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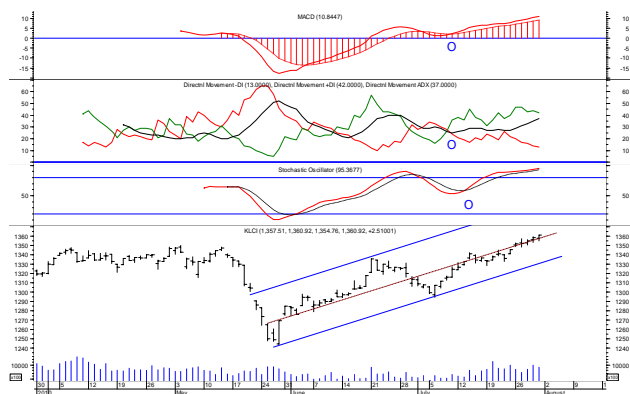
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MARKET FLASH

FBM KLCI

Mon, 2 Aug 2010



MARKET STATISTICS (30/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,360.92	+ 2.51
FBM 100	8,593.64	+ 9.16
FBM ACE	3,794.77	- 8.96
Volume (m)	918.3	
Value (RMm)	1,421.5	
Up	348	
Down	378	
Unchanged	274	

FOREIGN

Nikkei	9,537.30	- 158.72
Hang Seng	21,029.81	- 64.01
STI	2,987.70	- 9.95
Shanghai CI	2,637.5	- 10.61

BURSA MOVERS

Gainers	Close	Chg
BAT	44.90	+ 1.02
Petgas	10.00	+ 0.45
Atis	1.35	+ 0.17
Tgoff-WA	1.09	+ 0.17
Khind	1.36	+ 0.15

Losers	Close	Chg
Tasek	6.61	- 0.58
F & N	14.38	- 0.32
Tomypak	3.53	- 0.16
Shell	10.66	- 0.16
Suiwah	1.45	- 0.14

Actives	Close	Chg
SAAG	0.075	- 0.005
Timecom	0.62	+ 0.015
Sinotop	0.24	- 0.007
Malton	0.50	+ 0.085
JCY	1.26	- 0.07

Today's Market Direction :

FBM KLCI would likely to trade **below** 1,354.76 level after making attempt to go higher than 1,360.92.

Market Buying Strength :

About **77%** of total market volume on 30/7/2010 was on buying side compared to **71%** in the preceding trading day.

"Movement" in Strong Hands :

Strong hands were seen **liquidating** a portion of stock positions on 30/7/2010.

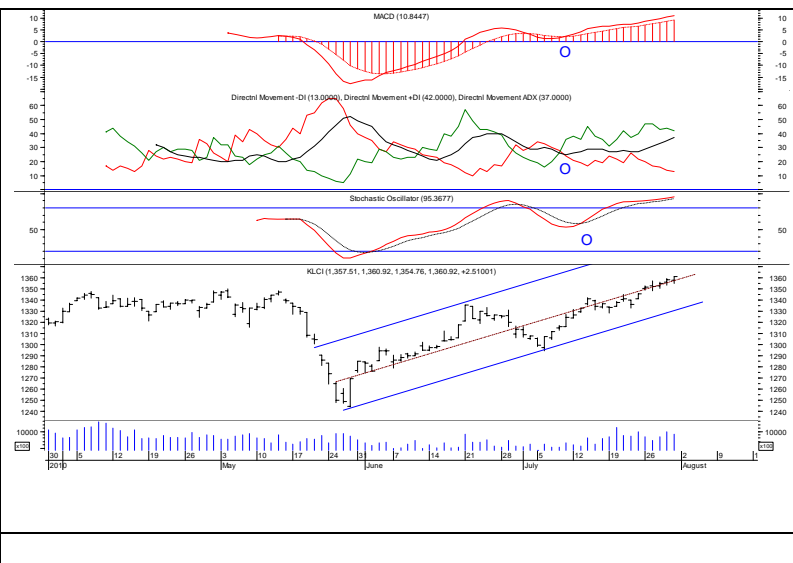
Pivot Point Studies for Intra-Day :

For **Monday (2/8/2010)**, 1st resistance @ 1,362.9 & 2nd resistance @ 1,365.0 ; 1st support @ 1,356.8 & 2nd support @ 1,352.7.

To read more

Technical Analysis – Daily FBM KLCI

	30/7/2010	29/7/2010
Open	1,357.51	1,355.78
High	1,360.92	1,359.27
Low	1,354.76	1,353.16
Close	1,360.92	1,358.41
Volume	918.3 m	999.6 m
Market Breadth		
Up	348	386
Down	378	345
Unchanged	274	279
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



A close above 1,360 level

Market Commentary :

Torn in between upbeat corporate earnings news and reports that pointed to uncertain economic recovery, DJIA had on 29/7/2010 lost 30.72 points to close at 10,467.16.

The small double-digit loss in Wall Street did not send negative trading signal to Bursa Malaysia in the opening bell on 30/7/2010, FBM KLCI traded higher to cross into 1,360 zone as some traders chose to play a buying game in anticipation of higher market. However, weak follow thru buying support in the vicinity of 1,360 prompted profit taking activity to roll in, this pushed the stock index back below 1,360 level to a day low of **1,354.76** before rebounded to settle at **day high of 1,360.92** on last minute buying.

The **rise of 2.51** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Genting** (up RM0.14), **Sime** (up RM0.01), **HL Bank** (up RM0.12), **GenM** (up RM0.09) and **Maybank** (up RM0.04).

What was the chart saying

Market continued to see “supportive” buying interest last Friday (30/7/2010) with a crossover into 1,360 zone on the back of up close and higher market volume in the preceding day (29/7/2010). However, traders were seen a bit nervous above 1,360 zone, because there was no higher market participation at that level. **So, what would likely to happen next ?**

Let's do a recap of recent market happenings. On 29/7/2010, the higher low and lower high market move had helped to **clear away** the uncertainty scenario brought by inside day bar on 28/7/2010, the inside day bar on 28/7/2010 was believed to have resulted from cautious play by traders following the market crossover into 1,350 zone. Or to put it simply, for a stock market to come up this high since 3/3/2008 without a strong **consistent** market volume backing above 1

billion shares, certain amount of uneasy feelings or fear of imminent market fall would have been lingering in traders' mind.

While the reluctance on the part of market to go below 1,350 level since 26/7/2010 on settlement basis had also prompted some risk taking traders to trade in the upward direction of market; but, we must keep in minds that traders were in the market only for short term kills, NOT buy & hold. This explained the lack of stronger buying steam above 1,360 level on 30/7/2010.

If you could also recall the market play on 27/7/2010, KLCI traded to a day high of 1,357.23 with bullish traders trying to make a case that the bull would continue, what happened at the end of that trading day ? Market ended with a marginal up close, this indicated the presence of selling pressure in the vicinity of 1,357, and explained the unwillingness on the part of bullish traders to aggressively push the market upward on 28/7/2010.

Ladies & gentlemen, we had said 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."

This market is seen slowly entering a sideways phase; however, this does not mean to say that market would not go up anymore from present level, bear in minds there is not such thing as "sure thing" in stock market, and attempt(s) to prop up the market higher nearer to 1,365 level can still be made. 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.

What were the strong hands doing

A check of internal market strength on 30/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 30/7/2010 was at 35% of the overall selling pressure that took place between 12/7/2010 and 22/7/2010 compared to 49% in the preceding trading day (29/7/2010).

Conclusion :

Market outlook remained friendly in the short & medium term with settlement on 30/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 30/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above x.

Today's Hot Pick – Poh Kong

	30/7/2010	29/7/2010
Open	0.40	0.38
High	0.40	0.40
Low	0.39	0.38
Close	0.395	0.40
Volume	9,835	18,550
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	sell	sell

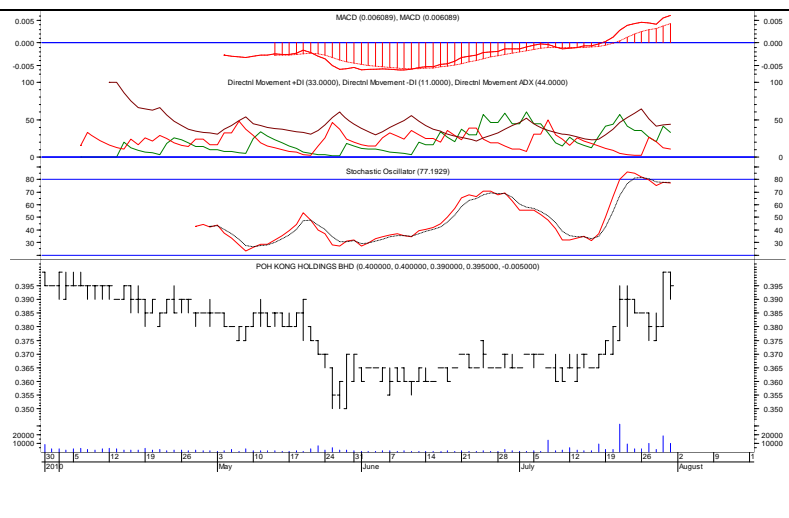


Chart wise : *A quick play should show up soon*

Poh Kong (5080 - MainBoard) had on 30/7/2010 crossed over the immediate high of RM0.395 (22/7/2010) to an intra-day high of RM0.40 before settled at RM0.395.

Next Potential Upside Target : An upside violation of RM0.395 level again should see **Poh Kong** to trade upward with next upside target at RM0.415.

Entry Level : Risk taking traders may establish buying position at RM0.385 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 RM0.37 level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Jaks Resources

	30/7/2010	29/7/2010
Open	0.74	0.73
High	0.77	0.74
Low	0.74	0.73
Close	0.75	0.735
Volume	74,667	16,411
Indicators	30/7/2010	29/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	sell	sell

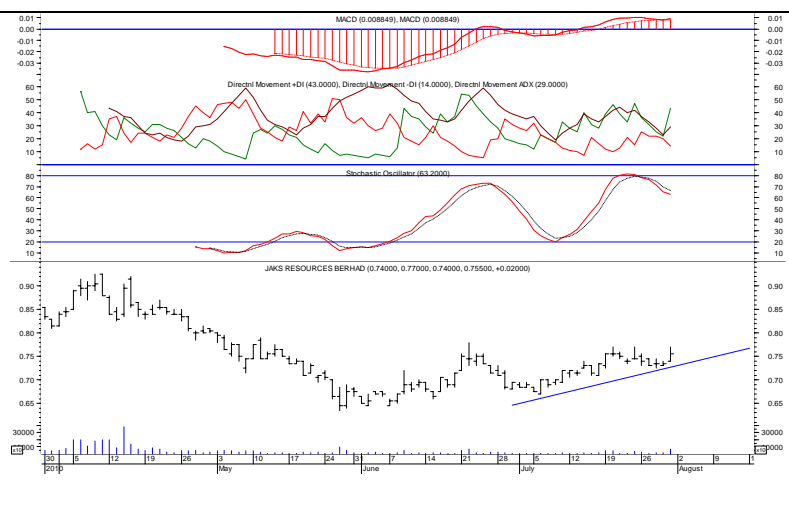


Chart wise : *Hurdle seen at RM0.80.....*

Jaks Resources (4723 - MainBoard) had on 30/7/2010 tested immediate high of **RM0.77** (23/7/2010) before settled at **RM0.75**.

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 **RM0.80** and support at **RM0.725**.

What to watch for

A turnaround of prices to close **below RM0.72** level would see an immediate short term reversing direction in the stock.

Stock review – E & O Bhd

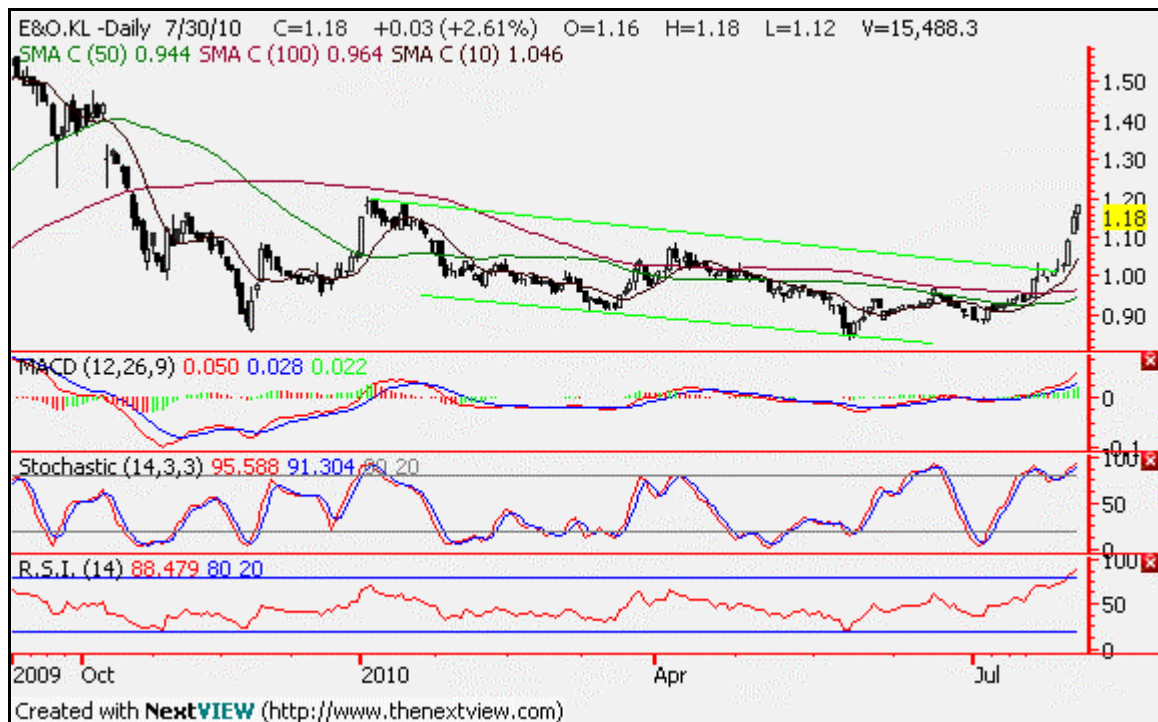


Chart wise:

Trading buy on weakness.

Eastern & Oriental Bhd (3417-Main Market- Properties)

A property development group, E & O had broken out of the down trending channel on the renewed buying support for property counters. However, for the near term, E & O had shot up too strongly and a correction is expected to cool down the overbought position.

The price support is pegged at RM1.10 but E & O must at least sustain itself above the 10-day moving averages trailing support for the bullish trend to continue. Based on current level, that support is projected to be RM1.04.

Technical Analysis – Weekly FBM KLCI

	30/7/2010	23/7/10
Open	1,350.54	1,333.92
High	1,360.92	1,345.68
Low	1,348.29	1,327.98
Close	1,360.92	1,345.68
Volume	4.34 bil	4.71 bil
Pivot	1,356.7	1,339.7
1 st Resis.	1,365.1	1,351.5
2 nd Resis.	1,369.3	1,357.4
1 st Supp.	1,352.5	1,333.8
2 nd Supp.	1,344.0	1,322.0
Indicators		
MACD	buy	sell
DM Index	buy	buy
Stochastics	buy	buy

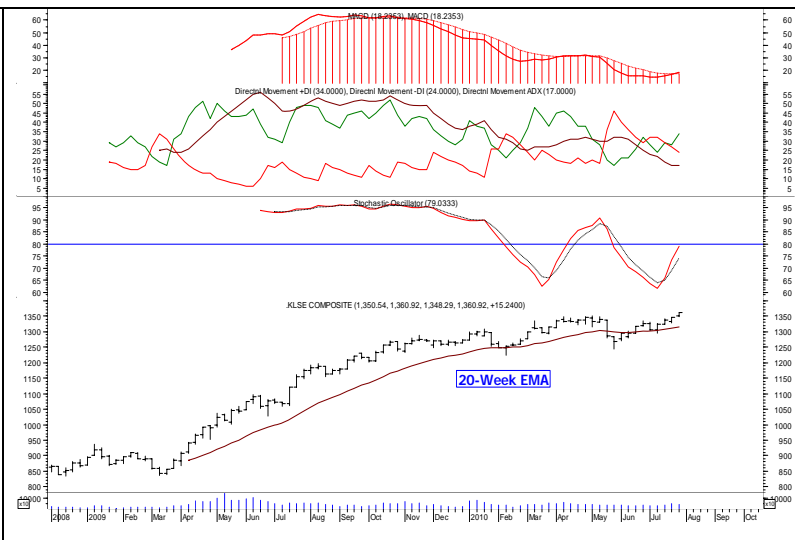


Chart wise : .

..... **91%** of total weekly market trading activity was on buying side

Weekly Market Commentary :

Supported by news of better corporate earnings report amid of disappointment in small drop of initial claims for unemployment benefits by 11,000 to 457,000 last week, DJIA traded higher to a high of 10,585 before settled at **10,467.20** for the week ended 29/7/2010.

The friendly upward move in Wall Street sent a feel good sentiment to Bursa Malaysia last week, FBM KLCI only traded down to a low of 1,348.29. The absence of stronger selling pressure prompted renewed buying interest to roll in, this lifted stock index with an upside gap to reach a week high of **1,360.92** before settled at **week high**.

Last week, total market turnover was **4.34** billion shares compared to **4.71** billion shares in the preceding week; thus, the **smaller market volume** in an up close scenario suggested **weaker buying pressure**.

With a week high (1,360.31) higher than previous week high (1,345.68) and a low (1,348.29) higher than previous week low (1,327.98), can market continue to go upward ? The higher weekly high and higher weekly low last week (30/7/2010) coupled with another settlement above the 20-week MA was viewed friendly to the market development. In fact, **the ability on the part of stock index to close above 1,300 level after an intra-week dip below 1,300 level in week**

ended 9/7/2010 has not only helped to validate the earlier crossover of 1,300 level in week ended 18/6/2010; but, it has also opened up room to go upward.

On examination of the market behaviour for the week ended 30/7/2010, the weekly **up close** of **1,360.92** helped to paint a friendly picture onto the chart with **support** pegged at **1,320** and **overhead resistance** at **1,370** level.

A mathematical calculation showed that about **91 %** of the total market trading activity for week ended 30/7/2010 was on the **buying side** compared to the **83 %** in the previous week.

Conclusion :

The market action(s) for week ended 30/7/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be making attempt to trade **above 1,360.92**.

MAJOR NEWS

Commodity, Currency and Economic News

The euro rallied against the US dollar for the first time in eight months as concern eased that the 16-nation region's sovereign-debt crisis will worsen and spread to the global economy. The dollar dropped in July against all of its most-traded counterparts before next week's payrolls report as Federal Reserve Chairman Ben S. Bernanke testified last week that "the economic outlook remains unusually uncertain." The greenback slid yesterday below 86 yen for the first time this year as a report showed U.S. economic growth slowed in the second quarter. (Bloomberg)

The Kuala Lumpur **CPO futures** market ended last week on the cusp of an ascension to a higher price plane in its present short-term bull phase. The market plunged at first to a low of RM2,434 a tonne based on the benchmark October 2010 contract. After that it made a U-turn soaring to a high of RM2,539, settling on Friday at RM2,517 for a RM19 gain over the week. Apart from falling from a technically highly overbought position at the start of trade last week, another reason why it plummeted in early trade was because of none-too-encouraging export estimates. With just over a month before the Hari Raya Puasa festival period starting on September 10, the latest export estimates were disappointing, considering that countries with high Muslim populations like Pakistan would be stocking up now on cooking oil. While the technical indicators are mixed on the immediate direction of this market, the bullish US soya bean oil futures market, thanks to US dollar weakness, has and will provide a positive backdrop that should enable the market to poke through and go above the RM2,520 immediate overhead resistance level in early trade this week. (Bloomberg)

U.S. unemployment probably climbed in July, raising the risk American households will keep a lid on spending for the rest of the year, economists said before a government report due this week. The jobless rate rose to 9.6 percent last month from 9.5 percent in June, according to the median estimate of 57 economists surveyed by Bloomberg News ahead of a Labor Department report Aug. 6. A drop in federal census workers as the population count wound down depressed payrolls by 60,000, the data may also show. (Bloomberg)

China's manufacturing grew at the slowest pace in 17 months in July as the government clamped down on property speculation and investment in energy-intensive and polluting factories. The Purchasing Managers' Index fell to 51.2 from 52.1 in June, the Federation of Logistics and Purchasing said on its website yesterday. A reading above 50 shows an expansion. A separate China PMI is due to be released today by HSBC Holdings Plc and Markit Economics. A deeper Chinese slowdown could weaken a global recovery already constrained by the debt burdens and unemployment of advanced economies. While growth is cooling, China's full-year expansion may be as much as 9.5 percent, up from 9.1 percent in 2009, State Council researcher Zhang Liqun said yesterday. (Bloomberg)

Australia's central bank may keep its benchmark interest rate unchanged for a third month after inflation slowed, averting an increase in mortgage costs that risked damaging Prime Minister Julia Gillard's election campaign. Reserve Bank of Australia Governor Glenn Stevens and his board will leave the overnight cash rate target at 4.5 percent at 2:30 p.m. in Sydney tomorrow, according to all economists surveyed by Bloomberg News. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10465.94	-1.22	-0.01	Nasdaq CI	2254.70	3.01	0.13
S&P 500	1101.60	0.07	0.01	FTSE 100	5258.02	-55.93	-1.05

Global and Local Headlines

European stocks declined last week as slower-than-forecast U.S. economic growth overshadowed a rally in banks after European Union stress tests eased concern that lenders may need to raise more capital. Nestle SA and Unilever led food companies lower as U.S. rivals Kellogg Co. and Colgate-Palmolive Co. reported revenue that missed estimates. Gamesa Corporacion Tecnologica SA tumbled 12 percent after reducing its forecast for wind turbine sales. UBS AG, Switzerland's largest bank, surged the most in 15 months after earnings beat analysts' estimates. (Bloomberg)

Former Federal Reserve Chairman **Alan Greenspan** said the slowing economic recovery in the U.S. feels like a "quasi-recession" and the economy might contract again if home prices decline. "We're in a pause in a recovery, a modest recovery, but a pause in the modest recovery feels like a quasi-recession," Greenspan said in an interview on NBC. Asked if another economic contraction, a so-called "double dip," was possible, Greenspan said, "It is possible if home prices go down. Home prices, as best we can judge, have really flattened out in the last year." (Bloomberg)

The ruling barring foreign-registered vehicles from buying **RON 95 petrol** from Aug 1 kept petrol kiosk attendants in Johor and Kedah on their feet, having to check each car before allowing customers to fill up. In Kota Kinabalu, Minister Datuk Seri Ismail Sabri Yaakob said Malaysians driving foreign-registered cars could purchase RON 95 petrol if they showed their MyKad. The price of RON 95 is RM1.85 per litre in Malaysia compared to RM4.12 in Thailand, RM2.48 in Indonesia, RM6.60 in the Philippines and RM4.30 in Singapore. (Star)

The Audit Oversight Board (AOB) will commence inspections on audit firms this month to ensure they comply with quality standards outlined under the International Standard on Quality Control (ISQC1). Executive chairman Nik Mohd Hasyudeen Yusoff said the inspection of audit firms was to ensure that high quality and reliable audited financial statements of public interest entities (PIEs) were practised. PIEs refer to organisations that are of significant public relevance because of the nature of their business, their size or the number of employees, in particular companies whose securities are admitted to trading on a regulated market, such as banks, other financial institutions and insurance companies. Nik Mohd said the inspection would cover two key components – inspection of audit firms' compliance under ISQC1 and an engagement review. (Star)

Some of **Titan Chemicals Corp Bhd's** (TITAN) shareholders may have already cashed out early on a windfall, even as the group's controlling shareholders Permodalan Nasional Bhd (PNB) and their Taiwanese founding partner, the Chao family, work to finalise a massive takeover bid from South Korea's Honam Petrochemical Corp. They include Titan Chem's long-time director Datuk Mohamed Ariffin Aton, who had sold 300,000 shares in the open market over the past two weeks after the stock surged to a record on Honam's offer. Mohamed Ariffin joined Titan Chem's board of directors in 1999, six years before the company went public in 2005. On July 16, Honam announced it will acquire a 72.3% stake in Titan Chem from PNB and Chao for RM2.94bil cash, or at RM2.35 a share. (Star)

Two Malaysian carriers have each been granted rights to fly to Haneda in Japan three times a week by the local government. Although the Malaysian government secured traffic rights for seven flights a week to the alternative airport in Tokyo, it allowed **Malaysia Airlines** (MAS) and low-cost long-haul carrier **AirAsia X** three flights each and retained one. AirAsia X's flights to Haneda Airport are "still pending application", its chief executive officer Azran Osman-Rani said as to when it would begin operation. MAS will introduce three flights a week between Kota Kinabalu and Haneda from November 15, its managing director and chief executive officer Tengku Datuk Azmil Zahrudin said. (BTimes)

National carrier **Malaysia Airlines** (MAS) has shortlisted six candidates to finance its 22 new aircraft to be delivered from October this year until 2012. Malaysia Airlines is finalising the financiers and the priority is for the Boeing 737-800 that is coming in this October. "We issued the request for proposals (RFPs) and received an overwhelming response of 60 (proposals). We are very pleased with the response, especially when you think about what the market was like last year and the year before," MAS group managing director and chief executive officer Tengku Datuk Azmil Zahrudin told Business Times in Kuala Lumpur. (BTimes)

Multi-Purpose Holdings Bhd (MPHB) may offer its shareholders the opportunity to participate directly in its gaming outfit, Magnum Corp Sdn Bhd, by way of restricted offer for sale (ROS), its chief said. Managing director Datuk Lau Kim Khoo @ Surin Upatkoorn said the plan will allow MPHB's 5,000-odd shareholders to own Magnum shares. MPHB is looking to relist Magnum on the Main Market of Bursa Malaysia. Lau said the timing will depend on the exit strategy by CVC Capital Partners, a global private equity firm which holds 47 per cent of Magnum. He said CVC had indicated that it wanted to make an exit, but no time-frame was given. MPHB holds a 51 per cent stake in Magnum, which operates 485 gaming outlets nationwide. (BTimes)