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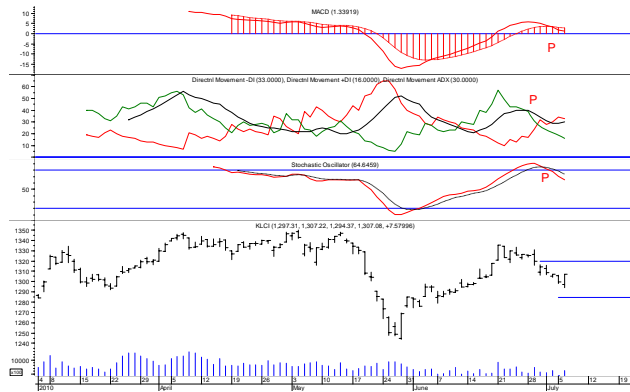
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MARKET FLASH

FBM KLCI

Wed, 7 July 2010



MARKET STATISTICS (6/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,307.08	+ 7.58
FBM 100	8,808.30	+ 34.49
FBM ACE	3,767.00	+ 19.81
Volume (m)	622.0	
Value (RMm)	970.0	
Up	405	
Down	195	
Unchanged	273	

FOREIGN

Nikkei	9,338.04	+ 71.26
Hang Seng	20,084.12	+ 241.92
STI	2,868.02	+ 24.0
Shanghai CI	2,409.42	+ 45.48

BURSA MOVERS

Gainers	Close	Chg
BAT	43.64	+ 0.46
Tanjong	17.50	+ 0.36
Petdag	9.50	+ 0.35
Digi	23.04	+ 0.30
Genting	7.34	+ 0.21

Losers	Close	Chg
Warisan	2.13	- 0.22
Tahps	3.60	- 0.18
EIG	0.55	- 0.13
Ccb	6.20	- 0.10
Magna-WA	0.43	- 0.10

Actives	Close	Chg
Sinotop-OR	0.03	=
Genetec	0.295	- 0.02
Talam	0.12	+ 0.005
Gamuda-WD	1.05	+ 0.075
Sinotop	0.32	+ 0.005

Today's Market Direction :

FBM KLCI would likely to trade **above** **1,307.22** level.

Market Buying Strength :

About **88%** of total market volume on **6/7/2010** was on buying side compared to **11%** in the preceding trading day.

"Movement" in Strong Hands :

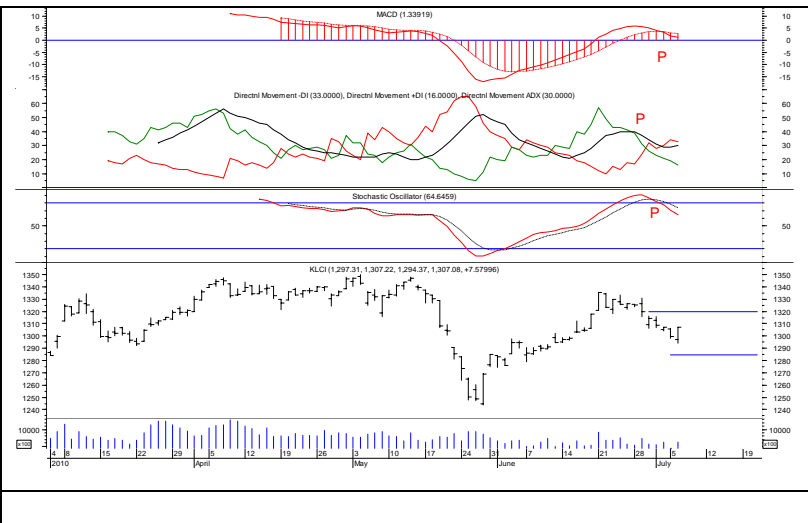
Strong hands were seen **acquiring** a portion of stock positions on **6/7/2010**.

Pivot Point Studies for Intra-Day :

For **Wednesday (7/7/2010)**, 1st resistance @ **1,309.1** & 2nd resistance @ **1,314.6** ; 1st support @ **1,296.3** & 2nd support @ **1,288.9**.

To read more

Technical Analysis – Daily FBM KLCI

	6/7/10	5/7/10	
Open	1,297.31	1,305.51	
High	1,307.22	1,306.03	
Low	1,294.37	1,298.14	
Close	1,307.08	1,299.50	
Volume	622.0 m	449.5 m	
Market Breadth			
Up	405	182	
Down	195	425	
Unchanged	273	270	
Indicators			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	sell	sell	

Technical rebound in the making

Market Commentary :

Wall Street was on Public Holiday!

Taking cue from previous day down close at 1,299.5, Bursa Malaysia traded lower in the opening bell on 6/7/2010, FBM KLCI subsequently went down to a day low of **1,294.37** as traders continued to play on selling side in anticipation of lower market. However, weak follow thru selling in area of **1,294.37** prompted light renewed buying support, this lifted stock index back up above 1,300 level to a day high of **1,307.22** before settled at **1,307.08**.

The **rise of 7.58** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **CIMB (up RM0.03)**, **HL Bank (up RM0.02)**, **Maybank (down RM0.01)**, **Genm (up RM0.01)** and **Genting (up RM0.21)**.

What was the chart saying

Market came under pressure to go lower yesterday (6/7/2010) after the downside violation of 1,300 level in the preceding day (5/7/2010). In fact, market sentiment became worse when a general expectation that this market would hold up for a little while first at 1,300 psychological level failed to materialize. However, **bearish traders were not seen taking advantage of the weak market situation to aggressively press the stock index down on 6/7/2010 with selling steam remained cautious on fear of a snap market rebound** this provided an opportunity to some risk taking traders to establish stock positions..

The sell down to **1,294.37** on 6/7/2010 was not a surprise, because the downside violation of 1,320 level on 29/6/2010 had already indicated higher degree of selling pressure in the market, and the external negative factor helped to expedite the selling pace to lower level. **Like what we had said in our marker report on 29/6/2010**, this market would not look "healthy" if the stock index were to continue to drag its feet in such a lacklustre manner as this would create a higher tendency for traders to play a selling game.

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Why didn't the market trade higher on 6/7/2010 ? It was nothing more than expectation of a weakening market. Furthermore, the market attempt to "breakaway" to the up on 29/6/2010 ended with greater selling pressure continued to work in traders' mind psychologically.

Will this be an indication of more buying today (7/7/2010) ? What happened on 29/6/2010 was basically the result of inability on the part of traders to prop up the market higher than 1,336 level (24/6/2010) prior to the inside day bar pattern on 28/6/2010. Of course, bearish traders' scepticism about the market potential to go very far up, and also the 32 points sharp rise on 18/6/2010 & 21/6/2010 had also played their roles in capping the market to the upside. [Market was oversold, and in view of how the market carried itself on 6/7/2010, this market looked set to further stage a technical rebound.](#)

With market traded down to a day low of 1,294.37 on 6/7/2010, what would likely happen to the market now ? The lower low market scenario on 30/6/2010 was indeed not a friendly sign resistance pegged at 1,320 level with new market support expected at 1,285. [Market volume was bigger yesterday compared to that of preceding day \(5/7/2010\) with 405 advancers against 195 decliners. Something had come out to change what was taking place from 22/6/2010 to 5/7/2010.](#)

What were the strong hands doing

A check of internal market strength on 6/7/2010 showed that buying strength *improved* with strong hand(s) seen *acquiring a portion of buying positions*, the number of stock positions established on 6/7/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 38% from 50% in the preceding trading day (5/7/2010).

Conclusion :

The short term market outlook turned negative with medium term remained fragile.

[The analysis of overall daily market action\(s\) on 6/7/2010 revealed that buying power\(s\) was stronger compared to selling pressure\(s\), FBM KLCI would thus likely to trade above 1,307.22.](#)

Today's Hot Pick – **Alam Maritim**

	6/7/10	5/7/10
Open	1.81	1.80
High	1.87	1.81
Low	1.79	1.76
Close	1.83	1.76
Volume	7,554	1,640
Indicators	6/7/2010	5/7/2010
MACD	buy	sell
DM index	buy	buy
Stochastics	sell	sell

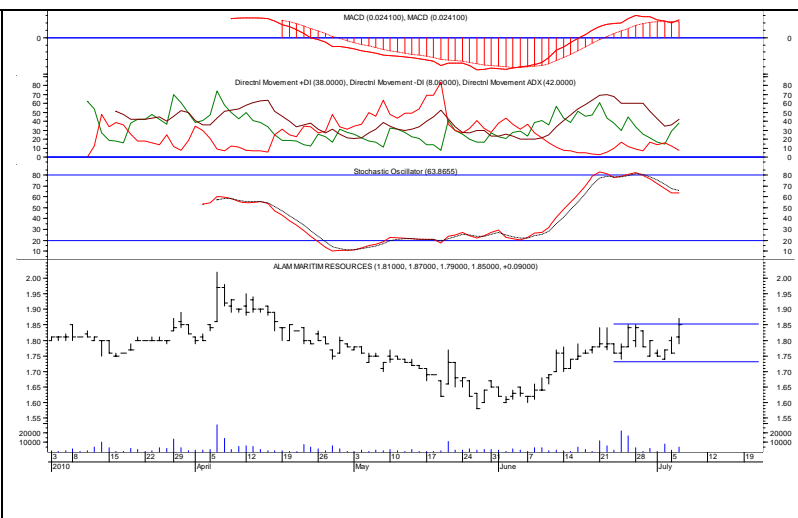


Chart wise : *In position to go higher*

Alam Maritim (5115 - MainBoard) had on 6/7/2010 crossed over the immediate high of **RM1.85** (28/6/2010) to an intra-day **high of RM1.87** before settled at **RM1.83**.

Next Potential Upside Target : An upside violation of **RM1.85** level again would likely see **Alam** looked set to trade upward with next upside target at **RM1.94**.

Entry Level : Risk taking traders may establish buying position at **RM1.81** 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 **RM1.75** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Leong Hup Hldgs

	6/7/2010	5/7/2010
Open	1.37	1.29
High	1.42	1.39
Low	1.36	1.29
Close	1.39	1.35
Volume	9,183	6,112
Indicators	6/7/2010	5/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

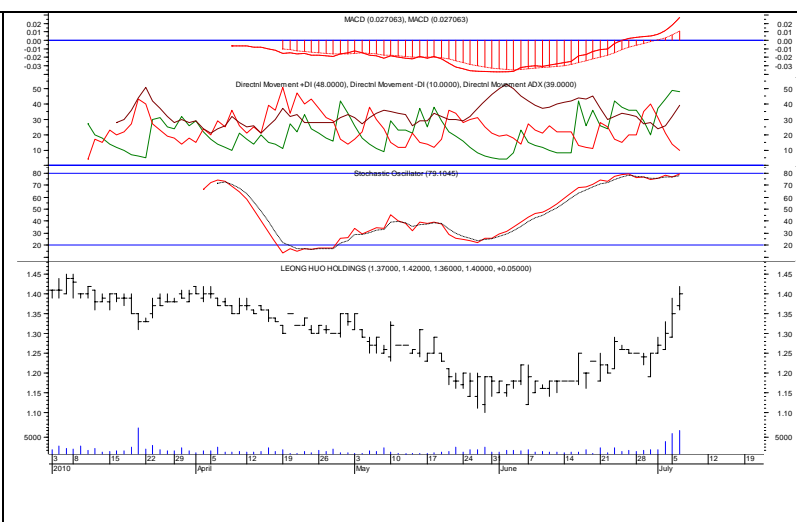


Chart wise : Resistance seen at RM1.50 level.....

Leong Hup Hldgs (4839 - MainBoard) had on 6/7/2010 traded higher to a day high of **RM1.42** before settled at **RM1.39**.

Price Direction

In view of an increase in market participation, the stock could be expected to trade **upward** in coming day(s) with an overhead resistance pegged at **RM1.50** and support at **RM1.25**.

What to watch for

A turnaround of prices to close **below RM1.25** level would see an immediate short term reversing direction in the stock.

Active Stock Review – Sime Darby Bhd

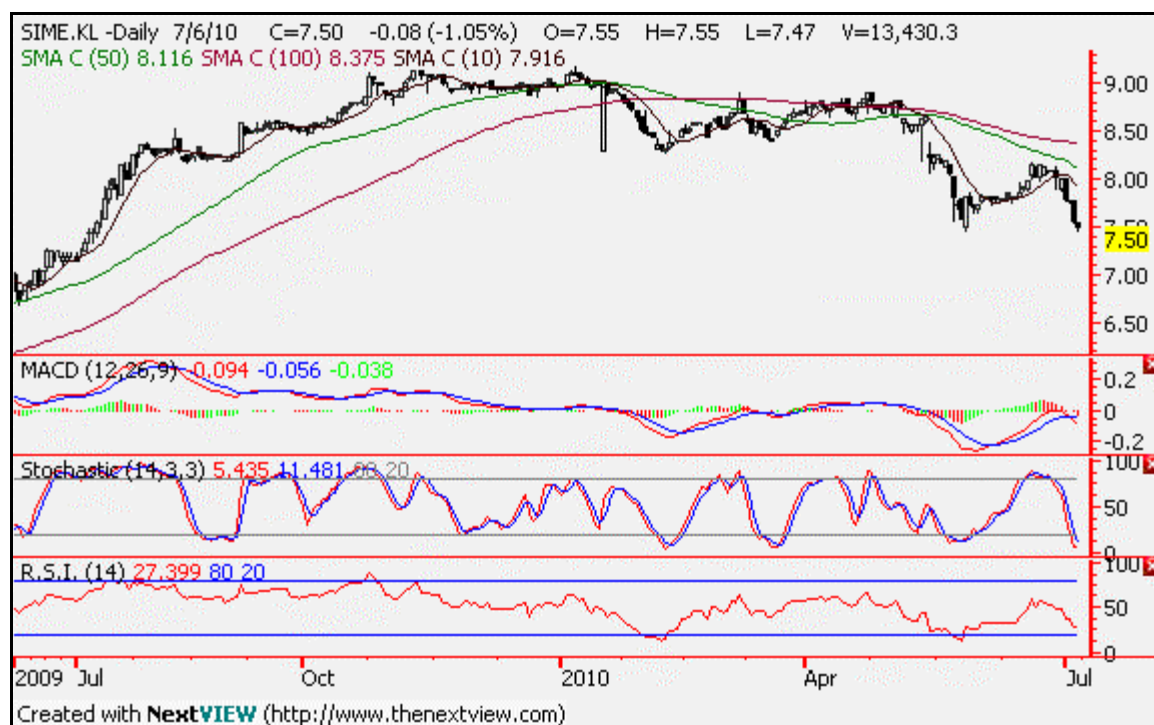


Chart wise

Bearish.

Sime Darby Bhd (4197-Main Market-Trading/Services)

Sime' share price dipped sharply over the past week. The daily candle broke through the RM7.75 strong support and has rebounded after hitting a low of RM7.47. The stochastic oscillators are oversold, so as with the RSI indicator.

The MACD remains negative, but its decline has abated. The immediate resistance is the RM7.60 level. The next support is at RM7.25.

MAJOR NEWS

Commodity, Currency and Economic News

Oil prices reversed course and fell Tuesday, as a morning stock market rally fizzled after an economic report predicted slowing growth in the U.S. economy. Benchmark crude for August delivery fell 16 cents to settle at US\$71.98 a barrel on the New York Mercantile Exchange after rising as high as \$73.86 earlier in the day. The Institute for Supply Management, a trade group of purchasing executives, said its index of services companies fell to 53.8 last month from 55.4 in May. (Star)

Crude palm oil (CPO) futures prices on Bursa Malaysia Derivatives closed mostly higher yesterday, as recovery in oil prices prompted a wave of short-covering, a dealer said. The market, he said also received a boost on expectation that the demand will pick up, as traders start to stock up ahead of the fasting month of Ramadan. The July 2010 contract rose RM18 to RM2,398 a tonne and August 2010 went up RM19 to RM2,330 a tonne. September 2010 added RM11 to RM2,301 a tonne, while October 2010 was unchanged at RM2,282 a tonne. (BTimes)

The ringgit ended firmer against the US dollar yesterday, in line with an uptrend on the local stock market. At 5pm, the ringgit was quoted at 3.2040/2070 from the 3.2060/2090 on Monday. The FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) had closed 6 per cent higher at 1,307.08. Dealers said the ringgit regained its upward trend on active commercial demand from local and foreign players, following an improvement in the country's economic conditions. "The ringgit remains steady despite global uncertainties and put the greenback back under pressure," a dealer said. However, the ringgit was lower against other major currencies. (BTimes)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	9743.62	57.14	0.59	Nasdaq CI	2093.88	2.09	0.10
S&P 500	1028.06	5.48	0.54	FTSE 100	4965.00	141.17	2.93

Global and Local Headlines

Stocks gained, with the Standard & Poor's 500 Index rising from a 10-month low, on speculation earnings growth will help the market rebound from its lowest valuation since 2009, while a Spanish bond sale quelled concern the nation will struggle to fund its deficit. The US dollar fell. The S&P 500 ended 0.5 percent higher at 1,028.06 at 4 p.m. in New York, after briefly erasing a 2 percent morning rally and then recovering in the final half hour. The Dow Jones Industrial Average snapped a seven-day losing streak, its longest since the financial crisis in 2008. The dollar slid versus 15 of 16 major currencies. Australia's dollar rallied as the nation's central bank paused in lifting interest rates. Treasuries advanced. (Bloomberg)

Malaysia will consider tomorrow whether to raise interest rates for a third time this year as policy makers across Asia weigh the risks of faster inflation against threats to the global economic recovery. Half of the economists in a Bloomberg News survey predict Bank Negara Malaysia will increase its benchmark overnight policy rate to 2.75 percent from 2.5 percent tomorrow, while the other half expect no change. The central bank raised borrowing costs by a combined half a percentage point in March and May. The split among economists mirrors a divergence between countries that are refraining from raising borrowing costs, such as Indonesia and the Philippines, and those that lifted rates in recent weeks, including India and Taiwan. A third increase would give Malaysia, among the first to act this year, more flexibility to reduce rates should the global rebound falter. (Bloomberg)

Samsung Electronics Co., Asia's biggest maker of semiconductors, flat screens and mobile phones, posted record profit last quarter, fueled by a recovery in demand for computer-memory chips that drove up prices. Second-quarter operating income jumped 87 percent to 5 trillion won (\$4.1 billion), plus or minus 200 billion won, from 2.67 trillion won a year earlier, the Suwon, South Korea-based company said in a statement today. Sales increased about 14 percent, it said. Profit beat the 4.74 trillion won average of 14 analyst estimates compiled by Bloomberg. The higher earnings may help Samsung fund a record 18 trillion won capital spending plan to widen its lead over Micron Technology Inc. and Hynix Semiconductor Inc. The Dramexchange Index, which tracks prices of the most widely used computer- memory chips, rose 9.3 percent this year as the global economic recovery spurred demand for electronics, lifting earnings for chipmakers. (Bloomberg)

Industrial countries are embarking on the most aggressive tightening of fiscal policy in more than four decades, led by the U.S. and Britain, as governments gamble they can pare debt without strangling an economic recovery. Rich nations will reduce their primary budget deficits, excluding interest payments, by 1.6 percentage points next year, the most since the Organization for Economic Cooperation and Development began keeping records in 1970, according to JPMorgan Chase & Co. economists. The budget squeeze will lop 0.9 percentage point off growth in 2011. (Bloomberg)

Nobel Prize-winning economist **Paul Krugman** said the U.S. should have a "kitchen-sink strategy" that uses all fiscal and monetary policies possible to prevent the economy from sliding back into a recession. "We are looking at what could be a very long siege here," Krugman said in an interview today in Princeton, New Jersey, with Bloomberg Television. "We really are at a stage where we should have a kitchen-sink strategy. We should be throwing everything we can get at this." At a time when European countries such as Germany are calling for austerity measures to rein in budget deficits, Krugman is calling for more stimulus to prevent a repeat in the U.S. of Japan's decade of economic malaise in the 1990s. (Bloomberg)

The Reserve Bank of Australia signaled it's prepared to refrain from further interest-rate increases in coming months as signs mount that economies around the world will slow. Central bank Governor Glenn Stevens yesterday kept the benchmark cash rate at 4.5 percent for a second month, even as he forecast inflation will accelerate above the top of his 2 percent to 3 percent target range. He also dropped a reference to the level of rates being appropriate for the "near term." "The bar has been lifted on raising official interest rates," said a senior economist at Citigroup Inc. in Sydney. "The fact that the bank has not responded to this change in the inflation outlook with an adjustment to monetary policy or the tone of the statement indicates that the bank is comfortable with the setting of policy." (Bloomberg)

Hiap Teck Venture Bhd (HIAPTEK) founder Kua Hock Lai may be planning his exit, and if recent share transactions are any indication, it seems the 61-year-old managing director has struck a sweet deal. The market, however, remained cautious on the possible change of guards at the pipe-making company. Hiap Teck's new substantial shareholder, Datuk Law Tien Seng, has "extensive experience in the iron and steel industry", according to a stockbroker, and based on recent filings with Bursa Malaysia, Law paid a premium to gain control of the company. (Star)

Berjaya Corp Bhd (BJCORP) has entered into a concession framework agreement with Xinan Public Asset Investment Co Ltd (XPAI) for the proposed construction of two wastewater treatment plants in Xinan County in Guandong province, China. BCorp told Bursa Malaysia it would have the right to build, operate and maintain the proposed projects for a period (inclusive of construction) of 25 years and thereafter transfer the same back to XPAI at no cost. "The estimated cost of the proposed projects is about 200 million renminbi (about RM97mil) and will be implemented in phases. The proposed projects are expected to generate total revenue of about 1.07 billion renminbi (about RM516mil) during the concession period," it said. (Star)

The Ministry of Works has informed **PLUS Expressways Bhd's** (PLUS) wholly owned subsidiary Projek Lebuhraya Utara-Selatan Bhd (PLUS) that the Government has awarded it a contract estimated to be worth RM1.143bil to build a fourth lane along certain stretches of the North-South Expressway and the New Klang Valley Expressway. In a filing with Bursa Malaysia, PLUS Expressways said the stretches were Shah Alam to Rawang, Shah Alam to Jalan Duta and a section from Nilai (North) to Seremban. (Star)

UK's Tesco Plc, Japan's Aeon Co, Hong Kong's Dairy Farm International Holdings Ltd and Thailand's Big C Supercenter Pcl may be putting in bids for **Carrefour SA's** Malaysia, Singapore and Thailand assets, Bloomberg reported, quoting sources. It also said South Korea's Lotte Group was earlier approached to make a bid. According to the sources, Carrefour has approached potential buyers and may ask for bids by early September and the combined operations could fetch US\$800mil to US\$1bil. Sources said the world's second largest retailer would consider selling the units separately as potential buyers might not be interested in bidding for all three combined. Carrefour's Thai business may be worth US\$500mil to US\$600mil, while the Malaysian and Singapore operations may be valued at US\$350mil to US\$400mil. (Star)

A lawsuit to stop **EON Capital Bhd** (EONCAP) from being taken over by Hong Leong Bank Bhd in a RM5.06 billion deal looks set to drag on and become more complicated than expected. EONCap, in a stock exchange filing late yesterday, said the Kuala Lumpur High Court, which opened the case yesterday, had fixed the matter for trial beginning September 20 this year. This raises the question as to whether Hong Leong will walk away from the deal as it has said it may do so if all approvals are not secured by August 15. Hong Leong, when contacted yesterday, declined to comment on the matter. (BTimes)

Genting Malaysia Bhd (GENM), owner of casinos in Singapore, the Philippines and the UK, is the only surviving bidder for an electronic slot-machine parlour at New York City's Aqueduct Racetrack after two US-based firms were disqualified, the New York Lottery announced. One excluded proposal was submitted by a group led by SL Green Realty Corp, Manhattan's biggest office landlord, in a bid with partners Hard Rock International and Toronto-based Clairvest Group. The other was from Wyomissing, Pennsylvania-based Penn National Gaming Inc, which operates 19 casinos and racetracks. "The proposals did not conform with the requirements of the competition and, instead, attempted to negotiate for terms more favorable to the bidders," Lottery Director Gordon Medenica said in a statement. Neither New York-based SL Green nor Penn National will be eligible for reconsideration even if Genting isn't approved, he said. (BTimes)