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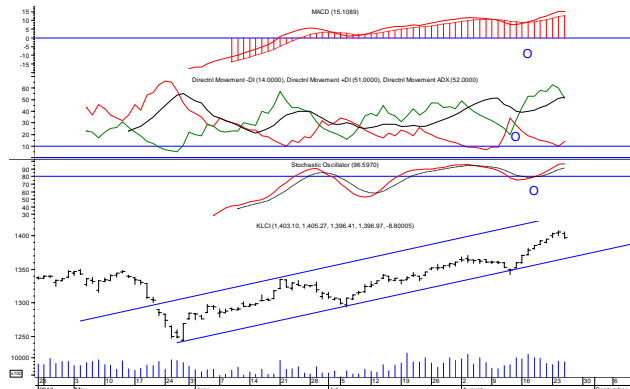
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MARKET FLASH

FBM KLCI

Thurs, 26 Aug 2010



MARKET STATISTICS (25/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,396.97	- 8.80
FBM 100	9,137.26	- 65.72
FBM ACE	3,738.70	- 48.14
Volume (m)	873.0	
Value (RMm)	1,732.2	
Up	186	
Down	585	
Unchanged	268	

FOREIGN

Nikkei	8,845.39	- 149.75
Hang Seng	20,634.98	- 23.73
STI	2,926.55	+ 3.70
Shanghai CI	2,596.58	- 53.73

BURSA MOVERS

Gainers	Close	Chg
Nestle	39.48	+ 0.38
PPdana	4.20	+ 0.35
Jetson-WA	0.685	+ 0.21
Jetson	1.26	+ 0.12
Airb-LA	1.31	+ 0.12

Losers	Close	Chg
BAT	43.86	- 0.76
Metrod	3.49	- 0.31
Digi	24.50	- 0.24
Harta	7.63	- 0.20
LM Cement	6.95	- 0.16

Actives	Close	Chg
Timecom	0.55	- 0.02
Axiata	4.42	- 0.08
Tejari	0.255	- 0.02
GenM	3.03	- 0.04
Genting	8.99	+ 0.09

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,396.41 level.

Market Buying Strength :

About **15%** of total market volume on 25/8/2010 was on buying side compared to **60%** in the preceding trading day.

"Movement" in Strong Hands :

Strong hands were seen **liquidating** a portion of stock positions on 25/8/2010.

Pivot Point Studies for Intra-Day :

For **Thursday (26/8/2010)**, 1st resistance @ 1,402.6 & 2nd resistance @ 1,408.4 ; 1st support @ 1,393.8 & 2nd support @ 1,390.6.

To read more

Technical Analysis – Daily FBM KLCI

	25/8/2010	24/8/2010	
Open	1,403.1	1,404.22	
High	1,405.27	1,406.95	
Low	1,396.41	1,399.77	
Close	1,396.97	1,405.77	
Volume	873.0 m	894.4 m	
Market Breadth			
Up	186	206	
Down	585	585	
Unchanged	268	241	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Downward pressure to continue

Market Commentary :

Worried over a disappointing report on housing to deepen economic recovery, DJIA had on 24/8/2010 lost 133.96 points to close at 10,040.45.

The triple-digit drop in Wall Street created a negative sentiment to Bursa Malaysia in the opening bell on 25/8/2010, FBM KLCI only traded to a high of **1,405.27** as traders decided not to stage a follow thru buying support in anticipation of lower market despite making highest high of 1,406.95 since 22/2/2008 on 24/8/2010. In the absence of stronger buying interest in area of **1,405.27**, profit taking activity rolled in, this put a pressure on stock index to go down to **1,396.41** before settled at **1,396.97**.

The **drop** of **8.80** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **IJM** (down RM0.07 to RM4.95), **Sime Darby** (down RM0.11 to RM7.76), **IOI Corp** (down RM0.09 to RM5.16), **GenM** (down RM0.04 to RM3.03) and **Gamuda** (down RM0.03 to RM3.35).

What was the chart saying

Market did not trade higher on 25/8/2010 despite an up close under higher volume scenario. The lower high market play on 25/8/2010 was a little surprise as those traders that had played up this market to the high of 1,406.95 (24/8/2010) could have done it; but, the failed higher high attempt on 25/8/2010 would serve as a visible sign to indicate a weakening market.

Did it mean 1,406.95 level a market top for KLCI ? Yes, in the immediate short term. Firstly, market gapped up into 1,400 zone on 23/8/2010 and was followed by higher levels; but, the speed to the up north direction was not impressive to provide better buying confidence. Market managed to steal a closing above 1,400 level despite intra-day dips below 1,400 level on 23/8/2010

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and 24/8/2010; however, the lower high on 25/8/2010 somehow prompted traders with winning trades to lock in a portion of their stock positions. The market was seen struggling to go much higher after the 1,400 level crossover on 24/8/2010, this undoubtedly indicated an imminent market correction. A downside violation of 1,400 level would likely see the stock index to go down to 1,380 level first before we could see renewed buying interest.

Ladies & gentlemen, the crossover into 1,370 zone on 16/8/2010 had paved the way for stock index to go upward with an early target pegged between 1,380 – 1,420 level 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 **64.88** points from low of 1,342.07 (12/8/2010) to a high of **1,406.95** (24/8/2010) in **8** days had placed the stock index in an overbought zone, this created a caution stance among traders in playing aggressively on buying side. Well, given the attained lower end to mid level of upside target between 1,380 and 1,420 levels without much stronger follow through buying volume since 17/8/2010 (market volume had been on a decline), traders should seriously begin to look into tightening risk management strategy.

Externally, market actions on 23/8/2010 “seen” better with a crossover into 1,400 zone; but, a **small change** in the way traders looked at the market began to shape up on 24/8/2010, and more traders were expected to be feeling nervous today (26/8/2010) after the downside violation of 1,400 level on 25/8/2010.

What were the strong hands doing

A check of internal market strength on 25/8/2010 showed that buying strength weakened with strong hand(s) seen disposing another portion of buying positions, and the net number of stock positions liquidated from 20/8/2010 to 25/8/2010 was about **64%** of what was established between 11/8/2010 and 19/8/2010 compared to **43%** in the preceding day.

Conclusion :

Market outlook remained friendly with key market support level to remain at 1,350; but, 1,380 level should act as immediate support.

The analysis of overall daily market action(s) on 25/8/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,396.41.

Today's Hot Pick – D & O

	25/8/2010	24/8/2010
Open	0.34	0.335
High	0.355	0.34
Low	0.33	0.32
Close	0.355	0.335
Volume	1,852	2,272
Indicators		
MACD	Sell	Sell
DM index	Sell	Sell
Stochastics	sell	sell

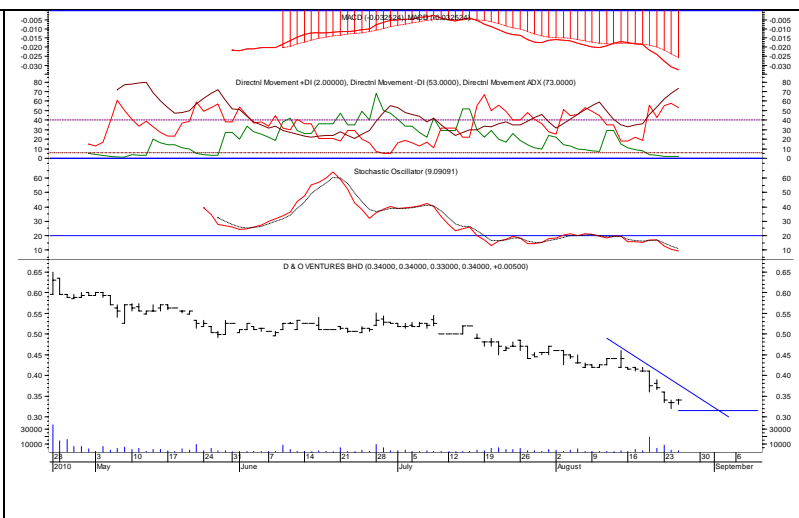


Chart wise : *Further rebound within downtrend seen*

Having traded in a downtrend, **D & O (7204 - MainBoard)** fell to lowest low of RM0.32 since 23/12/2009 on 24/8/2010, the stock had on 25/8/2010 rebounded to cross over previous' day high of RM0.34 to a day high of **RM0.355** before settled at **day high**.

Next Potential Upside Target : An upside violation of **RM0.36** level would likely see **D & O** to trade higher with next upside target at **RM0.40**.

Entry Level : Risk taking traders may establish buying position at **RM0.34** 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 **RM0.32** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Note : The general market is seen under pressure to go downward, a conservative trading approach should be employed with an eye to preserve capital. Small win is better than no win, and it will add up.

Current Active Stock Review – Kumpulan Jetson

	25/8/2010	24/8/2010
Open	1.16	1.16
High	1.38	1.18
Low	1.16	1.13
Close	1.26	1.14
Volume	42,395	3,270
Indicators	25/8/2010	24/8/2010
MACD	Sell	Sell
DM index	Buy	Sell
Stochastics	sell	sell

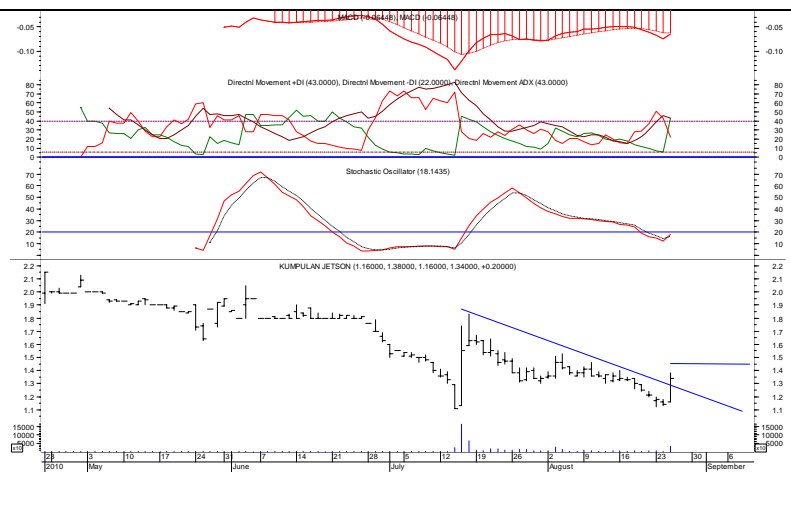


Chart wise : Range between RM1.10 and RM1.45

Kumpula Jetson (9083 - MainBoard) had on 25/8/2010 made a sudden surge to a day high of RM1.38 before settled at RM1.26.

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 RM1.45 and support at RM1.10.

What to watch for

A turnaround of prices to close **below RM1.10** level would see a change in the stock direction for the immediate short term.

Note : The general market is seen under pressure to go downward, a **conservative trading approach** should be employed with an eye to preserve capital.

Active Stock Review – IOI Corp Bhd



Chart wise

Trading Buy.

IOI Corporation Bhd (1961-Main Market- Plantations)

IOI Corp's share price has successfully penetrated the RM5.30 resistance and is heading for the RM5.50 target. Supported by still positive indicators, the share price is expected to find support at RM5.00 if it decides to pull back before resuming its uptrend.

On the other hand, the upside breakout will prepare a platform for future upswing, although some short-term correction could be in store due to the sudden rise last Tuesday. Thus, it is a Trading buy.

MAJOR NEWS

Commodity, Currency and Economic News

Crude palm oil futures prices on Bursa Malaysia Derivatives declined slightly yesterday in reaction to weaker export data, dealers said. Cargo surveyor Intertek Testing Services estimated a drop by 7.6 per cent in the export of Malaysian palm oil products for the first 25 days of August at 992,319 tonnes compared with 1,074,329 tonnes shipped in the same period of July. Meanwhile, Societe Generale de Surveillance estimated that exports of Malaysian palm oil products for the period fell 14.9 per cent to 939,456 tonnes. Dealers said market players also remained concerned over slow demand and stock build up as production improved. At close, September 2010 fell RM30 to RM2,640 per tonne, October 2010 decreased RM29 to RM2,541 per tonne, November 2010 went down RM24 to RM2,486 per tonne and December 2010 was RM13 lower at RM2,468 per tonne. Total volume rose to 29,218 lots from 28,938 lots the previous day while open interests decreased to 68,654 contracts from 69,199 contracts earlier. (BTimes)

The ringgit ended firmer against the US dollar yesterday at 3.1393/1419 compared to the previous day's close of 3.1435/1465. A dealer said China's move to internationalise the yuan by launching a slew of reforms yesterday also aided the ringgit's movement. Asian currencies also strengthened yesterday, led by the Philippines peso and Singapore's dollar, on optimism of growth outlook to boost inflows. At close, the ringgit was mostly higher against other major currencies. (BTimes)

Oil prices settled higher on Wednesday, coming back from earlier lows that followed reports of weak orders for big-ticket durable goods and falling new home sales. Benchmark crude for October delivery rose 89 cents to settle at \$72.52 a barrel on the New York Mercantile Exchange. Crude has fallen about 11.5 percent from around \$82 a barrel early this month. (Star)

The yen weakened for a second day against the dollar and the euro as U.S. stocks rose and amid speculation Japan's policy makers will take measures to curb the currency's advance. The yen fell versus all its major counterparts after Nikkei English News said Japanese Prime Minister Naoto Kan told the heads of the nation's three largest business groups yesterday he is in contact with the Finance Ministry and the central bank on the possibility of currency intervention. The dollar dropped against the euro yesterday after U.S. new-home sales fell in July to the lowest on record. (Bloomberg)

RAM Holdings Bhd has revised upwards its outlook of the Malaysian economy from 4.9 per cent to 7.4 per cent this year. The rating agency, however, expects the second half to grow at a slower pace of 5.6 per cent, from the 9.5 per cent expansion in the first six months of 2010. The revision follows Bank Negara Malaysia's announcement last week of a stronger-than-projected 8.9 per cent GDP (gross domestic product) growth for the second quarter. RAM is banking on the resilience of the domestic demand to continue to lend strength to the economy. (BTimes)

Orders for **durable goods in the U.S.** increased less than forecast in July and sales of new homes unexpectedly dropped, increasing the risk of a renewed recession in the world's largest economy. Bookings for goods made to last at least three years rose 0.3 percent, figures from the Commerce Department showed today in Washington. Excluding transportation equipment, demand fell by the most in more than a year. Purchases of new dwellings fell 12 percent to an annual pace of 276,000, the weakest since data began in 1963, figures from the same agency showed. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10060.06	19.61	0.20	Nasdaq CI	2141.54	17.78	0.84
S&P 500	1055.33	3.46	0.33	FTSE 100	5109.40	-46.55	-0.90

Global and Local Headlines

U.S. stocks rose, with the Dow Jones Industrial Average recovering from an early 102-point slide, as investors speculated that recent declines in equities overshoot the potential damage from a slowdown in the economy. Home Depot Inc., Pfizer Inc. and Kraft Foods Inc. climbed at least 1 percent for the top advances in the Dow. Toll Brothers Inc. rose 5.8 percent after unexpectedly reporting its first quarterly profit since 2007. D.R. Horton Inc. jumped 4.6 percent after Ticonderoga Securities advised buying the shares. Medtronic Inc. gained 2.1 percent after an analyst upgrade. (Bloomberg)

Nouriel Roubini, the New York University economist who predicted the global financial crisis, said U.S. growth will be "well below" 1 percent in the third quarter and put the odds of a renewed recession at 40 percent. Roubini, chairman of Roubini Global Economics LLC, said his forecast assumes the government will lower its estimate for growth in the second quarter to an annual rate of 1.2 percent "at best." "All the growth tailwinds of the first half of the year become headwinds in the second half," he said in an e-mail message, including the government's \$814-billion stimulus plan, hiring for the census, and incentives such the cash-for-clunkers program and tax credits for first-time home buyers. In the best scenario, he said he expects an "anemic, sub-par, below-trend U for many years given the need and process of deleveraging" by households, governments and the financial system. "With growth at a stall speed of 1 percent or below, the stock markets could sharply correct, and credit spreads and interbank spreads widen while global risk aversion sharply increases," he said. "Thus a negative feedback loop between the real economy and the risky asset prices can easily then tip the economy into a formal double-dip," he said, referring to two recessions in a quick succession. (Bloomberg)

China Cosco Holdings Co., Asia's largest shipping line by market value, returned to profit in the first half as an economic rebound revived rates for hauling commodities and containers. Net income of 3.45 billion yuan (\$507 million) compared with a loss of 4.6 billion yuan a year earlier, the company said in a statement late yesterday, citing international accounting standards. China Shipping Container Lines Co. reported a 1.17 billion yuan profit, compared with a year-earlier net loss. China's largest operators of container vessels both ended 18 months of losses as U.S. and European retailers boosted imports of Asian-made toys, furniture and clothes after last year's recession. China Cosco, the nation's largest operator of dry-bulk ships, also benefited from a 49 percent jump in commodity-freight rates as China's economic growth stoked demand for raw materials. (Bloomberg)

Officially, **China's consumer price inflation** topped out at 3.3 percent in July compared to a year before, a 21-month high. Officials say the spike is a one-off caused by crop damage from recent flooding. Other costs, they say, such as cars, mobile phone bills, and clothing, are falling, and pressure on prices should ease as the economy cools. At an Aug. 12 press conference, Pan Jiancheng, a deputy director in the statistics bureau, said the inflationary threat was "overhyped." Consumers, investors, analysts and academics interviewed by Bloomberg BusinessWeek in its Aug. 30 issue beg to differ. "There has been a jump in prices that isn't reflected in the numbers," said Chinese Academy of Social Sciences economist Yu Yongding, a former adviser to China's central bank. (Bloomberg)

IJM Corp Bhd (IJM) posted a 21.1% increase in net profit to RM90mil for its first quarter ended June 6, compared with RM70.8mil in the corresponding period last year. Revenue stood at RM986.1mil from RM1.16bil previously. Chief executive officer and managing director Datuk Krishnan Tan said the plantation and infrastructure divisions reported higher profits following increased in property sales, higher crude palm oil (CPO) prices and added contribution from IJM's 20%-owned Gautami Power Plant in India, commissioned in June last year. (Star)

Axiata Group Bhd (AXIATA), which posted a 9.5% increase in profit after tax and minority interest (patami) to RM576.8mil for the second quarter ended June 30 on improved contributions from its operating companies, intends to pay at least 30% of earnings as dividends from next year. Its revenue for the quarter under review jumped 20% to RM3.85bil from RM3.21bil a year ago as most of its operating companies particularly Celcom Axiata Bhd, PT XL Axiata Tbk (XL), Dialog Axiata Plc and Axiata (Bangladesh) Ltd (Robi), continued to perform strongly. Axiata's earnings before interest, tax, depreciation and amortisation (EBITDA) grew 38% to RM1.8bil in the second quarter versus RM1.3bil previously, partly due to strategic cost initiative programmes implemented early last year. Its EBITDA margin improved to 47% from 40.7% a year ago. (Star)

Fraser & Neave Holdings Bhd's (F&N) is believed to be the interested party acquiring a substantial stake in **Cocoaland Holdings Bhd** (COCOLND) following requests for suspension of trading in the two companies' shares today pending an announcement. According to filings with Bursa Malaysia, both Cocoaland and F&N have requested for the trading suspension to end at 5pm today. In a separate statement to the stock exchange, Cocoaland said it had requested for a suspension pending an announcement of a proposed subscription by a "strategic investor" of 39.6 million new ordinary shares of 50 sen each in Cocoaland, representing 23.08% of Cocoaland's enlarged share capital. (Star)

MMC Corp Bhd's (MMCCORP) port project at Jazan Economic City (JEC) in Saudi Arabia will proceed despite the tender for the construction of its harbour being aborted, said a MMC Corp spokesperson. "As such, there will be no impact on our earnings prospects and our business in Saudi Arabia," the spokesperson told StarBiz yesterday. MMC announced yesterday that the tender for the harbour construction in JEC had been aborted in view of the impending change to the Jazan Oil Refinery's location as requested by Saudi Aramco. (Star)

Kenmark Industrial Co (M) Bhd (KENMARK) received a notice of appointment of provisional liquidators from Deloitte Corporate Solutions Sdn Bhd notifying the appointment by an order of the High Court. In a filing with Bursa Malaysia, Kenmark said the power of the board of directors and officers of the company to deal with the company's property or to manage its undertaking was suspended with the appointment of the provisional liquidators. However, it said the directors' statutory obligations as directors continue, adding that the directors of the company had taken legal advice and were taking steps to challenge the court order. (Star)

Bursa Malaysia Securities Bhd said **Metech Group Bhd** (METECH) has triggered the criteria pursuant to Practice Note No 17 (PN17) of the Main Market Listing Requirements of Bursa Securities. In a statement, Bursa said it would continue to monitor the progress of Metech in respect of its compliance with the Listing Requirements. (Star)

Eastern & Oriental Bhd (E&O) net profit for the first quarter ended June 30 rose 103% to RM10.2mil from RM5.1mil in the same period last year, driven mainly by its property development arm. However, its revenue for the quarter was 37% lower at RM46.3mil compared with RM73.9mil a year ago. In a statement, executive director Eric Chan Kok Leong said the results were largely attributable to profit recognition of its St Mary Residences project in Kuala Lumpur and Villas-by-the-Sea at Seri Tanjung Pinang. (Star)

National carmaker, **Proton Holdings Bhd** (PROTON), believes the new model that will replace Proton Waja and the facelift model to be launched in December will boost Proton car sales this year. Managing director Datuk Syed Zainal Abidin Syed Mohamed Tahir said the facelift model will be introduced at the Kuala Lumpur International Car Exhibition 2010 in early December. (BTimes)