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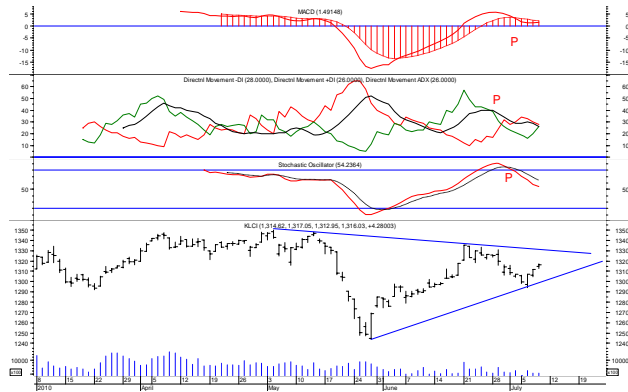
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MARKET FLASH

FBM KLCI

Fri, 9 July 2010



MARKET STATISTICS (8/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,316.03	+ 4.28
FBM 100	8,659.52	+ 33.50
FBM ACE	3,769.85	+ 12.48
Volume (m)	532.6	
Value (RMm)	971.1	
Up	365	
Down	242	
Unchanged	275	

FOREIGN

Nikkei	9,535.74	+ 256.09
Hang Seng	20,050.56	+ 193.49
STI	2,897.15	+ 36.12
Shanghai CI	2,415.15	- 5.97

BURSA MOVERS

Gainers	Close	Chg
Nestle	35.10	+ 0.30
HLFG	8.30	+ 0.27
SEG	4.56	+ 0.25
Topglove	13.70	+ 0.24
DFZ	3.49	+ 0.20

Losers	Close	Chg
Ralco	0.715	- 0.165
Allianz	3.79	- 0.13
Tecguan	0.43	- 0.13
Khind	1.11	- 0.11
AIC	0.64	- 0.095

Actives	Close	Chg
SunReit	0.885	- 0.015
Sinotop-OR	0.01	- 0.01
SAAG	0.08	+ 0.005
IOI Corp	5.06	- 0.03
Genm	2.64	+ 0.02

Today's Market Direction :

FBM KLCI would likely to trade **above** **1,317.05** level.

Market Buying Strength :

About **67%** of total market volume on **8/7/2010** was on buying side compared to **91%** in the preceding trading day.

"Movement" in Strong Hands :

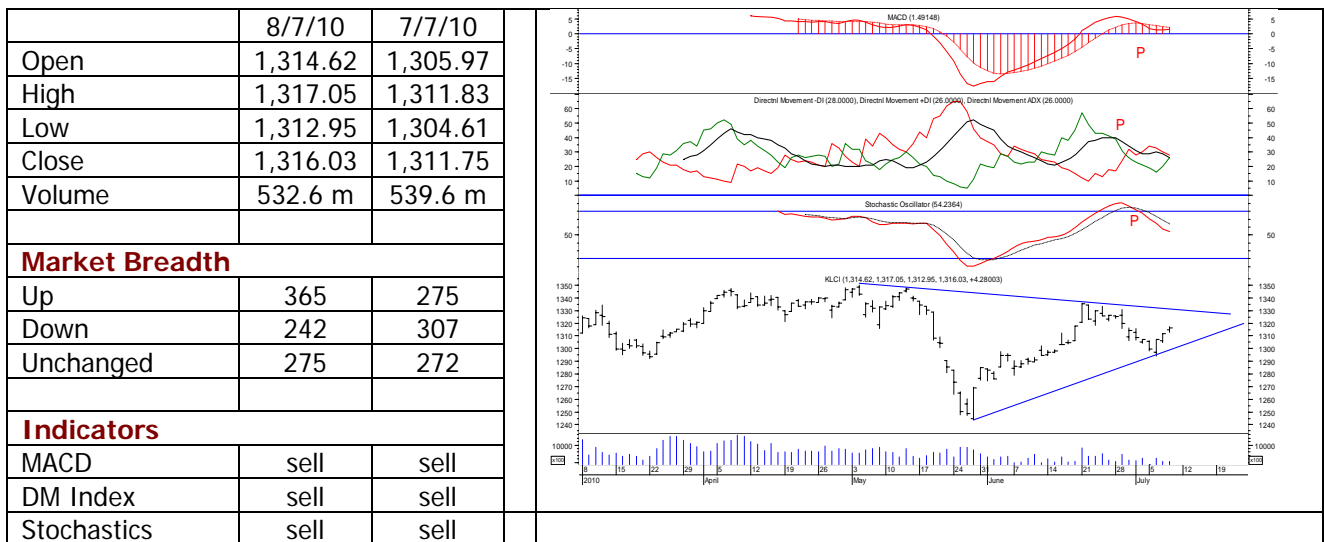
Strong hands were seen **acquiring** a small portion of stock positions on **8/7/2010**.

Pivot Point Studies for Intra-Day :

For **Friday (9/7/2010)**, 1st resistance @ **1,317.8** & 2nd resistance @ **1,319.5** ; 1st support @ **1,313.5** & 2nd support @ **1,310.9**.

To read more

Technical Analysis – Daily FBM KLCI



Re-test of 1,335 in the making

Market Commentary :

Led by bargain hunting activity in anticipation of better earnings season after two weeks of heavy selling to put the market below 10,000 psychological level, DJIA had on 7/7/2010 crossed back up into this 10,000 level to gain 274.66 points with a close at 10,018.28.

The triple-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 8/7/2010, FBM KLCI only traded to a day low of **1,312.95** as some traders chose to profit take a portion of their winning trades. However, weak follow thru selling pressure in area of **1,312.95** prompted renewed buying interest to roll in, this lifted stock index to a day high of **1,317.05** before settled at **1,316.03**.

The **rise** of **4.28** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **KLK** (up RM0.02), **CIMB** (up RM0.05), **Maybank** (up RM0.02), **Sime Darby** (up RM0.08) and **Genting** (up RM0.04).

What was the chart saying

Market found a another little follow thru buying interest above 1,300 level yesterday (8/7/2010) on 2nd consecutive day after the strong close in the previous day (6/7/2010). The weaker buying on 8/7/2010 was somehow expected as many traders were seen not convinced of the 1,300 level cross over that occurred on 6/7/2010 in addition to small market advance on 7/7/2010 while trying to analyse the truth behind the downside violation of 1,300 level on 5/7/2010. **Traders were beginning to get a little confuse of the market directionthis can be seen from lower market volume on an up close day (8/7/2010).**

Well, it is hard to make a confirmation of where this market will be heading given such a mixed market scenario

Time is obviously needed here to carve out a chart picture for a trading lead.

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A game change to sideways was believed to have taken place on 6/7/2010, because bearish traders were not seen taking advantage of the weak market situation on 5/7/2010 to aggressively press the stock index down in the following day on 6/7/2010 when they had the upper hand to do so. But, somehow these bearish traders were held up for certain reason(s) which they themselves knew best this could thus be interpreted as a signal to other traders NOT to get overly bearish about the market at this juncture.

When can we see an end to this market uncertainty ? Firstly, 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 (day low of 1,294.37 on 6/7/2010). Secondly, this market must re-establish itself above 1,300 level with good supportive play in coming days. More importantly, the negative image of market earlier attempt to “breakaway” to the upside on 29/6/2010 ended with greater selling pressure must be cleared mentally and to follow by a higher market than 1,336 level.

The way market carried itself on 6/7/2010 suggested that the 32 points sharp rise on 18/6/2010 & 21/6/2010 had more or less been “corrected”, and there is a high chance of seeing this market to test higher ground. Of course, bearish traders’ would still be sceptical about the market potential to go very far up.

Ladies & gentlemen, market trading environment may be clouded by negative sentiment with many traders had chosen to stay sidelines; but, the higher lows and higher highs in the past 2 days (8/7/2010 and 7/7/2010) indicated a market with upward bias. **How high can this market go ?** The market is moving towards the upper downward sloping line of a converging triangle pattern as drawn on the chart above. A consolidation is shaping up with resistance pegged at 1,336 level and market support at 1,294.

What were the strong hands doing

A check of internal market strength on 8/7/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, the number of stock positions established on 8/7/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 32% from 37% in the preceding trading day (7/7/2010).

Conclusion :

Market outlook got friendlier in the short term with settlement on 8/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 8/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,317.05

Today's Hot Pick – **ScomiMR**

	8/7/2010	7/7/2010
Open	0.385	0.375
High	0.415	0.38
Low	0.385	0.375
Close	0.405	0.375
Volume	43,968	3,700
Indicators	8/7/2010	7/7/2010
MACD	buy	sell
DM index	buy	buy
Stochastics	buy	sell

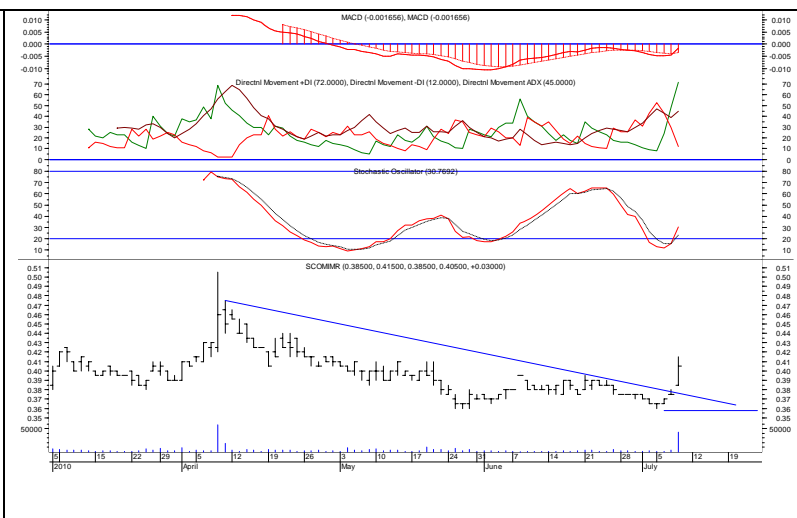


Chart wise : *Gapped up plus volume*

ScomiMR (7045 - MainBoard) had on 8/7/2010 gapped up to cross over the downward sloping trendline extended from high of RM0.475 (9/4/10) to connect the other high of RM0.395 (21/6/2010) with a day high of **RM0.415** before settled at **RM0.405**.

Next Potential Upside Target : With the upside violation of the downward sloping trend line, **ScomiMR** looked set to trade upward with next upside target at **RM0.435**.

Entry Level : Risk taking traders may establish buying position at **RM0.395** 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 **RM0.38** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Today's Hot Pick – **MMosaic**

	8/7/2010	7/7/2010
Open	1.72	1.69
High	1.82	1.72
Low	1.72	1.69
Close	1.79	1.71
Volume	3,023	1,126
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	sell

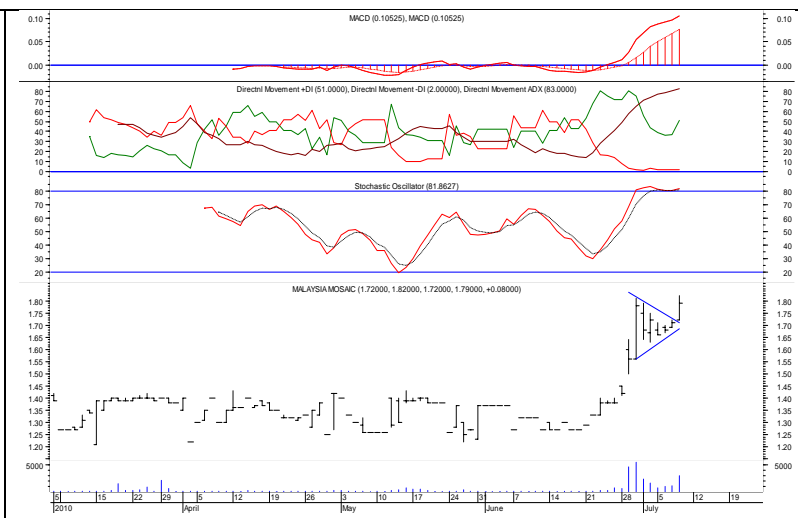


Chart wise : *Traced out of symmetrical triangle*

MMosaic (**3824** - MainBoard) had on 8/7/2010 broke a symmetrical triangle on the upside to a day **high** of **RM1.82** before settled at **RM1.79**.

Next Potential Upside Target : With the upside breakout of **symmetrical triangle pattern**, **MMosaic** looked set to trade upward with next upside target at **RM1.95**.

Entry Level : Risk taking traders may establish buying position at **RM1.76** 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 **RM1.68** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Current Active Stock Review – Magna

	8/7/2010	7/7/2010
Open	0.825	0.78
High	0.865	0.825
Low	0.825	0.78
Close	0.855	0.82
Volume	25,502	22,415
Indicators	8/7/2010	7/7/2010
MACD	buy	sell
DM index	buy	sell
Stochastics	buy	buy



Chart wise : *Resistance seen at RM0.90.....*

Magna (7617 - MainBoard) had on 8/7/2010 traded higher to reach a day high of **RM0.865** before settled at **RM0.855**.

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 **RM0.90** and support at **RM0.81**.

What to watch for

A turnaround of prices to close **above RM0.90** level would see an immediate short term reversing direction in the stock.

MAJOR NEWS

Commodity, Currency and Economic News

U.S. retailers reported sales gains in June as record-high temperatures on the East Coast pushed more shoppers into air-conditioned malls. Sales at stores open at least a year rose more than analysts projected at Nordstrom Inc., J.C. Penney Co. and Macy's Inc., according to estimates compiled by Retail Metrics Inc. Gap Inc. and TJX Cos. fell short of predictions. "Department stores benefited toward the end of the month from the excess heat across the country, particularly in the northeast but also out west," said Ken Perkins, president of Retail Metrics. "Results were clearly mixed, and there was selective buying going on." July results may be similar, Perkins said, citing increased clearance sales in the first half and more hot weather across the U.S. While more people visited shopping centers, some of that traffic failed to translate into purchases, leading more than half of retailers to miss projections, Swampscott, Massachusetts-based Retail Metrics said. (Bloomberg)

Australia's biggest quarterly employment gain in four years added to pressure on the central bank to resume the most aggressive round of interest-rate increases among Group of 20 members in coming months. Payrolls jumped by 104,500 in the three months through June, driving the jobless rate to a 17-month low of 5.1 percent, the statistics bureau said yesterday. The report came two days after central bank Governor Glenn Stevens signaled he's prepared to hold off for now on another rate move. (Bloomberg)

Consumer borrowing in the U.S. dropped in May more than forecast, a sign Americans are less willing to take on debt without an improvement in the labour market. The US\$9.1 billion decrease followed a revised \$14.9 billion slump in April that was initially estimated as a \$1 billion increase, the Federal Reserve reported today in Washington. Economists projected a \$2.3 billion drop in the May measure of credit card debt and non-revolving loans, according to a Bloomberg News survey of 34 economists. Borrowing that's increased twice since the end of 2008 shows consumer spending, which accounts for about 70 percent of the economy, will be restrained as Americans pay down debt. Banks also continue to restrict lending following the collapse of the housing market, Fed officials said after their policy meeting last month. (Bloomberg)

Crude palm oil (CPO) futures prices on Bursa Malaysia Derivatives ended firmer yesterday despite players being cautious of higher CPO stocks in June, dealers said. On Monday, the Malaysian Palm Oil Board (MPOB) is scheduled to release June's import, export, production and stock figures, while Cargo surveyors Intertek Testing services and Societe Generale de Surveillance are due to release export estimates for the first 10-days of July. CPO prices are expected to hit RM2,270 per tonne over the next two or three months based on the current crude petroleum oil price of US\$75 (US\$1.00 = RM3.26) per barrel. Concerns about the global economic recovery would also weigh on prices, he added. The July 2010 contract closed RM22 higher at RM2,420 per tonne, August 2010 rose RM25 to RM2,330 per tonne, September 2010 added RM19 to RM2,289 per tonne and October 2010 edged up RM25 to RM2,275 per tonne. Volume for the day was higher at 14,577 lots compared with Wednesday's closing of 13,888 lots while open interest fell to 74,093 contracts from 74,304 contracts previously. (BTimes)

The ringgit ended higher against the US dollar yesterday on the back of a weaker greenback globally, dealers said. At the close, the ringgit was quoted at 3.2015/2055, up from 3.2185/2225 on Wednesday. According to the dealers, the return of risk appetite among market players strengthened the ringgit against the US dollar. Buying interest helped the ringgit to gain momentum in line with the uptrend on the local bourse, said one of the dealers. The ringgit was mostly higher against other major currencies. (BTimes)

Bank Negara raised the overnight policy rate (OPR) by 25 basis points to 2.75% yesterday as local economic indicators continued to show robust growth. It is the third time the rates have been increased this year. The floor and ceiling rates of the corridor for the OPR were correspondingly raised to 2.5% and 3% respectively, the central bank said. (Star)

Oil rose for a second day on Thursday, following two upbeat economic reports and signs that petroleum supplies were shrinking. Benchmark crude rose US\$1.37 to settle at \$75.44 a barrel on the New York Mercantile Exchange. The Labor Department said initial jobless claims fell last week to the lowest level since early May. The news came as hundreds of thousands of Americans lose unemployment benefits because Congress has yet to pass an extension of benefits. (Star)

Malaysia's **Industrial Production Index (IPI)**, which rose by a higher-than-expected 12.5% in May versus a year earlier, will likely see a slower pace of growth in the second half of the year due to the sluggish recovery in the global economy and the diminishing low-base effects from last year. A Bloomberg survey of economists had expected an increase of 10.5%. Economists believe that the growth in the index would not be as fast after June as a bleak US jobs outlook, continued concerns over the debt crisis in the eurozone and withdrawal of stimulus measures begin to have an impact. (Star)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10138.99	120.71	1.20	Nasdaq CI	2175.40	9.98	0.94
S&P 500	1070.25	9.98	0.94	FTSE 100	5105.45	90.63	1.81

Global and Local Headlines

Stocks rose, giving the Standard & Poor's 500 Index its first three-day rally since April, and oil gained as the International Monetary Fund lifted its estimate for global growth and U.S. jobless claims decreased. Ten-year Treasury yields topped 3 percent for the first time this month. The S&P 500 surged 0.9 percent to 1,070.25 at 4 p.m. in New York, its highest close since June 28. The euro strengthened to a two-month high above \$1.27 as the European Central Bank left borrowing costs unchanged, while the Australian dollar rallied after jobs growth topped forecasts. Oil climbed for a second day and a benchmark gauge of corporate credit risk fell for a third. (Bloomberg)

Temasek Holdings Pte, Singapore's state investment company, is pushing ahead with plans to test managing outside money after assets rebounded to a record S\$186 billion (US\$135 billion). SeaTown Holding, a unit funded with more than S\$4 billion, will pursue deals with institutional co-investors in three to five years, Simon Israel, Temasek's executive director, said yesterday at a briefing to discuss results for the year ended March 31. SeaTown, started in 2009, may add retail investors within a decade, he said. (Bloomberg)

Singapore may overtake China as Asia's fastest-growing economy this year, increasing the attractiveness of the city state's stocks and putting pressure on policy makers to check inflation with a stronger currency. Gross domestic product of the Southeast Asian island will rise 10.8 percent in 2010, according to the median of estimates in a Bloomberg News survey before the July 14 second-quarter GDP report. By comparison, Goldman Sachs Group Inc., BNP Paribas and Macquarie Group Ltd. have cut estimates for China to at most 10.1 percent in recent weeks. An acceleration in pharmaceutical output and the opening of two casino resorts boosted growth in the first half, the result of Singapore's efforts to diversify sources of expansion beyond electronics exports. The push to bolster services may sustain the economy and support investment that spurred the island's benchmark stock index to outperform counterparts in China, Taiwan, Japan and Australia this year. (Bloomberg)

The International Monetary Fund raised its forecast for global growth this year, reflecting a stronger-than-expected first half, while warning that financial-market turmoil has increased the risks to the recovery. The world economy will expand 4.6 percent in 2010, the biggest gain since 2007, compared with an April projection of 4.2 percent, the Washington-based fund said in revisions yesterday to its World Economic Outlook. Growth next year is projected to be 4.3 percent, unchanged from the April forecast. (Bloomberg)

A little over two weeks after **KNM Group Bhd** (KNM) officials talked about another privatisation plan, the company now says it has secured "substantial new orders" from international clients. The oil and gas equipment maker said in a statement to the stock exchange yesterday that since June 24, its subsidiaries have secured RM289mil worth of orders for jobs in Russia, Turkmenistan, Brazil, Venezuela, Australia and the US. According to KNM, some of the parties that awarded the contracts include MISC unit Malaysia Marine & Heavy Engineering Sdn Bhd, France's Prosernat, Turbine Air Systems Ltd, a Houston-based manufacturer of cooling and energy systems for industrial use and the Mississippi Power Company. (Star)

Kenmark Industrial Co (M) Bhd (KENMARK) has made news again and this time it is Bursa Malaysia which is taking action against the troubled furniture-making company. In a statement yesterday, Bursa said it had commenced enforcement proceedings against its managing director Hwang Ding Kuo @ James Hwang and executive director Chang Chin-Chuan for various breaches of disclosure requirements under its listing requirements (LR). "Kenmark and the two directors have been served with a notice to show cause by Bursa Securities to make representations to Bursa in respect of various alleged breaches of the LR arising from, amongst others, various disclosures made by Kenmark including the announcements on May 31, June 1 and 4, 2010. (Star)

Bandar Raya Developments Bhd (BRDB) will replace Dubai's Limitless Holdings Pte Ltd as UEM Land Bhd's majority partner in the "Residential North" of the Puteri Harbour Development in Nusajaya, Johor. BRDB will buy Limitless' 60 per cent stake in Haute Property Sdn Bhd for RM76 million in assumed debt. Limitless is owned by Limitless LLV, a global master developer based in Dubai. Haute has the rights to undertake the development of 44.96 ha of land in Nusajaya. (BTimes)

The feasibility study on the proposed RM36bil **mass rapid transit** (MRT) system by Gamuda Bhd and MMC Corp Bhd is expected to be presented to the Government in about three months time, said a source familiar with the matter. It was earlier reported that the Government had appointed two independent consultants – Minconsult Sdn Bhd and Andercon Technologies Ltd – to carry out the study. The source said the consultants had been given a period of 12 weeks to revert and present their recommendations on the project to the Government. (Star)

MOL Global has formed a strategic partnership with Facebook to make it easier and more convenient to buy virtual items in online games and applications from the world's top social networking site. Under the pact, MOL's wholly-owned MOL AccessPortal will become a payment provider for Facebook Credits. The service will be available at 500,000 MOL outlets in Asia Pacific as well as 7-Eleven stores and cybercafes by the end of this month. MOL group chief executive officer Ganesh Kumar Bangah said MOL will be one of the payment platform providers for Facebook. Ganesh said as Asia relies heavily on physical cards rather than credit cards, users will find it easier to buy in-game items online via the initiative. (BTimes)