



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

Butterworth Office  
Wisma UMHO,  
Lorong Bagan Luar Dua,  
12000 Butterworth,  
Seberang Perai.  
Tel: 604-3322 123

KL BRANCH  
L-7-2, Ilo 2,  
Jalan Solaris,  
Solaris Mont' Kiara,  
50480 Kuala Lumpur  
Tel: 603-6203 7227

MELAKA BRANCH  
81B & 83B,  
Jalan Merdeka,  
Taman Melaka Raya,  
75000 Melaka.  
Tel: 606-292 1898

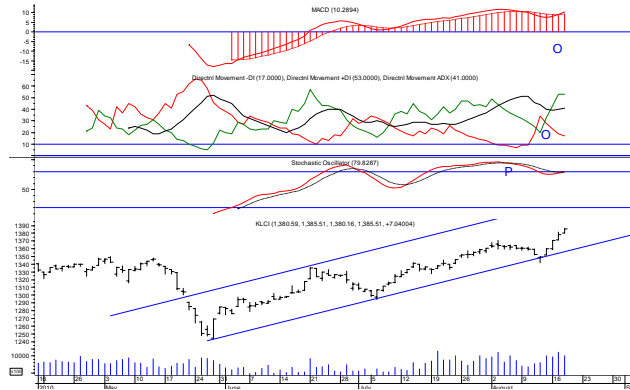
PENANG BRANCH  
2nd Floor,  
Std Chartered Bank,  
2 Lebuhr Pantai,  
10300 Penang.  
Tel: 604-263 9118

JOHOR BRANCH  
Menara Pelangi,  
Suite 17.1, Level 17,  
Jalan Kuning, Taman Pelangi,  
80400 Johor Bahru.  
Tel: 607-331 6992

## MARKET FLASH

### FBM KLCI

Thurs, 19 Aug 2010



### MARKET STATISTICS (18/8/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,385.51	+ 7.04
FBM 100	9,098.09	+ 35.45
FBM ACE	3,861.22	- 34.57

Volume (m)	998.0
Value (RMm)	1,615.8
Up	334
Down	377
Unchanged	312

### FOREIGN

Nikkei	9,240.54	+ 78.96
Hang Seng	21,022.73	- 114.70
STI	2,919.37	- 3.99
Shanghai CI	2,666.30	- 5.59

### BURSA MOVERS

Gainers	Close	Chg
LPI	18.00	+ 0.36
Yee Lee	3.52	+ 0.18
UAC	3.76	+ 0.16
Nestle	39.66	+ 0.16
Metrod	3.80	+ 0.16

Losers	Close	Chg
KPower	0.65	- 0.295
Supermax	5.51	- 0.21
Cocoland	2.60	- 0.17
CCB	5.68	- 0.15
Sindora	1.53	- 0.12

Actives	Close	Chg
Sinotop	0.135	- 0.01
TMCLife	0.55	- 0.01
Aglobal	0.06	- 0.02
Talam	0.105	=
Carotec	0.095	- 0.005

### Today's Market Direction :

FBM KLCI would likely to trade **above** 1,385.51 level.

### Market Buying Strength :

About **95%** of total market volume on 18/8/2010 was on buying side compared to **84%** in the preceding trading day.

### "Movement" in Strong Hands :

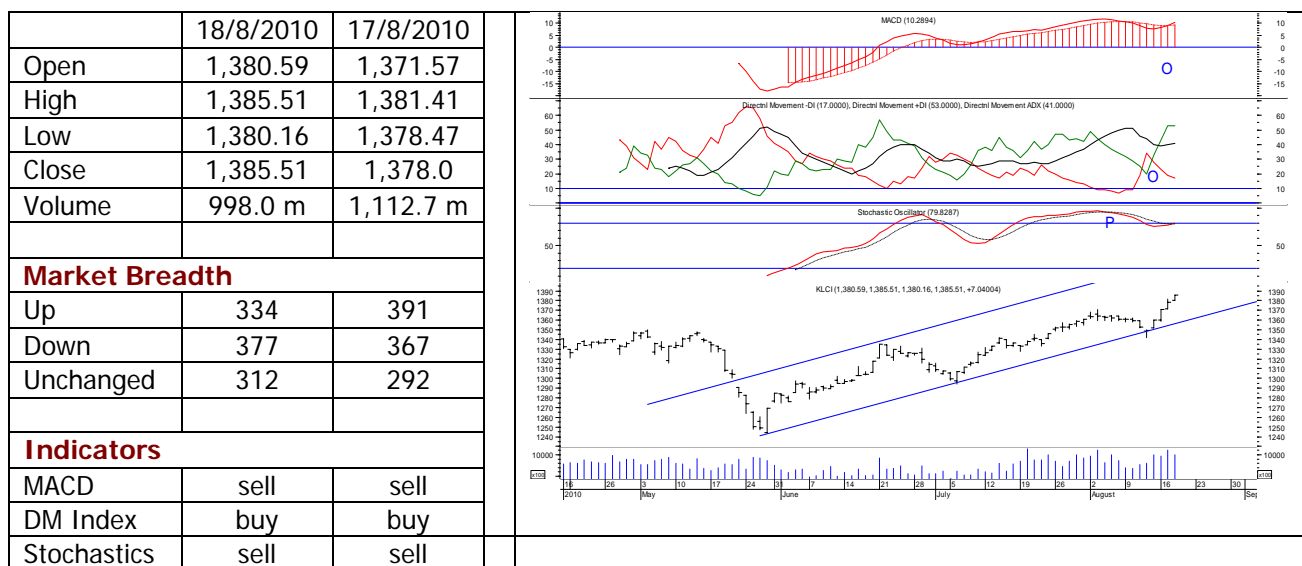
Strong hands were seen **acquiring** a portion of stock positions on 18/8/2010.

### Pivot Point Studies for Intra-Day :

For **Thursday (19/8/2010)**, 1<sup>st</sup> resistance @ 1,387.2 & 2<sup>nd</sup> resistance @ 1,389.0 ; 1<sup>st</sup> support @ 1,381.9 & 2<sup>nd</sup> support @ 1,378.3.

To read more .....

## Technical Analysis – Daily FBM KLCI



**1,400 level seen as immediate hurdle .....**

### Market Commentary :

Encouraged by slight improvement in the housing market and a big jump in industrial production, DJIA had on 17/8/2010 gained 103.84 points to close at 10,405.85.

The double-digit rise in Wall Street helped to send another friendly sentiment to Bursa Malaysia in the opening bell on 18/8/2010, FBM KLCI only traded with an intra-low of 1,380.16 as traders chose to play a buying game in anticipation of higher market. Under greater buying support, stock index rose into 1,380 zone to reach a day high of 1,385.51, and kept its position on the high side throughout the trading sessions before settled at day high.

The rise of 7.04 point(s) in FBM KLCI was attributed to buying pressure in blue-chip counters such as TM (up RM0.01), Sime Darby (up RM0.10), KLK (up RM0.02), HL bank (up RM0.07) and GenM (up RM0.05).

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

Market traded into 1,380 zone again on 18/8/2010 following the gapped up scenario on 17/8/2010. The higher market play yesterday was expected, because the re-entry into 1,370 zone on 16/8/2010 and the good recovery to close comfortably strong after dipping to a day low of 1,342.07 on 12/8/2010 had helped to open up the road to the upside. Furthermore, 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 we need to see at least a settlement below 1,350 level for 3 days in a row.**

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**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 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 on 16/8/2010 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.

The market run-up of **43.44** points from low of 1,342.07 (12/8/2010) to a high of **1,385.51** (18/8/2010) in 5 days had placed the stock index in an overbought zone, this may have created a caution stance among traders in playing aggressively on buying side. Well, given the low end attained level of upside target between 1,380 and 1,420 levels without much stronger follow through buying support on 18/8/2010, traders should begin to look into applying risk management strategy.

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

A check of internal market strength on 18/8/2010 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 12/8/2010 to 18/8/2010 was about 196% more than what was liquidated between 29/7/2010 and 11/8/2010 compared to 151% in the preceding day.

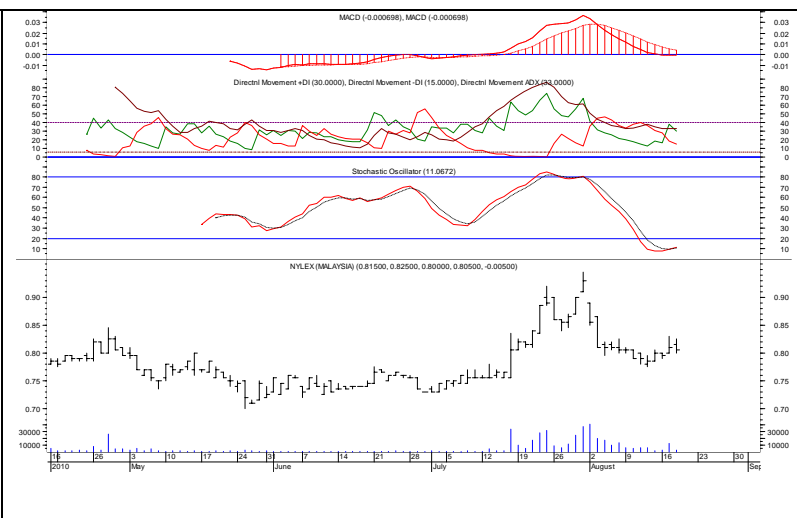
## **Conclusion :**

**Market outlook turned friendly following the crossover of downside penetration of 20-day MA on 18/8/2010 with key market support level to remain at 1,350.**

The analysis of overall daily market action(s) on 18/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,385.51.

## Today's Hot Pick – Nylex

	18/8/2010	17/8/2010
Open	0.815	0.80
High	0.825	0.83
Low	0.80	0.80
Close	0.81	0.81
Volume	3,512	12,435
<b>Indicators</b>		
MACD	sell	sell
DM index	buy	buy
Stochastics	sell	sell



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

**Nylex (4944 - MainBoard)** had on 18/8/2010 traded lower than previous day high of **RM0.83** with a day high of **RM0.825** before settled at **RM0.81**.

**Next Potential Upside Target** : An upside violation of **RM0.81** level again should see **Nylex** to trade upward with next upside target at **RM0.85**.

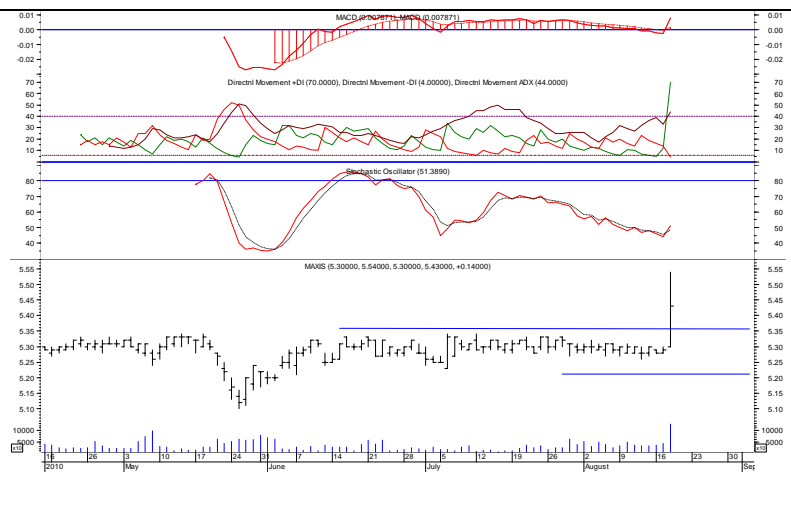
**Entry Level** : Risk taking traders may establish buying position at **RM0.795** as a small pull back is seen likely before making attempt(s) to go higher.

**Stop Loss Level** : Once a buying position is being established, a stop loss at **RM0.775** 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 – Maxis

	18/8/2010	17/8/2010
Open	5.30	5.28
High	5.54	5.30
Low	5.30	5.28
Close	5.43	5.29
Volume	189,722	42,616
<b>Indicators</b>	18/8/2010	17/8/2010
MACD	buy	sell
DM index	buy	sell
Stochastics	buy	sell



**Chart wise** : *New high recorded .....*

**Maxis (6012 - MainBoard)** had on 18/8/2010 pierced thru immediate high of **RM5.34** (18/5/2010) to reach new **high of RM5.54** before settled at **RM5.43**.

**Price Direction** .....

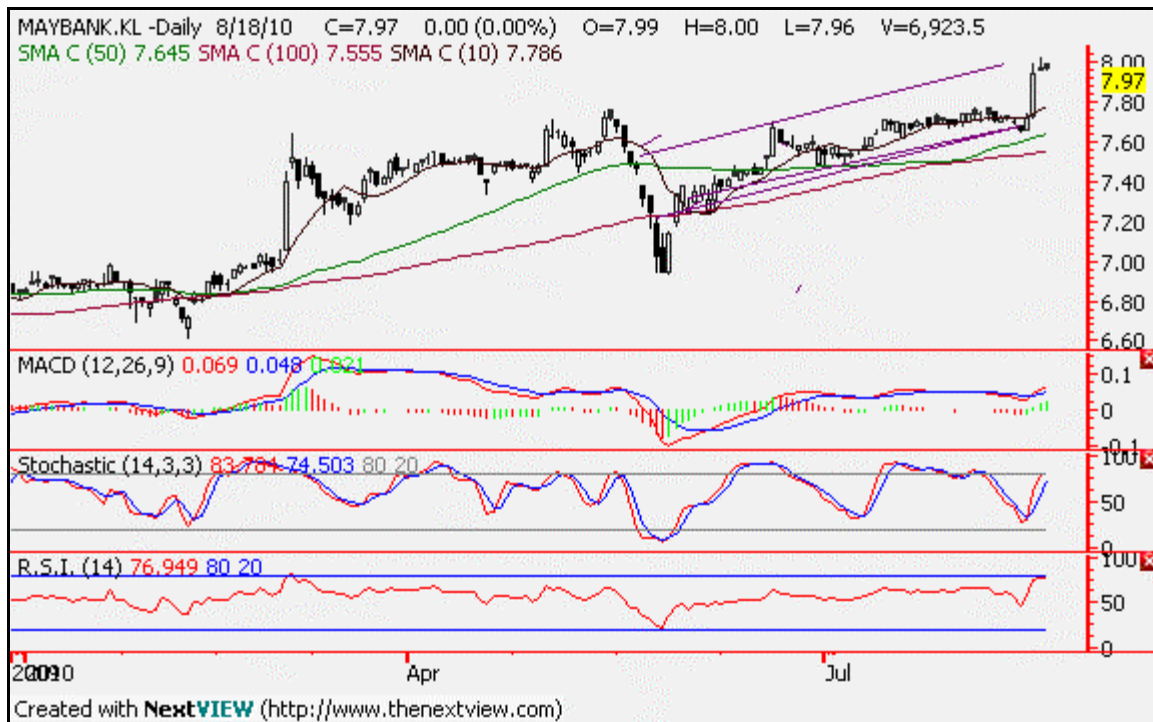
In view of **an increase** in market participation, the stock could be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at **RM5.54** and support at **RM5.34**.

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

A turnaround of prices to close **below RM5.34** level would see a 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 – **Maybank**



### Chart wise

### Buy on weakness.

**Maybank Bhd** (1155-Main Market- Finance) – RM7.97

Maybank stages a spectacular breakout this week when it broke through the RM8.00 resistance and hit a high of RM8.03 before it corrected on profit taking. It filled the range of its up-trending channel that posed a resistance at the RM8.05 range.

We expect some support at RM7.95 for its current correction. We believe Maybank is poised for further upsides after this correction. Backed by improving fundamentals, its technical outlook is further enhanced and we call for a buy on weakness.

## MAJOR NEWS

### Commodity, Currency and Economic News

**The ringgit** ended higher against the US dollar yesterday due to better second quarter gross domestic product (GDP) results as forecast by economists, dealers said. At 5pm, the ringgit traded at 3.1540/1570 to the US dollar, up from Tuesday's close of 3.1575/1605. "The ringgit rose in line with the stock market's gain, which helped to improve investors' sentiment on the appeal of high-yielding local assets," said a forex dealer. At the close, the ringgit was mostly higher versus other major currencies. (BTimes)

**Crude palm oil futures** prices on Bursa Malaysia Derivatives ended lower yesterday on profit-taking activities and long liquidation, dealers said. Players stayed on the sidelines after lower soyabean prices on the Chicago Board of Trade, said a dealer. September 2010 and October 2010 declined RM35 each to RM2,735 and RM2,650 a tonne respectively, November 2010 was RM36 lower at RM2,610 and December 2010 fell RM34 to RM2,602. Volume was higher at 28,150 lots compared to 21,589 lots on Tuesday while open. (BTimes)

Malaysia's inflation level remained low in July, despite the recent reduction in subsidies on sugar and fuel. The **Consumer Price Index** (CPI) rose by 1.9 per cent per cent versus July 2009, the Statistics Department announced yesterday. This was within the expectations of a Business Times poll, which had projected a 1.92 per cent CPI growth. Compared with June, the index rose by 0.3 per cent. According to the Statistics Department, the index for food and non-alcoholic beverages and non-food year-on-year for July showed increases of 2.9 per cent and 1.4 per cent, respectively. (BTimes)

**Oil prices** settled lower on Wednesday as the government said U.S. crude supplies shrank less than analysts expected and stock markets showed only modest gains after Tuesday's rally. Benchmark crude lost US35 cents to settle at US\$75.42 a barrel on the New York Mercantile Exchange. The contract dropped as low as \$73.83 before recovering most of its losses. In its weekly report the Energy Department's Energy Information Administration said crude supplies fell last week by 800,000 barrels, considerably less than the drop of 2.25 million barrels that analysts forecast in a survey by Platts, the energy information arm of McGraw-Hill Cos. Gasoline stocks were virtually unchanged and supplies of distillate fuels — like diesel and heating oil — rose by 1.1 million barrels, about as much as expected. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10415.54	9.69	0.09	Nasdaq CI	2215.70	6.26	0.28
S&P 500	1094.16	1.62	0.15	FTSE 100	5302.87	-47.68	-0.89

## Global and Local Headlines

**U.S. stocks** rose, erasing an early drop, as speculation about corporate takeovers overshadowed a slide in energy producers sparked by a decline in oil. Treasuries pared gains as longer-term yields neared the lowest levels in more than a year. The Standard & Poor's 500 Index rose 0.2 percent to 1,094.16 at 4 p.m. in New York, adding to yesterday's 1.2 percent rally. The 10-year Treasury yield was little changed at 2.63 percent, after slumping to as low as 2.58 percent, and the 30-year yield slipped 3 basis points to 3.74 percent. Oil retreated as U.S. government data showed total petroleum stocks surged to the highest level in at least 20 years. (Bloomberg)

**General Motors Co.** filed for an initial share offering that will mark the return of what was once the world's largest automaker to public markets a year after it was bailed out by the government. GM, 61 percent owned by the U.S. Treasury, didn't disclose the number of shares that will be sold in the initial public offering or the price in a statement filed with the Securities and Exchange Commission. The automaker will not sell any common shares itself while offering preferred shares alongside the IPO, the filing showed. The government will sell some of the common shares it owns in GM, according to the filing. (Bloomberg)

**The Basel Committee** on Banking Supervision rebuffed complaints from banks that proposed regulations would damage economic growth, saying the impact would be "modest." The committee estimated in a report today the new rules would trim 0.38 percent from gross domestic product in the U.S., euro area and Japan after 4 1/2 years. That's about an eighth of the 3.1 percent reduction foreseen by the Institute of International Finance, an industry group, over five years. (Bloomberg)

**Australia's** dollar may extend its world-beating gains this quarter should voters hand victory on Aug. 21 to opposition leader Tony Abbott, who's promised to scuttle a proposed tax on mining companies. Abbott has called this weekend's contest a "hard election to win," with opinion polls showing his Liberal-National coalition neck-and-neck with Prime Minister Julia Gillard's Labor Party. Gillard, who took office in a party coup that toppled her predecessor, clinched a compromise deal with BHP Billiton Ltd., Rio Tinto Group and Xstrata Plc, watering down a levy that helped cost former Prime Minister Kevin Rudd his job. (Bloomberg)

**BHP Billiton Ltd.** Chief Executive Officer Marius Kloppers flew to Chicago to deliver the letter containing his US\$40 billion offer to Potash Corp. of Saskatchewan Inc. CEO Bill Doyle. The reply was a blunt rejection. In explaining the Aug. 12 meeting on a conference call two days ago, Doyle, 60, said the "highly opportunistic" approach "grossly undervalues" the world's largest fertilizer producer. Kloppers yesterday took the \$130-a-share offer direct to Potash Corp.'s shareholders, starting his second hostile takeover since 2008, when he failed to buy Rio Tinto Group. (Bloomberg)

Singapore billionaire Peter Lim Eng Hock has emerged with a 29.6% stake in fertility firm **TMC Life Sciences Bhd** (TMCLIFE), filings with Bursa Malaysia showed yesterday. But there was no indication how much Lim, dubbed once upon a time as "the king of remisiers" in Singapore, paid for the 178 million TMC shares which were bought via Hong Kong's Gilberta Investments Ltd on Tuesday. (Star)

**AirAsia Bhd's** (AIRASIA) net profit jumped 43% to RM198.9mil for the second quarter ended June 30, from RM139.2mil a year ago, on the back of strong growth in passenger volumes, ancillary income and higher average fares. Its revenue for the quarter was 26% higher at RM940.6mil from RM747.9mil a year ago. It reported earnings per share of 7.2 sen versus 5.9 sen a year ago. For the six months ended June 30, AirAsia posted a net profit of RM423mil on revenue of RM1.82bil. (Star)

**Celcom Axiata Bhd** has successfully placed out RM4.2bil nominal value unrated sukuk under a private offering as part of an internal exercise to streamline Celcom's business functions and to establish a network-centric entity. In a statement, Celcom said the sukuk issuance, with tenures ranging from five to 10 years, would be issued by its wholly-owned subsidiary Celcom Transmission (M) Sdn Bhd (CTX). (Star)

**Bank Negara** yesterday liberalised further the foreign exchange administration rules to increase business efficiency and enhance competitiveness. With immediate effect, the central bank would allow ringgit (in addition to foreign currency) as a currency of settlement for international trade between residents and non-residents. Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz said this was to "promote local currency settlement of trade to facilitate the management of currency mismatches and reduce currency conversion costs of exporters and importers." (Star)

**Tan Chong Motor Holdings Bhd's** (TCHONG) net profit doubled to RM63.6mil year-on-year in the second quarter to June 30 from RM34.6mil previously due to a recovery in industry volume. Revenue was higher at RM927.9mil from RM698mil a year ago while earnings per share stood at 9.75 sen. Tan Chong declared a gross interim dividend of six sen per share. "The current interim results reflect a durable recovery in total industry volume but with a more pronounced 29.3% increase in revenue and doubling in operating and pre-tax profits compared with the same period in 2009," Tan Chong said in the notes accompanying its financial results. (Star)

**Carlsberg Brewery Malaysia Bhd's** (CBERG) net profit surged 139.3% to RM30.8mil in the second quarter ended June 30, compared with RM12.9mil posted in the same period last year. In a filing with Bursa Malaysia, Carlsberg Malaysia said the "significant profit improvement" were due to the acquisition of Carlsberg Singapore, higher domestic sales and higher profit contribution from associate company Lion Brewery (Ceylon) plc. Its revenue advanced 56.8% to RM334.2mil, driven by higher export sales, the World Cup season and better sales in in hypermarkets and supermarkets in both the Malaysia and Singapore. (Star)

**Kuala Lumpur Kepong Bhd's** (KLK) third quarter net profit for the period ended June 30 2010 went up 28 per cent to RM243.54 million compared to a year ago, thanks to higher selling prices of palm oil and rubber. In its filing to the stock exchange yesterday, KLK said, its third quarter plantation profit improved 43 per cent to RM262.7 million. The company's oleochemical business swung back to profitability of RM56.8 million compared to a loss of RM18 million a year ago. (BTimes)

**UMW Group's** Naga 2 jack-up drilling rig has secured a US\$183 million (RM578.28 million) contract from HESS (Indonesia-Pangkah) Ltd of Jakarta, Indonesia. Under the contract, it will drill seven firm wells and 13 option wells at the Ujung Pangkah field located at the Pangkah PSC-Offshore, East Java, for more than three years. A contract agreement will be signed before the end of this month before work starts in the first week of September 2010. (BTimes)

Close to 600 investors sold off **Focus Point Holdings Bhd** shares before its rescheduled debut on Bursa Malaysia on August 23. In a filing to Bursa yesterday, Focus Point said 564 subscribers of its shares, collectively holding 14.62 million, had exercised the exit option it offered earlier this month. The eyecare retailer said the stock exchange had waived the need for it to have a public spread of at least 200 public shareholders with more than 100 shares each. Shares underwritten by the promoters of Focus Point, pursuant to the exit option, were also exempted of the usual moratorium. These shares, however, must be sold in the open market by February 23 next year. (BTimes)