39.20	+ 0.20
Pharma	5.63	+ 0.19
P & O	1.24	+ 0.18
Mieco	0.79	+ 0.17

Losers	Close	Chg
BAT	43.56	- 0.54
F & N	13.50	- 0.32
Tasek	6.75	- 0.22
PPB	17.36	- 0.20
Biport	6.41	- 0.19

Actives	Close	Chg
Talam	0.11	=
Timecom	0.665	+ 0.025
Siggas	0.69	+ 0.075
Mieco	0.79	+ 0.17
Sinotop	0.17	+ 0.01

Today's Market Direction :

FBM KLCI would likely to trade **above 1,350.22** level after making attempt to go lower than **1,342.07**.

Market Buying Strength :

About **26%** of total market volume on 12/8/2010 was on buying side compared to **17%** in the preceding trading day.

"Movement" in Strong Hands :

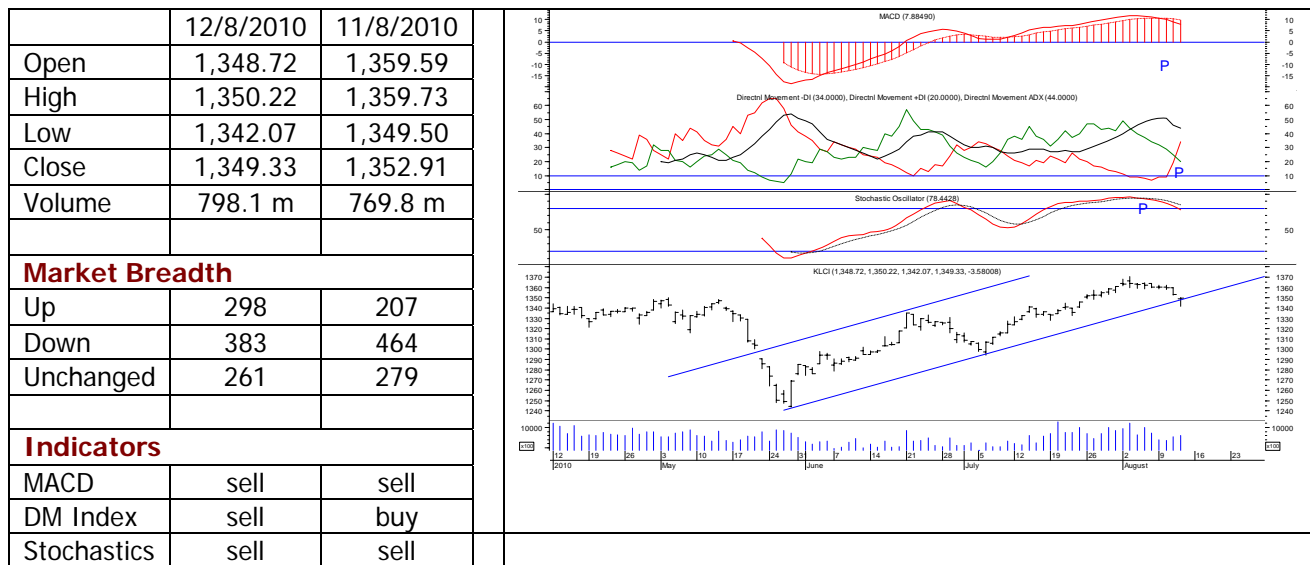
Strong hands were seen **acquiring** a portion of stock positions on 12/8/2010.

Pivot Point Studies for Intra-Day :

For **Friday (13/8/2010)**, 1st resistance @ **1,351.5** & 2nd resistance @ **1,353.8** ; 1st support @ **1,344.5** & 2nd support @ **1,339.8**.

To read more

Technical Analysis – Daily FBM KLCI



Renewed buying settled market near 1,350

Market Commentary :

Troubled by US economic news on widened trade deficit in June 2010 to reach its highest level in 20 months, and announcement of Federal Reserve to buy government bonds as a way to stimulate economy, DJIA had on 11/8/2010 lost 265.42 points to close at 10,378.83.

The triple-digit drop in Wall Street rocked the trading sentiment at Bursa Malaysia in the opening bell on 12/8/2010, FBM KLCI traded to an intra-low of **1,342.07** as traders chose to play a selling game in anticipation of lower market. However, weak follow thru selling pressure in area of 1,342.07 prompted renewed buying support, this lifted stock index back up above 1,350 zone to a day high of **1,350.22** before settled at **1,349.33**.

The **drop** of **3.58** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.04), **IOI Corp** (down RM0.03), **HL Bank** (down RM0.06), **Maybank** (down RM0.04) and **GenM** (down RM0.04).

What was the chart saying

Market did not trade above 1,350 level on 12/8/2010, this was something unexpected because the market had been holding well above 1,350 level since 26/7/2010, and certain base should have been established to cushion a fall below this level. Thus, it remained **premature to make a confirmed judgement that we would not see this market to trade above 1,350 level again as the we need to see at least a settlement below 1,350 level for 3 days in a row.**

So, can the market make a comeback ? We **cannot rule out this possibility** at this juncture even though the market pull down on 11/8/2010 may have increased the market risk exposure to go downward. Like what we had said in our market report on 12/8/2010 Bears, having struggled to win the battle on 10/8/2010 managed to win by a bigger margin on 11/8/2010. The lower low on 11/8/2010 suggested that market was looking for a wider stabilization base despite the earlier small

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base between 1,358.52 and 1,364.82 levels (5/8/2010 – 10/8/2010). The wider base can be viewed negatively, because the breakaway from existing small trading range signified stronger pressure to sell However, on a friendly context, the breakaway can also be interpreted as a way to flush out weak hands.

Was the market fall on 12/8/2010 a surprise ? No, because we had repeated mentioning in our earlier market reports that 1,365 level was a hurdle, and this was **proven** by the crossover of 1,365 hurdle on 2/8/2010 and 3/8/2010 without settlements above 1,365 level, and 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 in the period between 5/8/2010 and 10/8/2010.

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.

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 2 days before seeing next buying attempt(s).**

What were the strong hands doing

A check of internal market strength on 12/8/2010 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 **12/8/2010** was thus about **128%** more than what was bought between 22/7/2010 and 29/7/2010, this number **fell** compared to **147%** on 10/8/2010..*

Conclusion :

Market outlook turned negative following the downside penetration of 20-day MA in the immediate short term on 12/8/2010, traders would choose to trade on the sell side given a choice; but, the key market support level to watch remained at 1,350.

The analysis of overall daily market action(s) on 12/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,350.22 after making attempt to go below 1,342.07.

Today's Hot Pick – Zelan

	12/8/2010	11/8/2010
Open	0.68	0.70
High	0.735	0.73
Low	0.68	0.68
Close	0.725	0.69
Volume	140,736	136,005
Indicators	12/8/2010	11/8/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

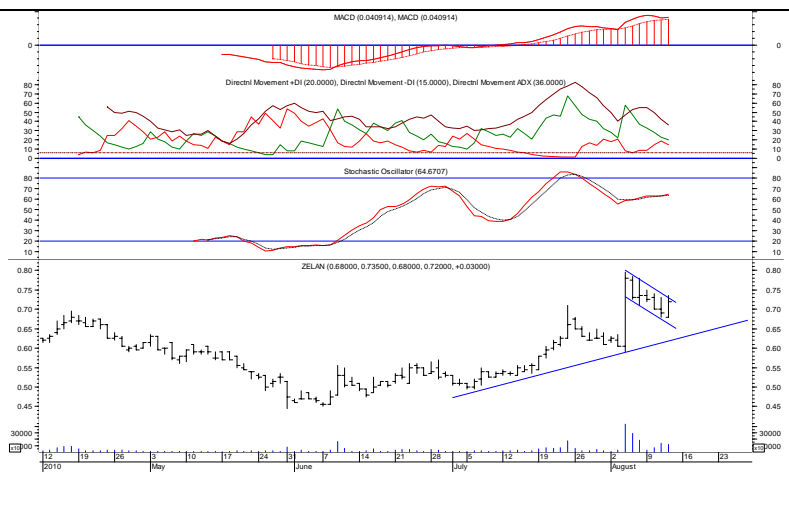


Chart wise : *An imminent upside breakout of falling flag*

Having surged to a day high of RM0.795 on 4/8/2010, **Zelan (2283 - MainBoard)** had since then made lower lows, these market actions helped to form a bullish Falling Flag pattern. On 12/8/2010, the stock traded higher to a day **high of RM0.735** before settled at **RM0.725**.

Next Potential Upside Target :An upside violation of falling flag should see **Zelan** to trade upward with next upside target at **RM0.81**.

Entry Level : Risk taking traders may establish buying position at **RM0.72** 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 **RM0.675** 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 – Mieco

	12/8/2010	11/8/2010
Open	0.61	0.54
High	0.83	0.655
Low	0.61	0.54
Close	0.79	0.62
Volume	228,819	109,557
Indicators	12/8/2010	11/8/2010
MACD	Buy	Buy
DM index	Buy	Buy
Stochastics	buy	buy

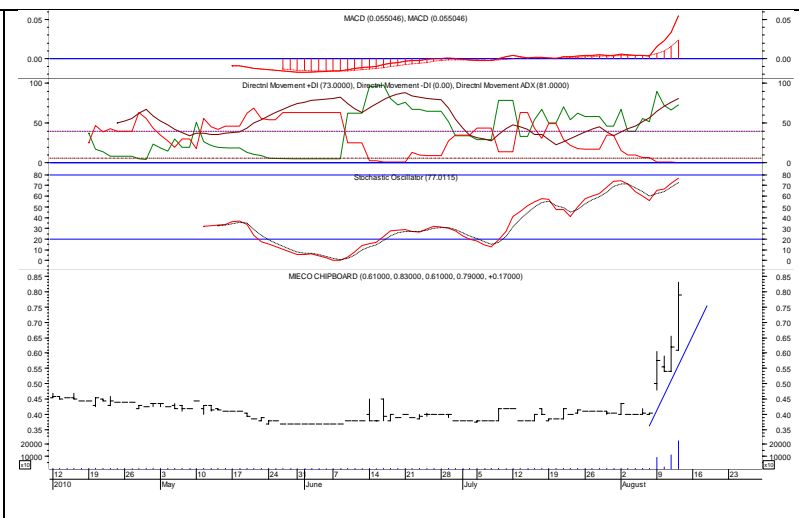


Chart wise : Resistance selling at RM0.90

Mieco (5001 - MainBoard) had on 12/8/2010 crossed over the immediate high of **RM0.655** (10/11/2009) to reach highest high of **RM0.83** since 19/2/2008 before settled at **RM0.79**.

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 **RM0.90** and support at **RM0.60**.

What to watch for

A turnaround of prices to close **below RM0.60** level would see a change in the stock direction for the immediate short term.

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 – Keck Seng Bhd



Chart wise

Trading buy.

Keck Seng (M) Bhd (3476-Main Market- Industrial Products) – RM5.79

Keck Seng's shares climbed to a high of RM6.08 before retreating this week. The consolidation also pulled down its indicators, which have been on an extended overbought streak. The indicators are flattening now and emitting a neutral signal.

The stock is still worth to hold so long as it stays above the short-term uptrend line support of RM5.60, but if the support gives way, then its best to take profit. Below RM5.60, the other support is at RM5.45. The resistance, meanwhile is at RM6.10.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit slipped against the greenback for a third straight day yesterday as investors continued to go for the safe haven dollar amid growing signs of a slower world economic recovery. At 5pm, the local unit was lower at 3.1830/1860 compared with Wednesday's closing of 3.1710/1750. "There is more and more news that momentum in the global economy is waning," a dealer said, adding that if the economies of the US and China slowed down, it would be a cause for concern. On the local front, he said players were adopting a wait-and-see mode as they waited for the release of the second quarter GDP figures, due for announcement by Bank Negara next Wednesday. (BTimes)

Crude palm oil (CPO) futures prices on Bursa Malaysia Derivatives closed lower yesterday due to lack of fresh leads and a decline in other commodity markets, dealers said. They said most of the commodity markets, including oil, rubber and industrial metals, fell in volatile trade as sentiment dampened following the slide in China's factory output after the US Federal Reserve downgraded its outlook for the US economic growth. "The local CPO market took the cue from the weaker performance of other commodities," a dealer said, adding that weaker demand for palm oil further weighed down the interest locally. Exports in the first 10 days of August was 14 per cent lower, with China leading the weakness. "The market is now waiting for next Monday as cargo surveyors Societe Generale de Surveillance and Intertek Testing Services are going to release their palm oil exports forecast for the first 15 days of August," a dealer said. At close, the contract month for August 2010 fell RM7 to settle at RM2,809 per tonne and September 2010 eased RM1 to RM2,730 per tonne. October 2010 lost RM4 to RM2,673 per tonne while November 2010 dropped RM17 to RM2,640 per tonne. The market breadth however was positive with 20,250 lots transacted compared with only 12,394 lots traded Wednesday. (BTimes)

The yen fell for a second day after comments by Japanese officials stoked speculation they'll act to curb gains to protect the nation's economic recovery. The Japanese currency headed for its first five-day loss in three weeks after the Asahi newspaper said today, without citing anyone, that Prime Minister Naoto Kan and Bank of Japan Governor Masaaki Shirakawa may meet next week to discuss ways to address the yen's gain. The euro ended four days of losses before a European report forecast to show growth in the 16-nation region accelerated. The New Zealand dollar surged after a report showed retail sales rose by more than forecast. (Bloomberg)

Oil prices lost more ground Thursday as discouraging global economic news reinforced concerns about slowing consumer demand for energy products. Benchmark crude for September delivery fell US\$2.28 to settle at \$75.74 on the New York Mercantile Exchange. Prices declined for a third straight day. Gasoline pump prices have remained fairly stable as priorities shift from summer vacations to fall routines like back-to-school shopping. The national average for a gallon of unleaded gasoline was \$2.776 on Thursday, about a penny higher than a week ago and 13.1 cents higher than a year ago, according to AAA, Wright Express and Oil Price Information Service. (Star)

Japan's economy may have expanded at the slowest pace in three quarters, adding to evidence the global recovery is faltering and undermining Prime Minister Naoto Kan's efforts to reduce the world's largest public debt. Gross domestic product growth slowed to an annualized 2.3 percent in the three months ended June 30, from a 5 percent expansion in the first quarter, according to the median estimate of economists surveyed by Bloomberg News. The report will be released on Aug. 16 at 8:50 a.m. in Tokyo. (Bloomberg)

Hong Kong's economy probably expanded for a third straight quarter from a year earlier as the city sustained its recovery from the global financial crisis. Gross domestic product rose 6.3 percent in the three months ended June 30, according to the median estimate in a Bloomberg News survey of economists. In the first quarter, the expansion was 8.2 percent. The figure is due at 4:30 p.m. today Friday. (Bloomberg)

New Zealand retail sales surged four times more than economists estimated in the second quarter, driving up the currency and providing scope for central bank Governor Alan Bollard to keep raising interest rates. Sales, adjusted for inflation, increased 1.3 percent from the first quarter, when they rose 0.2 percent, Statistics New Zealand said in Wellington today. The median estimate of 13 economists surveyed by Bloomberg News was for a 0.3 percent gain. New Zealand's dollar rose to 71.31 U.S. cents at 11:11 a.m. in Wellington from 70.85 cents just before the report. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10319.95	-58.88	-0.57	Nasdaq CI	2190.27	-18.36	-0.83
S&P 500	1083.61	-5.86	-0.54	FTSE 100	5266.06	20.85	0.40

Global and Local Headlines

General Motors Co. Chief Executive Officer Ed Whitacre, who led the largest U.S. automaker from bankruptcy to two straight profitable quarters, will step down as CEO on Sept. 1 and be replaced by director Dan Akerson. Akerson, 61, also will take over the 68-year-old Whitacre's role as chairman at the end of the year, Detroit-based GM said today. The 6-foot-4-inch Texan nicknamed "Big Ed" joined the automaker in July 2009, the month it emerged from bankruptcy, and replaced Fritz Henderson as CEO in December. (Bloomberg)

Anheuser-Busch InBev NV, the world's largest beer brewer, said second-quarter profit rose 7.3 percent as beer consumption during the soccer World Cup boosted sales in Latin America. Net income rose to US\$1.15 billion from \$1.07 billion a year earlier, the Leuven, Belgium-based company said today in an e-mailed statement. This beat the \$1.08 billion average estimate of analysts surveyed by Bloomberg. (Bloomberg)

Genting Malaysia Bhd's (GENM) subsidiary Genting New York LLC won a 30-year franchise to redevelop the Aqueduct Racetrack in Ozone Park, New York, according to a Singapore Straits Times report. The franchise will give Genting New York the licence to operate the city's first slow machine-styled "racino" video lottery terminals. (Star)

EON Capital Bhd (EONCAP), the holding company of EON Bank Group, posted a 9% drop in net profit to RM113.3mil for its second quarter ended June 30 due to a one-time tax write-back that boosted earnings a year earlier. The company achieved a net profit of RM124.6mil in the corresponding period a year ago. Revenue stood at RM680.9mil in the second quarter compared with RM582.2mil previously. However, for the six months ended June 30, EON Cap registered a 3.4% increase in net profit to RM211mil compared with RM204mil in the corresponding period a year earlier. Revenue stood at RM1.29bil from RM1.19bil previously. (Star)

JT International Bhd's (JTI) net profit for the second quarter ended June 30 rose to RM33.57mil from RM29.97mil in the previous corresponding period due to higher sales volume and cigarette prices. Revenue for the period also increased to RM298.51mil from RM288.89mil previously while earnings per share improved to 12.83 sen from 11.46 sen. For the first half-year ended June 30, net profit increased to RM71.32mil from RM62.97mil while revenue rose to RM611.68mil from RM580.39mil, the company told Bursa Malaysia yesterday. (Star)

Gadang Holdings Bhd (GADANG), a builder and property developer, is aiming to secure 20% of the RM2bil projects it tendered for, managing director and chief executive officer Tan Sri Kok Onn said yesterday. Currently, the group's construction and engineering division is actively participating in tenders worth more than RM2bil, he told reporters after the group's EGM here yesterday. Among the tenders are the proposed Kimanis power plant in Sabah worth US\$300mil, the proposed 1,000MW Manjung power plant and the Pahang-Selangor water transfer project. (Star)

Bank Negara has given the nod for Prudential Holdings Ltd to begin talks to buy a stake in insurer **Pacific & Orient** (P&O), according to a source with direct knowledge of the deal. Prudential Holdings, a subsidiary of Prudential PLC, is the latest foreign insurer keen to enter Malaysia's growing insurance market. (Star)

Petra Perdana Bhd (PETRA) has cancelled the purchase of an anchor-handling/offshore tug support vessel (AHTS), one of two ordered from Nam Cheong Dockyard Sdn Bhd. This was due to "low fleet utilisation and the possibility of low drilling activities", the company told Bursa Malaysia yesterday. Petra Perdana had, on April 19, 2007, said it would buy two vessels, known as SK201 and SK202, at US\$29.5mil each from Nam Cheong and had paid a deposit of US\$8.85mil for each vessel. Petra Perdana said the cancellation for vessel SK202 was in the best interest of the company. It said Nam Cheong "has agreed to a full refund of the deposit made earlier". (Star)

Yee Lee Corp Bhd (YEELEE) has increased its stake in Spritzer Bhd to 32.35% after buying 5.5 million 50 sen shares, or a 4.2% stake, from Transworld Commodities (M) Sdn Bhd, for RM5.61mil. It told Bursa Malaysia that Transworld Commodities' ultimate holding company was Yee Lee Organisation, which is a major shareholder of Yee Lee Corp. (Star)

EON Capital Bhd (EONCAP) told the exchange yesterday that a shareholder, Shu Pei Huang, had filed a summon for the company to attend a court hearing on Aug 16 on an application to the High Court to block an upcoming EGM scheduled for Aug 19 from proceeding. Shu is seeking a court order to declare the EGM as invalid on technical grounds, because it fell short of the required 21-day notice period. Shu is also claiming, among others, that the advertisement by EON Cap published in The Star on July 28, gave "bare notification" of the EGM and the circular to shareholders dated July 28 that accompanied the EGM notice that does not provide sufficient information to enable EON Cap's shareholders to make informed decision during the meeting. EON Cap had called for the EGM to be held on Aug 19 to table to its shareholders an offer from Hong Leong Bank Bhd to acquire the group's entire assets and liabilities for RM5.06bil cash. (Star)

Kumpulan Europlus Bhd (KEURO) has sold a 1.94 per cent stake in associate Talam Corp Bhd for RM5.8 million. Proceeds will be used to repay its lenders and creditors. The sale leaves Kumpulan Europlus with 20 per cent interest in Talam. The disposal, done on August 11 2010, was approved by the shareholders of Kumpulan Europlus at an Extraordinary General Meeting held yesterday. (BTimes)

Century Logistics Holdings Bhd (CENTURY) almost doubled its second quarter net profit to RM7.56 million as it made more money from new and existing customers. It also had its best quarterly revenue, RM75.3 million, and its highest six-month revenue, at RM135.1 million, since it started business over 40 years ago. The company declared a single-tier interim dividend of 3 sen per share for the the financial year ending December 31 2010. (BTimes)