



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

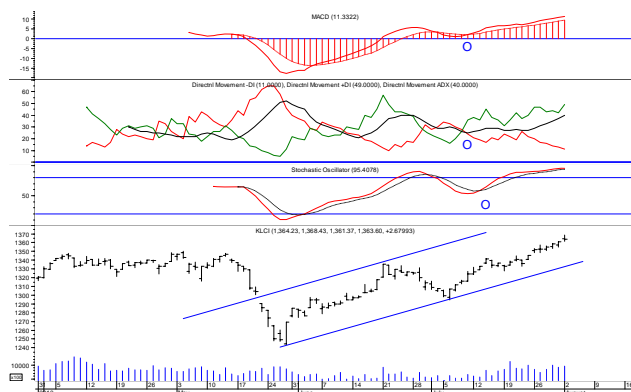
PENANG BRANCH
2nd Floor,
Std Chartered Bank,
2 Lebuhr Pantai,
10300 Penang.
Tel: 604-263 9118

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

MARKET FLASH

FBM KLCI

Tues, 3 Aug 2010



MARKET STATISTICS (2/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,363.60	+ 2.68
FBM 100	8,975.58	+ 21.94
FBM ACE	3,821.93	+ 21.76
Volume (m)	963.7	
Value (RMm)	1,283.9	
Up	494	
Down	280	
Unchanged	243	

FOREIGN

Nikkei	9,570.31	+ 33.01
Hang Seng	2,672.52	+ 35.01
STI	3,025.04	+ 37.34
Shanghai CI	2,672.52	+ 35.01

BURSA MOVERS

Gainers	Close	Chg
Tanjong	21.14	+ 3.56
BKawan	11.50	+ 0.38
Unisem-wr	0.325	+ 0.315
Petgas	10.30	+ 0.30
P & O	1.15	+ 0.225

Losers

Losers	Close	Chg
BAT	44.46	- 0.44
Notion	2.35	- 0.27
Help	3.86	- 0.18
Eng	2.08	- 0.15
Petdag	10.14	- 0.14

Actives

Actives	Close	Chg
Talam	0.12	+ 0.005
KNM	+ 0.53	+ 0.03
E & O	+ 1.21	+ 0.03
Jadi	+0.295	+ 0.02
Sinotop	+ 0.255	+ 0.015

Today's Market Direction :

FBM KLCI would likely to trade **above** **1,368.43** level.

Market Buying Strength :

About **45%** of total market volume on **2/8/2010** was on buying side compared to **77%** in the preceding trading day.

"Movement" in Strong Hands :

Strong hands were seen **liquidating** a portion of stock positions on **2/8/2010**.

Pivot Point Studies for Intra-Day :

For **Tuesday (3/8/2010)**, 1st resistance @ **1,367.5** & 2nd resistance @ **1,371.5** ; 1st support @ **1,360.5** & 2nd support @ **1,357.4**.

To read more

Technical Analysis – Daily FBM KLCI

	2/8/2010	30/7/2010
Open	1,364.23	1,357.51
High	1,368.43	1,360.92
Low	1,361.37	1,354.76
Close	1,363.60	1,360.92
Volume	963.7 m	918.3 m
Market Breadth		
Up	494	348
Down	280	378
Unchanged	243	274
Indicators		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy

The chart displays three technical indicators for the FBM KLCI index from late 2009 to August 2010. The top panel shows the MACD (11,3322) indicator with a red histogram and a blue line. The middle panel shows the Direct Movement indicators: DM (11,0000) in green, DM+DI (49,0000) in red, and DM-ADX (40,0000) in black. The bottom panel shows the Stochastic Oscillator (95,4078) with two red lines and a blue line. The main price chart at the bottom shows the KLCI index with a blue line, a red trendline, and a volume bar chart at the bottom. The price is shown to have crossed a 1,365 hurdle and reached a high of 1,368.43 before settling at 1,363.60.

1,365 remained a hurdle

Market Commentary :

Affected by US Commerce Dept.'s report on GDP growth at 2.4% in 2Q 2010 against the forecast of 2.5%, DJIA had on 30/7/2010 lost 1.22 points to close at 10,45.94

The marginal single-digit loss in Wall Street did not send negative trading signal to Bursa Malaysia in the opening bell on 2/8/2010, FBM KLCI crossed over 1,365 hurdle to reach a high of **1,368.43** as traders chose to play a buying game in anticipation of higher market. However, weak follow thru buying support in the vicinity of 1,368.43 prompted profit taking activity to roll in, and this pushed the stock index to a day low of **1,361.37** before settled at **1,363.60**.

The **rise of 2.68** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB** (up RM0.06), **TM** (up RM0.02), **PetGas** (up RM0.30), **GenM** (up RM0.03) and **Genting** (up RM0.025).

What was the chart saying

Market continued to see "supportive" buying interest yesterday (2/8/2010) with a crossover of hurdle at 1,365 level on the back of strong up close in the preceding day (30/7/2010). However, traders were seen a bit nervous as market approached 1,370 level, 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.

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." So, this 1,365 level was taken out during the day on 2/8/2010, **would it mean 1,365 no longer serve a hurdle ?** The upside violation of 1,365 level was on intraday basis, and 1,365 level remained a valid hurdle and would continue to act as resistance for a minimum of 3 consecutive days on close basis.

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 2/8/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, *the number of stock positions established on 2/8/2010 was at 32% of the overall selling pressure that took place between 12/7/2010 and 22/7/2010 compared to 35% in the preceding trading day (30/7/2010).*

Conclusion :

Market outlook remained friendly in the short & medium term with settlement on 2/8/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 2/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,368.43.

Today's Hot Pick – 3A

	2/8/2010	30/7/2010
Open	1.89	1.84
High	1.93	1.87
Low	1.89	1.82
Close	1.91	1.87
Volume	12,500	6,579
Indicators		
MACD	sell	sell
DM index	buy	sell
Stochastics	sell	sell

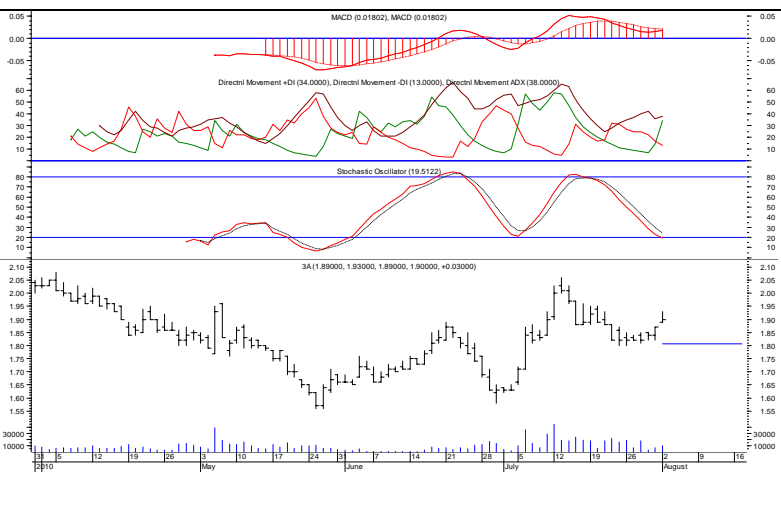


Chart wise : *Gapped up for a quick play seen*

3A (0012 - MainBoard) had on 2/8/2010 gapped up to trade into RM1.90 to reach a day high of **RM1.93** before settled at **RM1.91**.

Next Potential Upside Target : With the crossover into **RM1.90 level**, **3A** was ready to trade upward with next upside target at **RM2.03**.

Entry Level : Risk taking traders may establish buying position at **RM1.89** 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 **RM1.83** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Landmark

	2/8/2010	30/7/2010
Open	1.33	1.31
High	1.43	1.35
Low	1.33	1.30
Close	1.42	1.32
Volume	59,528	59,948
Indicators	2/8/2010	30/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

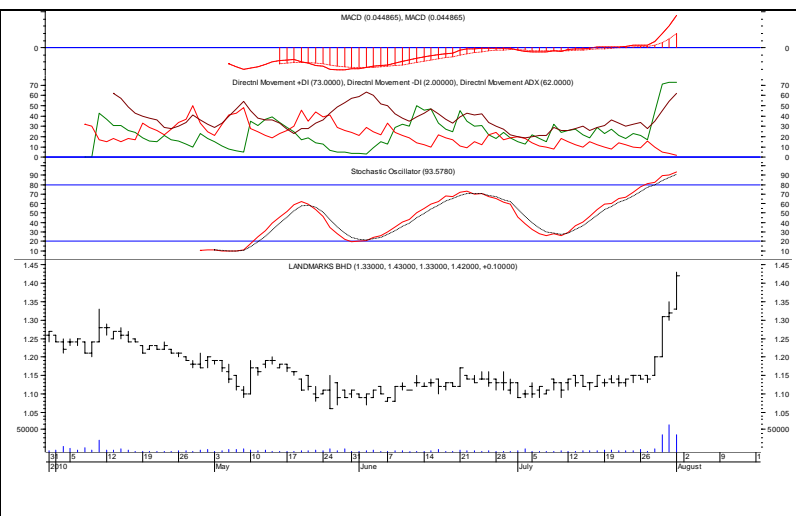


Chart wise : Resistance at RM1.60 expected

Landmark (1643 - MainBoard) had on 2/8/2010 traded higher to reach highest high of **RM1.43** since 21/10/2009 before settled at **RM1.42**.

Price Direction

In view of a marginal decrease in market participation, the stock could be expected to trade **upward** in coming day(s) with an overhead resistance pegged at **RM1.60** and support at **RM1.28**.

What to watch for

A turnaround of prices to close **below RM1.28** level would see an immediate short term reversing direction in the stock.

Active Stock Review – EQUINE



Chart wise

Trading buy.

Equine Capital Bhd (1147-Main Market- Properties) – RM0.50

A property development group, Equine's candles sprung up yesterday. This saw the candle breaking its recent high of 45sen on Monday. For now, there continues to be strength for further upsides despite its momentum indicators springing up above their respective upper limit lines.

The lagging MACD has also crossed the trigger line on the upside, providing another positive signal. Therefore Equine's share is a Trading buy and remains so long as it stays above 45sen. The resistance is at 55sen. The other support apart from 45sen is at 40sen.

MAJOR NEWS

Commodity, Currency and Economic News

The ringgit closed at an almost four-month high of 3.1580 against the US dollar yesterday, said foreign exchange traders. They said it was the highest level since a closing of 3.1825 was reached on April 26 this year. At 5pm, the ringgit touched the new high of 3.1580/1610 against the greenback compared with a 3.1790/1830 closing on Friday. A trader said market sentiment was positive amid talks of Asia leading the global economic recovery. "The ringgit was strengthened by eight per cent compared to last week's closing," he said. (BTimes)

CPO futures rose to the highest level in more than three months yesterday after reports showed that sales from Malaysia, the second-biggest producer, gained last month. October-delivery futures advanced as much as 2.1 per cent to RM2,570 a metric ton on the Malaysia Derivatives Exchange, the highest level since April 27, and traded at RM2,565 at 5.15 pm in Kuala Lumpur. Prices added 6.1 per cent in July, the biggest monthly gain in five. Palm oil exports from Malaysia climbed 4.4 per cent in July to 1,412,300 tons from a month earlier, market surveyor Intertek said July 31. Rival Societe Generale de Surveillance said sales gained 4.7 per cent to 1,402,317 tons last month. Crude oil rose to the highest in four days as Asian stocks rallied after China's manufacturing rose in July, increasing the appeal of palm oil as a biofuel feedstock. September-delivery crude oil added as much as 0.7 per cent to US\$79.53 a barrel on the New York Mercantile Exchange. (BTimes)

Oil prices rose 3 percent Monday on positive economic news and rallying stock markets around the world. Crude futures jumped after positive reports on manufacturing in the U.S. and Europe indicated the global economy is continuing to recover. A rally in global stock markets also helped, as did weakness in the dollar. Benchmark crude for September delivery rose \$2.39, or 3 percent, to settle at \$81.34 a barrel on the New York Mercantile Exchange. Oil hit a high for the year of \$87.15 during trading on May 3. (Star)

The **U.S. manufacturing** rebound that propelled the U.S. out of the recession cooled in July, reflecting a slowing in orders and production. The Institute for Supply Management's manufacturing gauge dropped to 55.5 last month, exceeding the median forecast of economists surveyed by Bloomberg News, from 56.2 in June. Readings greater than 50 indicate growth. The group's bookings gauge, considered a leading indicator, fell to a one-year low. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10674.38	208.44	1.99	Nasdaq CI	2295.36	40.66	1.80
S&P 500	1125.86	24.26	2.20	FTSE 100	5397.11	139.09	2.65

Global and Local Headlines

Japanese and Australian stockfutures climbed earlier today after U.S. manufacturing data topped forecasts and European banks reported better-than-estimated earnings, increasing confidence in the strength of global economic growth. American depositary receipts of Canon Inc., a Japanese camera maker that receives about 82 percent of its revenue overseas, rose 1.3 percent from the closing share price in Tokyo. Those of Mitsubishi UFJ Financial Group Inc., Japan's biggest lender by market value, increased 1.7 percent. Those of Mitsubishi Corp., Japan's largest commodities trader, advanced 2.4 percent after oil and metal prices rose. ADRs of BHP Billiton Ltd., the world's largest mining company, jumped 2.2 percent from the closing price in Sydney. (Bloomberg)

BNP Paribas SA, France's biggest bank, said second-quarter profit rose 31 percent as bad-loan provisions dropped to the lowest level since before Lehman Brothers Holdings Inc.'s 2008 bankruptcy. BNP Paribas climbed 5.3 percent in Paris trading after saying net income rose to 2.11 billion euros (\$2.76 billion), topping the 1.61 billion-euro estimate of analysts surveyed by Bloomberg. (Bloomberg)

HSBC Holdings Plc, Europe's biggest bank, said first-half net income doubled as the North American unit returned to profit for the first time in three years and as bad-debt provisions fell by 46 percent. Profit rose to \$6.76 billion in the six months to the end of June from \$3.35 billion in the year-earlier period. Pretax profit of \$11.1 billion beat the \$8.8 billion median estimate of 10 analysts surveyed by Bloomberg. The shares gained in London trading. (Bloomberg)

Federal Reserve Chairman Ben S. Bernanke said rising wages will probably spur household spending in the next few quarters, even as weak job gains drag down consumer confidence. While the U.S. has "a considerable way to go" for a full recovery, "rising demand from households and businesses should help sustain growth," Bernanke said today in a speech in Charleston, South Carolina. "We are maintaining strong monetary policy support for the recovery," he said in response to an audience question, without discussing any further action the Fed could take to aid growth. (Bloomberg)

Casino revenue in Macau, the world's biggest gambling hub, surged 70 percent in July as bettors resumed wagering on card games and slot machines in the Chinese city after the football World Cup. Revenue of 16.3 billion patacas (US\$2 billion) in July was also 20 percent higher than in June, according to data from Macau's Gaming Inspection and Coordination Bureau. The World Cup had kept some gamblers away in June, when casino sales fell 20 percent from the previous month. (Bloomberg)

Pacific & Orient Insurance Co Bhd (P&O) is seeking Bank Negara approval to begin discussions with Prudential Holdings Ltd for a stake sale to the latter. "On July 29, P&O had written to Bank Negara to seek approval to begin preliminary discussions for the potential divestment of an equity interest in P&O to Prudential. "Approval remains pending and discussions will only commence once approval has been obtained," P&O told Bursa Malaysia yesterday. (Star)

Favelle Favco Bhd (FAVCO), through its subsidiaries, has secured several orders with a combined value of about RM106.4mil for the supply of tower cranes and offshore cranes. The orders were for deliveries from end-2010 till end-2011 to Marr Contracting Pty Ltd, National Petroleum Construction Co, Northport (M) Bhd, JCM U-Link Joint Venture, Lindores Construction Logistics, Keppel Fels Ltd, Essar Offshore Subseas Ltd, and PTSC Mechanical and Construction. (Star)

Trading in **Kenmark Industrial Co (M) Bhd** (KENMARK) shares will be suspended from Aug 9 until further notice as the company has failed to submit its audited accounts for the financial year ended March 31 to Bursa Malaysia within the stipulated timeframe. The troubled furniture manufacturer had informed Bursa last Tuesday that it would miss the July 31 deadline to submit its audited accounts, after Bursa rejected its application for an extension. (Star)

Dijaya Corp Bhd (DIJAYA) is banking on the long-term sustainable development of Iskandar Malaysia as the main attraction for its Danga Bay project here. Group chief executive officer Tan Sri Danny Tan Chee Sing said apart from the project's location on the prime waterfront land, Johor's close proximity to Singapore would also be another selling point. "The time is right for us to come to Iskandar in view of the good progress in the economic growth corridor since its launch," he said at a press conference at the signing of the sales and purchase agreements for two parcels of land, totalling about 14.97ha in Danga Bay, for RM308mil. (Star)

Shares in **Tanjong plc** (TANJONG) surged to a record high after trading resumed yesterday following a conditional takeover offer from Tanjong Capital Sdn Bhd at RM21.80 per share. The country's third-largest power producer, which topped the gainers' list, jumped more than 20.2%, or RM3.56, to a record of RM21.14. Prior to the takeover offer, Tanjong had been trading between RM17.38 and RM18 over the past two weeks. Year-to-date, the counter gained more than 25.53%. (Star)

Bursa Malaysia has rejected **Malaysian Merchant Marine Bhd's** (MMM) application for more time to submit its audited accounts for the financial year ended March 31, 2010. The application was submitted less than 15 days prior to the due date for the submission of its annual audited accounts for the year ended March 31, 2010, it said in its filing with the stock exchange yesterday. "The company has again provided the reasons for the short notice and has appealed Bursa Malaysia's decision. The outcome of this appeal will be announced when received," MMM said. Trading in MMM was also halted from 2.30pm to 3.30pm yesterday. (Star)

Genting Singapore plc will seek the approval of its shareholders for the proposed divestment of the company's casino operations in the United Kingdom at an EGM scheduled for Aug 18, the company said in a statement. The company added that following the recent opening of two new casinos in Portsmouth and Reading respectively, its UK casino operations now comprised 46 casinos. All 46 casinos would be subject to the proposed divestment. (Star)

REDtone International Bhd (REDTONE) has proposed to sell its 100% stake, comprising 58 million shares, in REDtone Telecommunications (China) Ltd to Hotgate Technology Inc for US\$22mil (RM70.6mil). The company said in a filing with Bursa Malaysia that under the exercise, Hotgate would issue 244.4 million new Hotgate shares to REDtone to pay for the acquisition. This will raise REDtone's stake in Hotgate to 91% from 12.25%. (Star)

YTL Communications Sdn Bhd (YTL Comms) has partnered Intel Malaysia to deliver superior fourth-generation (4G) network by the year-end. YTL Comms chief executive officer Wing Lee said the high-speed Internet network, which will be commercially launched in the fourth quarter, will enable the company to introduce its range of 4G devices to the market. "Offering WiMAX (Worldwide Interoperability for Microwave Access)-ready devices is an integral part of our strategy," he said in a statement that was released yesterday in Kuala Lumpur. (BTimes)

Long-haul budget airline **AirAsia X** said yesterday it will introduce daily flights to Seoul on November 1, its 11th destination since the carrier's launch in 2007. "We estimate that more than 60 per cent of AirAsia X passengers to and from Seoul will be first-time visitors, which will contribute significantly to tourism growth," said AirAsia X's chief executive officer (CEO) Azran Osman-Rani. (BTimes)

Property stocks appear to be the flavour of the month now, with several small companies boosted by news of a buoyant property market. Investors might also have been persuaded by a new housing withdrawal scheme from the Employees Provident Fund, Penang's plans to sell prime land, and the fact that they have not caught up with the broader market's rise. A look at the 10 most active stocks yesterday showed that half were property developers like Talam Corp Bhd, Eastern & Oriental Bhd (E&O), Equine Capital Bhd, Malton Bhd and Land & General Bhd. Stocks of E&O rose 2.5 per cent to RM1.21 yesterday, driven mainly by speculation of a possible privatisation. However, it told Bursa Malaysia that it was not aware of any such plan. (BTimes)