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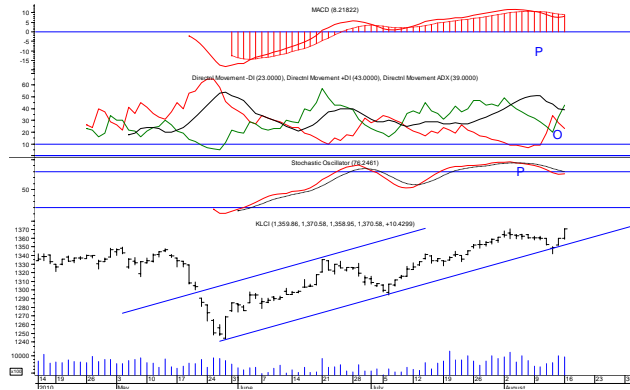
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MARKET FLASH

FBM KLCI

Tues, 17 Aug 2010



MARKET STATISTICS (16/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,370.58	+ 10.43
FBM 100	9,015.74	+ 63.89
FBM ACE	3,860.10	+ 46.84
Volume (m)	973.5	
Value (RMm)	1,362.7	
Up	405	
Down	320	
Unchanged	261	

FOREIGN

Nikkei	9,196.67	- 56.79
Hang Seng	21,112.12	+ 40.55
STI	2,933.51	- 6.46
Shanghai CI	2,661.71	+ 55.01

BURSA MOVERS

Gainers	Close	Chg
Genting	8.72	+ 0.54
BAT	44.20	+ 0.42
KFC	10.80	+ 0.30
Cocoland	2.82	+ 0.27
Kulim	8.35	+ 0.26

Losers	Close	Chg
MTD	5.10	- 0.42
PW	0.46	- 0.24
PPB	17.08	- 0.22
Mudajaya	4.10	- 0.18
BHIC	4.68	- 0.14

Actives	Close	Chg
BJ Retail	0.505	+ 0.005
TMC Life	0.525	+ 0.075
Sinotop	0.15	- 0.01
Compugate	0.065	+ 0.005
Genting	8.72	+ 0.54

Today's Market Direction :

FBM KLCI would likely to trade **above** 1,370.58 level.

Market Buying Strength :

About **96%** of total market volume on 16/8/2010 was on buying side compared to **98%** in the preceding trading day.

"Movement" in Strong Hands :

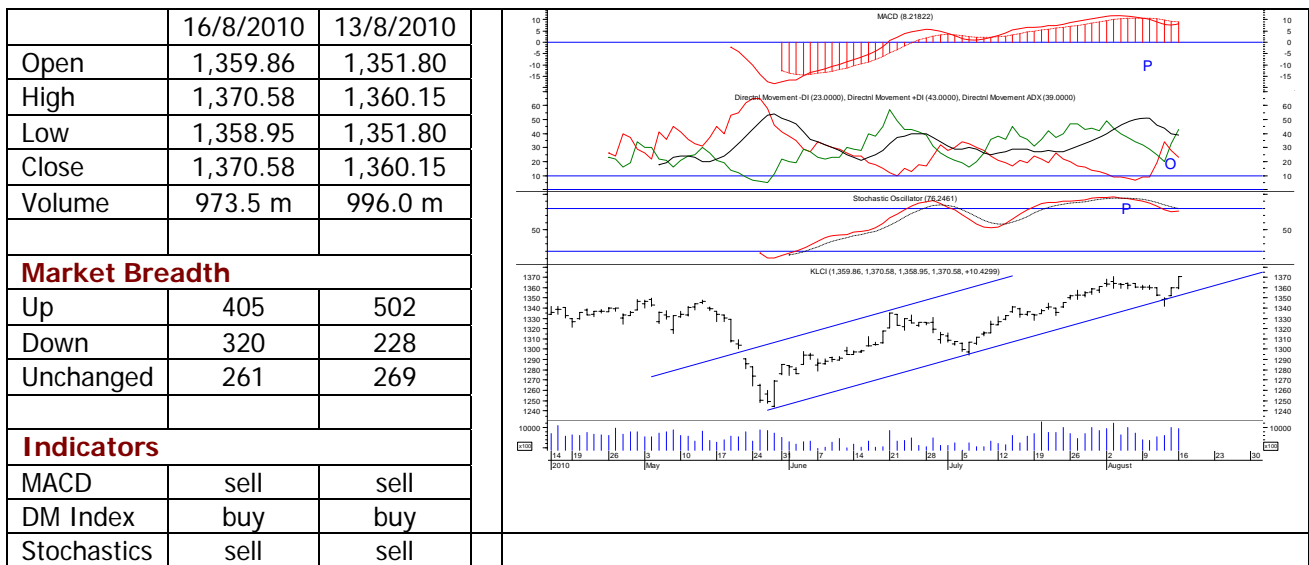
Strong hands were seen **acquiring** a portion of stock positions on 16/8/2010.

Pivot Point Studies for Intra-Day :

For **Tuesday (17/8/2010)**, 1st resistance @ 1,374.4 & 2nd resistance @ 1,378.3 ; 1st support @ 1,362.8 & 2nd support @ 1,355.0.

To read more

Technical Analysis – Daily FBM KLCI



Immediate high of 1,370.52 broken upside

Market Commentary :

Dampened by a mixed slate of economic data showing higher consumer prices and retail sales in July 2010 and slightly better consumer temperament in August, DJIA had on 13/8/2010 shed 16.80 points to close at 10,303.15.

The double-digit drop in Wall Street caused a minimal knee-jerk reaction to Bursa Malaysia in the opening bell on 16/8/2010, FBM KLCI only traded to an intra-low of **1,358.95** as traders chose **NOT** to be aggressive in selling. In the absence of stronger selling pressure in area of **1,358.95**, renewed buying support rolled in, this lifted stock index back up to above 1,370 level with a day high of **1,370.58** before settled at **day high**.

The **rise** of **10.43** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **TM** (up RM0.01), **Sime Darby** (up RM0.03), **KLK** (up RM0.04), **Maybank** (up RM0.22) and **Genting** (up RM0.54).

What was the chart saying

Market continued to go higher with a crossover of immediate high of 1,370.52 on 14/8/2010 following the gapped up scenario on 13/8/2010 under a higher market volume. The re-entry into 1,370 zone yesterday was not a surprise because the market had in preceding market day (13/8/2010) made a good recovery to close comfortably strong after dipping to a day low of 1,342.07 on 12/8/2010. Moreover, the market had also 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.

That explained what we said in our market report written on 12/8/2010 for 13/8/2010, 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, market managed to recover its lost ground above 1,350 level on 13/8/2010, did it mean a return of bullish play ? To do this, let's put a few things together in an attempt to establish what these market rebounds on 12/8/2010 and 13/8/2010 mean for the coming market play(s). Firstly, market could not break its way thru resistance between 1,365 and 1,370 level, and traders were not keen to play an aggressive buying game. We subsequently saw the market trading sideways in the vicinity of 1,360 level before greater wave of selling pressure pulled the stock index farther away to 1,342.07 on 11/8/2010 and 12/8/2010 **the sell-off ? We said in our market report for 12/8/2010 that** the market pull down on 11/8/2010 may have increased the market risk exposure to go downward (FYI: market traded down to a day low of 1,342.07 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 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.

The rebound from day low of 1,342.07 to day high of 1,350.22 on 12/8/2010 had put this market back into the upward sloping channel (drawn on chart), this carried certain amount of good "info" inside, and this friendly "info" would likely be the supportive force to keep the stock index to the upside within the channel at this juncture.

The crossover into 1,370 zone would pave the way for stock index to next high of 1,380 – 1,420 level. And, this upside target seen attainable given the return of 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.

What were the strong hands doing

A check of internal market strength on 16/8/2010 showed that buying strength improved with strong hand(s) seen acquiring another portion of buying positions, and the net number of stock positions established from 30/7/2010 to 16/8/2010 was about 117% more than what was bought between 22/7/2010 and 29/7/2010.

Conclusion :

Market outlook turned friendly following the crossover of downside penetration of 20-day MA on 16/8/2010 with key market support level to remain at 1,350.

The analysis of overall daily market action(s) on 16/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,370.58.

Today's Hot Pick – CBIP

	16/8/2010	13/8/2010
Open	3.31	3.25
High	3.38	3.32
Low	3.31	3.24
Close	3.38	3.31
Volume	7,185	9,184
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	sell	sell

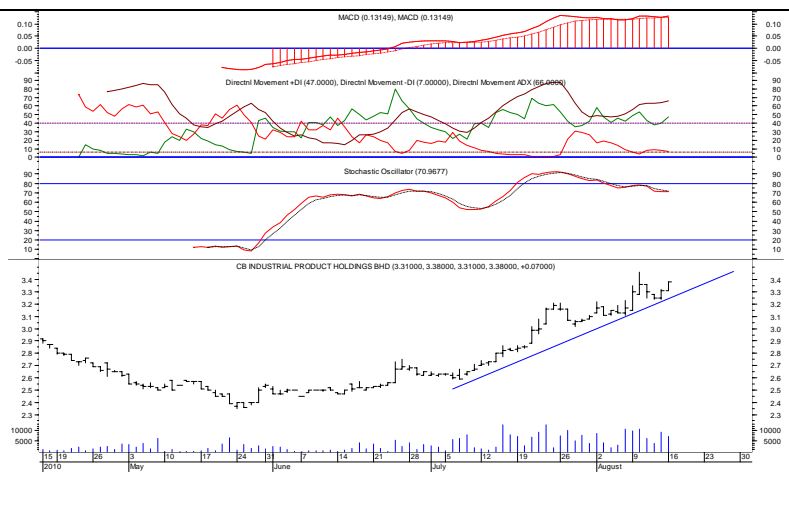


Chart wise : Position to test RM3.50 with an eye to go higher

CBIP (7076 - MainBoard) had on 16/8/2010 crossed over RM3.36 level to a day high of RM3.38 before settled at day high.

Next Potential Upside Target : With the crossover of RM3.36 level, **CBIP** looked set to trade upward with next immediate upside target at RM3.50.

Entry Level : Risk taking traders may establish buying position at RM3.36 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 RM3.27 level must be placed for risk capital protection followed by a trailing stop loss strategy.

Note : A conservative trading approach should be employed with an eye to preserve capital.

Today's Hot Pick – Press Metal

	16/8/2010	13/8/2010
Open	1.43	1.40
High	1.45	1.45
Low	1.42	1.40
Close	1.45	1.43
Volume	1,780	3,949
Indicators		
MACD	Buy	Buy
DM index	Buy	Buy
Stochastics	sell	sell

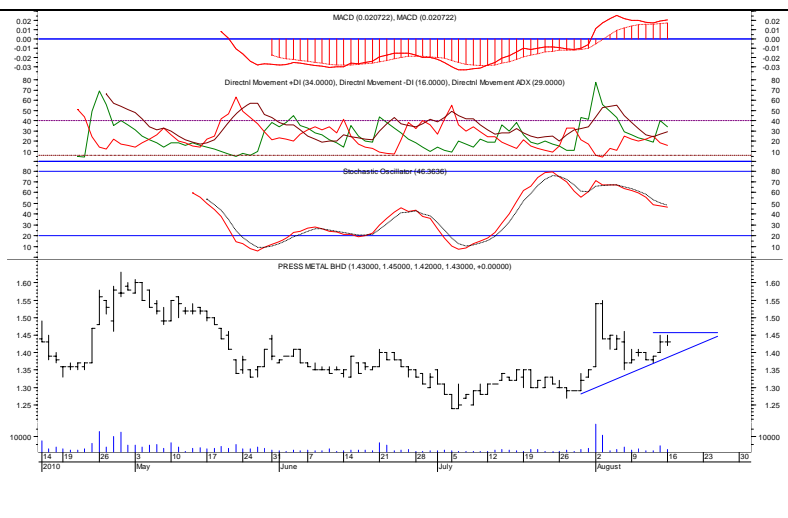


Chart wise : *Seen in position for a quick upward play*

Press Metal (8869 - MainBoard) had on 16/8/2010 tested previous day low of RM1.45 before settled at **day high**.

Next Potential Upside Target : An upside violation of **RM1.45 level** would see **Press Metal** to trade upward with next upside target at **RM1.55**.

Entry Level : Risk taking traders may establish buying position at **RM1.43** 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 **RM1.39** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Note : A **conservative trading approach** should be employed with an eye to preserve capital.

Current Active Stock Review – DRB Hicom

	16/8/2010	13/8/2010
Open	1.15	1.05
High	1.16	1.08
Low	1.12	1.04
Close	1.14	1.06
Volume	146,801	47,002
Indicators	16/8/2010	13/8/2010
MACD	sell	sell
DM index	buy	sell
Stochastics	sell	sell

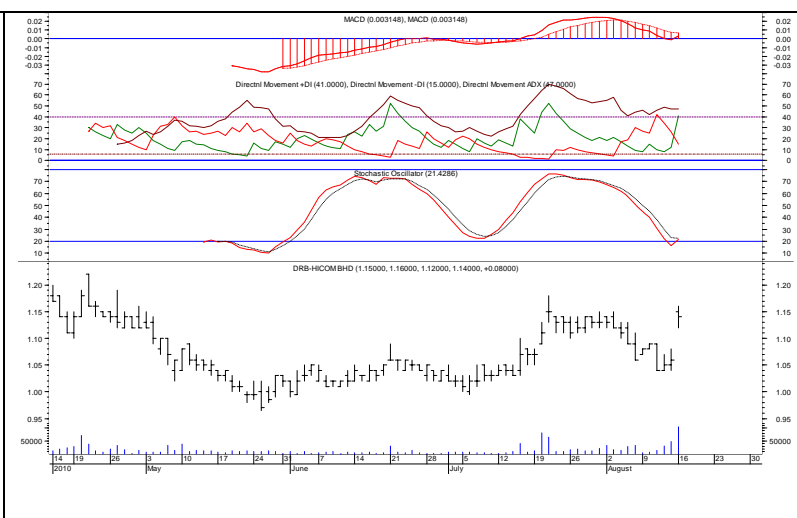


Chart wise : *A retracement seen before making next up move.....*

DRB Hicom (1619 - MainBoard) had on 16/8/2010 crossed over the immediate high of **RM1.09** (10/8/2010) to a day **high of RM1.16** before settled at **RM1.14**.

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 **RM1.33** and support at **RM1.09**.

What to watch for

A turnaround of prices to close **above RM1.09** level would see a next change in the stock direction for the immediate short term.

Note : A **conservative trading approach** should be employed with an eye to preserve capital.

Active Stock Review – K-Star



Chart wise

Trading buy.

K-Star Sports Limited (5172-Main Market- Consumer Products)

Kstar's share has succumbed to selling pressure two weeks ago and is now on the mend. Its' candle have penetrated the short-term downtrend line. Its core indicators, meanwhile, continues to recover and are still showing strength, which have pushed the candle beyond the short-term downtrend line.

Since the breakout line is penetrated, the stock is worth a Trading buy. The trendline resistance is at RM2.30. The support, meanwhile is at RM2.10.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit ended slightly lower against the US dollar yesterday on broad risk aversion across the board, said a senior forex trader. At 5pm, the ringgit traded at 3.1790/1830 against the greenback compared with 3.1660/1690 Friday's closing. The poor second quarter Japanese gross domestic product data released yesterday raised the negative mood in the region, the trader said. "Slowing growth in Japan's key export destinations such as the US and China clouds the outlook," he added. (BTimes)

Crude palm oil (CPO) futures prices on Bursa Malaysia Derivatives ended sharply lower yesterday on concerns over supply for the upcoming festive season, dealers said. Several factors will influence the movement of commodity prices, including the La Nina season, rising wheat and soyabean prices, and decline in CPO exports with post-festive season pre-stocking. However, one of the dealers said that the CPO prices are expected to normalise in the coming weeks as production will be stepped up this month. At the close, month of August 2010 went down RM16 to settle at RM2,779 a tonne, September 2010 lost RM73 to RM2,707, October 2010 dropped RM40 to RM2,678 while November 2010 fell RM20 to RM2,670. Total volume was higher at 24,510 lots compared to 23,782 lots last Friday while open interest rose to 65,512 contracts from 63,861 contracts previously. (BTimes)

Oil prices continued to slide Monday from about US\$81 a barrel in the past week, mostly on worries that the U.S. and global economic recoveries are losing steam. Benchmark crude for September delivery fell 15 cents to settle at \$75.24 a barrel on the New York Mercantile Exchange. Economic data curbed investor enthusiasm. New York's Empire State Manufacturing Index released Monday showed a slight increase this month, but not as much as expected. (Star)

Orders and sales at **New York manufacturers** decreased in August for the first time in more than a year and U.S. homebuilders turned more pessimistic, indicating the economic slowdown is becoming broad-based. The Federal Reserve Bank of New York's so-called Empire State factory index today showed bookings dropped for the first time since June 2009, while sales fell at the fastest pace since March 2009. The National Association of Home Builders/Wells Fargo confidence index unexpectedly declined to a 17-month low. (Bloomberg)

The yen rose to a six-week high against the euro as concern the global economic recovery is losing traction boosted demand for Japan's currency as a refuge. The yen gained versus most of its major counterparts before reports that economists said will show German investor confidence fell, U.K. inflation slowed and Canadian factory sales declined. New Zealand's dollar weakened on speculation the nation's central bank will halt interest-rate increases amid signs the economy is slowing. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10302.01	-1.14	-0.01	Nasdaq CI	2181.87	8.39	0.39
S&P 500	1079.38	0.13	0.01	FTSE 100	5276.10	0.66	0.01

Global and Local Headlines

Treasuries surged, sending 10-year yields to the lowest level in more than 16 months, and gold rose after reports showing weaker-than-forecast growth in New York manufacturing and Japan's economy. Most U.S. stocks climbed as a weaker dollar lifted metals and shares of commodity producers. Treasury 10-year yields slid 10 basis points to 2.577 percent at 4:15 p.m. in New York, the lowest since March 2009. The Standard & Poor's 500 Index rose less than 0.1 percent to 1,079.38. The Dollar Index, which tracks the U.S. currency against six trading partners, snapped a five-day gain to slip 0.6 percent to 82.484. Gold futures climbed to the highest price since July 1 on demand for assets perceived as most safe. (Bloomberg)

Japan's weakest economic growth in three quarters adds pressure on policy makers to safeguard the recovery by expanding fiscal spending and loosening monetary policy to weaken the yen. Growth slowed to an annual 0.4 percent pace in the three months ended June 30 as consumer spending stalled and exports cooled, Cabinet Office figures showed yesterday. The expansion was less than the estimates of all economists surveyed and pushed the economy into third place behind the U.S. and China. (Bloomberg)

China faces the threats of faltering demand for exports, rising wages and the risk of bad loans from record lending after surpassing Japan as the world's second- biggest economy last quarter. The boost to China's "national pride" from the second- quarter milestone may not count for much if it fails to boost domestic consumption and reduce its reliance on exports and investment for growth, said an emerging-markets strategist at Royal Bank of Canada in Hong Kong. The export growth and investment spending that powered China's three-decade rise from Communist isolation to emerging superpower is now at risk as U.S. and European consumers cut back and the nation's 4 trillion-yuan (\$588 billion) stimulus winds down. The country's widening trade surplus also threatens to revive trade disputes with the U.S. (Bloomberg)

Bank of England Governor Mervyn King may today be forced to explain to the U.K. government why he has allowed inflation to stay above its upper limit for most of this year as he fights to maintain the bank's credibility. Consumer prices probably rose 3.1 percent from a year earlier in July, exceeding the 3 percent ceiling for a fifth month, the median forecast of 31 economists in a Bloomberg News survey shows. The Office for National Statistics will publish the data at 9:30 a.m. today in London and the Bank of England may release the governor's third letter of 2010 an hour later. King said last week that inflation has been faster than officials forecast, and may keep exceeding 3 percent into next year before slowing because of the aftermath of the economy's worst recession since World War II. Policy makers have kept up emergency stimulus and say they may expand it if needed to support the recovery. (Bloomberg)

Bank Negara has approved the transfer of **Tahan Insurance Malaysia's** general insurance business to Great Eastern Holdings' Overseas Assurance Corp (Malaysia) Bhd (OACM). Both Bank Negara and Tahan Insurance issued press statements yesterday to say that the transfer was the result of an open tender exercise that was conducted in January 2010 and the transfer process is expected to be completed in the fourth quarter of this year. Bank Negara added that "pending completion of the transfer, Tahan's business operations would proceed as usual under the management of Bank Negara appointee Phoon Soon Keong". Tahan, currently under Bank Negara's control, had called for bids through an open tender starting Jan 6 for the sale of its entire business. Its parent company, Idaman Unggul Bhd (IDAMAN), lost control of the wholly-owned unit in late May last year after failing to comply with capital requirements set by Bank Negara. The tender exercise was undertaken to ensure a transparent process in the interest of all stakeholders of Tahan, Phoon said in a statement earlier this year. It is understood that Phoon had implemented a turnaround plan to stabilise the insurer's business and cleaned up the balance sheet so that Tahan could be sold. The total consideration for the proposed acquisition is RM15mil, which would be paid wholly in cash and funded by OACM's existing resources. (Star)

Yung Kong Galvanising Industries Bhd (YUNKONG) has forged a strategic partnership with Japan's Nippon Steel Corp (NSC), which will guarantee it with a long-term supply of raw materials. YGKI chief executive officer Arthur Hii Lu Choon said NSC would supply up to 50% of steel substrate required by the group in its downstream manufacturing activities. The tie-up will also enable YGKI to get technical assistance by tapping into NSC's research and development. (Star)

Berjaya Corp Bhd (BJCORP) confirmed a business daily report that it is in discussions with Singapore-based Kim Eng Holdings Ltd for the latter to become a strategic investor in the stock broking business of Inter-Pacific Securities Sdn Bhd. Inter-Pacific Securities is a subsidiary of BCorp. BCorp said it would make a detailed announcement once "the terms of the proposal have been agreed with Kim Eng". (Star)

Thai telecoms group Samart Corp Pcl yesterday said it had entered into talks with **Axiata Group Bhd** (AXIATA) on plans to take part in Thailand's upcoming auction of third-generation mobile licences. "We are in talks with two foreign potential partners on 3G plans, in which we will use Samart I-Mobile (SIM) to join the bid," chief executive Watchai Vilailuck told reporters. "One of these two partners is Axiata, which already holds 24% in SIM," he said, adding that his company planned to conclude talks over the foreign partner early next week. (Star)

Net profit from 7-Eleven convenience stores in Malaysia this year is expected to be similar to that of last year, according to **Berjaya Retail Bhd** (BJRTAIL) executive director Ng Su Onn. "We posted a net profit of RM25.5mil last year, so our promise is that net profit this year will be similar to that," he said at the listing of BRetail yesterday. A subsidiary of Berjaya Corp Bhd, BRetail is the listing vehicle for 7-Eleven Malaysia Sdn Bhd and Singer (M) Sdn Bhd. (Star)

DRB-HICOM Bhd (DRBHCOM), the Malaysian partner of Daimler AG's Mercedes-Benz and Honda Motor Co, jumped the most in more than four months after reaching a preliminary agreement to make cars with Volkswagen AG. The automaker climbed as much as 9.4% in Kuala Lumpur trading, the biggest intraday increase since March 26, closing at RM1.14. (Star)

Malaysian Airline System Bhd (MAS) slipped into an operating loss of RM285.6mil for the second quarter ended June 30 (Q2) as a result of a 44% increase in fuel expenditure, which in turn was due to higher spot fuel prices. The loss was a 33% improvement from a year ago (when it posted an RM426mil loss) but a massive drop from the RM310mil net profits MAS posted in the first quarter of this year. MAS' net loss for the quarter under review was even higher – at RM534.7mil – compared with a net profit of RM874.9mil a year ago. The company said that the main reason for the higher net losses was a paper loss of RM217mil from derivative trading stemming from its hedging policy. (Star)

Shares of two firms that provide **stem cell treatment** have posted big gains over the past four days but the market is divided over the reasons for the rally. One factor has to do with news that US Geron Corp won the Food and Drug Administration (FDA) approval for the first human test of an embryonic stem-cell therapy, a major milestone for the stem cell industry. But others believe the rallies were driven by speculation. Shares of TMC Life Sciences Bhd (TMCLIFE) rose 16.7 per cent yesterday, its biggest gain in seven months, to close at 52.5 sen. This is its highest close in more than a year. Meanwhile, StemLife Bhd (STEMLFE) closed 10.1 per cent higher to 43.5 sen yesterday, its highest close so far this year. But both companies, which have Tan Sri Vincent Tan Chee Yioun as their single biggest shareholder, are not making money. (BTimes)