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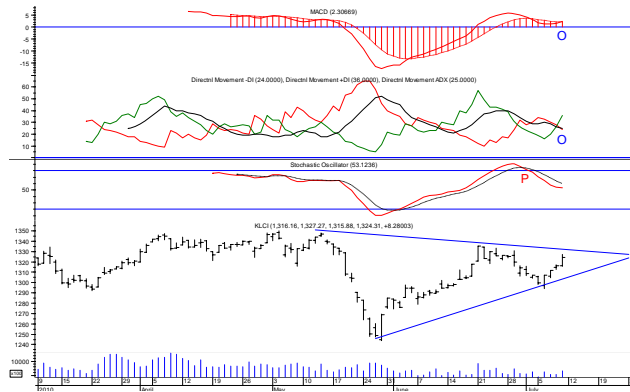
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MARKET FLASH

FBM KLCI

Mon, 12 July 2010



MARKET STATISTICS (9/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,324.31	+ 8.28
FBM 100	8,711.01	+ 51.49
FBM ACE	3,761.73	- 8.12
Volume (m)	664.3	
Value (RMm)	1,439.6	
Up	405	
Down	238	
Unchanged	276	

FOREIGN

Nikkei	9,585.32	+ 49.58
Hang Seng	20,378.66	+ 328.10
STI	2,917.17	+ 20.02
Shanghai CI	2,470.92	+ 55.77

BURSA MOVERS

Gainers	Close	Chg
PPB	16.88	+ 0.62
LPI	16.80	+ 0.52
BAT	44.00	+ 0.44
PetDag	10.16	+ 0.31
DLady	13.30	+ 0.26

Losers	Close	Chg
Harison	2.48	- 0.21
Allianz-PR	0.455	- 0.155
PCCS	0.43	- 0.12
Magni	1.02	- 0.11
E&O-WA	0.17	- 0.095

Actives	Close	Chg
Timecom	0.50	+ 0.05
Maybank	7.58	+ 0.02
Axiata	4.00	+ 0.11
Scomi	0.40	+ 0.015
Gamuda-WD	1.11	+ 0.06

Today's Market Direction :

FBM KLCI would likely to trade **above** 1,327.27 level.

Market Buying Strength :

About **85%** of total market volume on 9/7/2010 was on buying side compared to **67%** in the preceding trading day.

"Movement" in Strong Hands :

Strong hands were seen **acquiring** a small portion of stock positions on 9/7/2010.

Pivot Point Studies for Intra-Day :

For **Monday (12/7/2010)**, 1st resistance @ 1,329.0 & 2nd resistance @ 1,333.0 ; 1st support @ 1,317.7 & 2nd support @ 1,311.1.

To read more

Technical Analysis – Daily FBM KLCI

	9/7/10	8/7/10	
Open	1,316.16	1,314.62	
High	1,327.27	1,317.05	
Low	1,315.88	1,312.95	
Close	1,324.31	1,316.03	
Volume	664.3 m	532.6 m	
Market Breadth			
Up	405	365	
Down	238	242	
Unchanged	276	275	
Indicators			
MACD	buy	sell	
DM Index	buy	sell	
Stochastics	sell	sell	

Hurdle can be expected at 1,335

Market Commentary :

Encouraged by US Labor Department's report of a larger than expected drop in the number of newly laid-off people seeking initial unemployment benefits last week, DJIA had on 8/7/2010 continued to stay above 10,000 level with another gain of 120.71 points to close at 10,138.99.

The triple-digit gain in Wall Street sent another friendly signal to Bursa Malaysia in the opening bell on 9/7/2010, FBM KLCI only traded to a day low of **1,315.88** as traders decided to further play the market on the buying side in anticipation of higher level. Under greater buying support, stock index rose to a day high of 1,327.27 and kept its position on the high end throughout most of the trading sessions before settled at **1,324.31**.

The **rise** of **8.28** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **KLK** (up RM0.02), **CIMB** (up RM0.04), **Maybank** (up RM0.02), **Genm** (up RM0.02) and **HL Bank** (up RM0.14).

What was the chart saying

Market found a slightly better follow thru buying interest above 1,300 level last Friday (9/7/2010) on 3rd consecutive day after the near day high closing scenario in the preceding day (8/7/2010). The marginal increase in buying on 9/7/2010 was again 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.

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 (fall in DJIA) had 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 on a decisive basis.

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 3 days (7/7/2010 - 9/7/2010) 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 9/7/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, *the number of stock positions established on 9/7/2010 reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 24% from 32% in the preceding trading day (8/7/2010).*

Conclusion :

Market outlook got friendlier in the short term with settlement on 9/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 9/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,327.27

Today's Hot Pick – **CBIP**

	9/7/2010	8/7/2010
Open	2.66	2.63
High	2.71	2.65
Low	2.66	2.62
Close	2.67	2.65
Volume	2,045	8,152
Indicators	9/7/2010	8/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	sell	sell

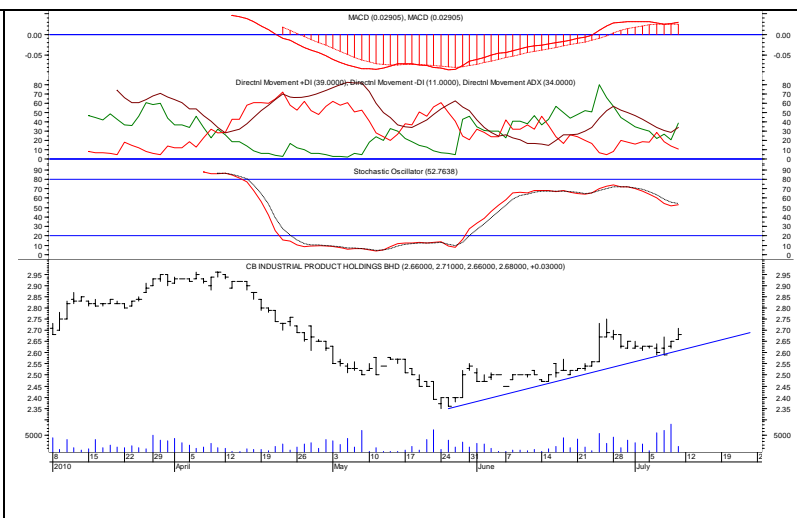


Chart wise : *Seen ready to move higher*

CBIP (7076 - MainBoard) had on 9/7/2010 traded higher to a day high of **RM2.71** before settled at **RM2.67**.

Next Potential Upside Target : An upside violation of **RM2.75** level would likely see **CBIP** to trade upward with next upside target at **RM2.98**.

Entry Level : Risk taking traders may establish buying position at **RM2.65** 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 **RM2.58** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Maybank

	9/7/2010	8/7/2010
Open	7.56	7.56
High	7.63	7.56
Low	7.56	7.54
Close	7.58	7.56
Volume	213,784	105,860
Indicators	9/7/2010	8/7/2010
MACD	sell	sell
DM index	buy	buy
Stochastics	sell	sell

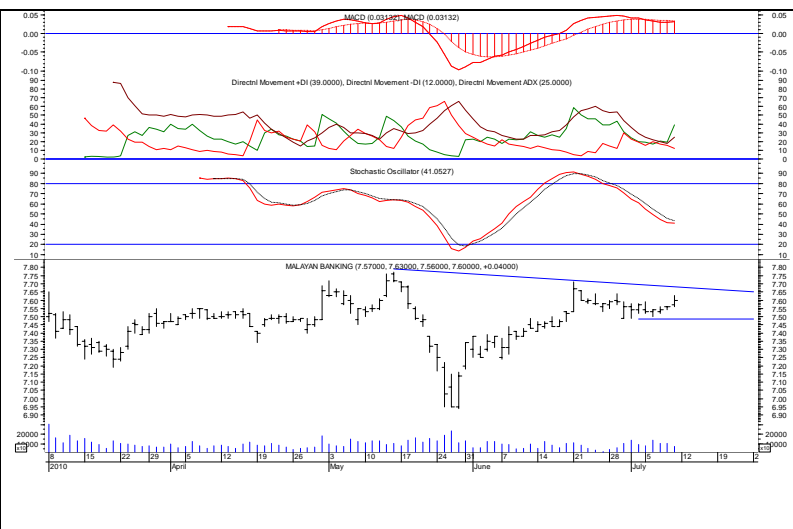


Chart wise : Resistance seen at RM7.75.....

Maybank (1155 - MainBoard) had on 9/7/2010 traded higher to a day high of **RM7.63** before settled at **RM7.58**.

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 **RM7.75** and support at **RM7.30**.

What to watch for

A turnaround of prices to close **below RM7.30** level would see an immediate short term reversing direction in the stock.



Chart wise:

Trading buy.

3A Resources Bhd (0012-Main Market-Industrial Products) – RM1.90

3A Resources had staged a breakout from its broad descending channel. Testing the RM1.90 resistance level, it is supported by the positively inclined daily MACD and stochastic.

A clean break above RM1.90 is a sign that 3A could be finally making an effort to break free from the bearish descending channel and subsequently chart an up-trend. Another plus is its rising moving averages, which are providing the trailing support line with current support at RM1.75.

Technical Analysis – Weekly FBM KLCI

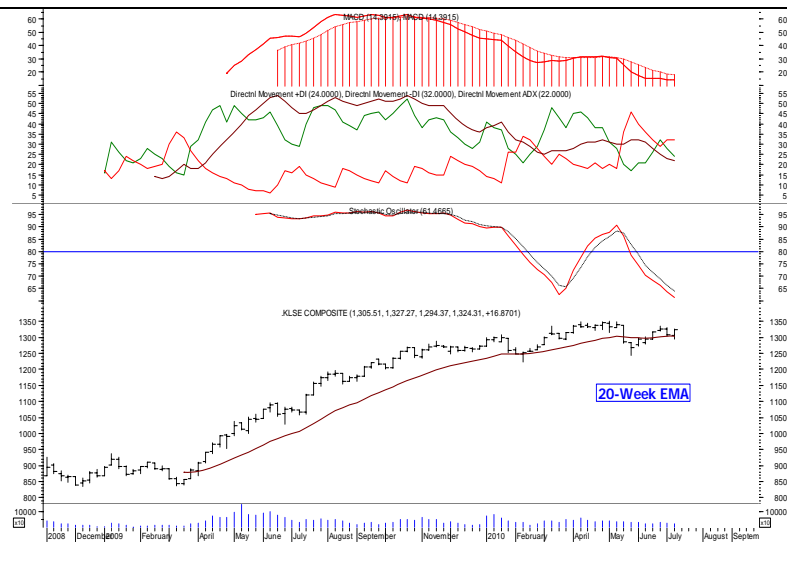
	9/7/10	2/7/10	
Open	1,305.51	1,326.06	
High	1,327.27	1,331.09	
Low	1,294.37	1,304.09	
Close	1,324.31	1,307.44	
Volume	2.80 bil	3.02 bil	
Pivot	1,315.3	1,314.2	
1 st Resis.	1,336.2	1,324.3	
2 nd Resis.	1,348.2	1,341.2	
1 st Supp.	1,303.3	1,297.3	
2 nd Supp.	1,282.4	1,287.2	
Indicators			
MACD	sell	sell	
DM Index	sell	sell	
Stochastics	sell	sell	

Chart wise : .

..... **65% of total weekly market trading activity was on buying side**

Weekly Market Commentary :

Led by better than expected initial jobless claim benefits last week and bargain hunting activity in anticipation of better earnings season after two weeks of heavy selling, DJIA climbed back up into 10,000 zone to reach a week high of 10,139.90 before settled at **high** for the week ended 8/7/2010.

The upward move in Wall Street sent a friendly sentiment to Bursa Malaysia, FBM KLCI rebounded from low of 1,294.37 into 1,300 zone to reach a week high of **1,327.27** as traders decided to change their game play from selling to buying before settled at **1,324.31** last week.

Total market turnover was **2.80** billion shares for week ended 9/7/2010 compared to **3.02** billion shares in the previous week, the **smaller market volume** in an up close scenario suggested **weaker selling pressure** in week ended 9/7/2010.

With a week high (1,327.27) lower than previous week high (1,331.09) and a lower low (1,294.37) than previous week low (1,304.09), can market continue to go upward ? The lower weekly high and lower weekly low last week (9/7/2010) with a settlement above the 20-week MA and above 1,300 level was friendly to the market development. 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 was crucial as it helped to validate the earlier crossover of 1,300 level in week ended 18/6/2010.

On examination of the market behaviour for the week ended 9/7/2010, the weekly **up close** of **1,324.31** helped to paint a friendly picture onto the chart with **support** pegged at **1,300** and **overhead resistance** at **1,335** level.

A mathematical calculation showed that about **65 %** of the total market trading activity for week ended 9/7/2010 was on the **buying side** compared to the **15 %** in the previous week.

Conclusion :

The market action(s) for week ended 9/7/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be making attempt to trade **above 1,327.27**.

MAJOR NEWS

Commodity, Currency and Economic News

China's unexpected rebound in overseas shipments to a record last month may lose pace as the European crisis, a moderating U.S. recovery and yuan gains curb demand for goods from the world's largest exporter. China's overseas sales jumped 43.9 percent in June from a year earlier to \$137.4 billion and the trade surplus more than doubled to \$20 billion, the highest level in eight months, the government said July 10. Customs officials, while hailing a recovery in exports to pre-financial crisis levels, said Europe's debt woes and the "sharp decline" in the value of the euro have started to affect China's sales to that region. Diminished overseas demand, along with cooling domestic investment, increase the odds that Premier Wen Jiabao may unwind some policy tightening and limit further yuan gains to sustain growth. (Bloomberg)

The Kuala Lumpur **CPO futures** market has in the recent past acquired the habit of playing follow-the-leader. Major world stock and commodity markets were the leaders, sometimes playing their roles in rotation. It was no different last week. The local market went on a roller-coaster ride, falling at first in tandem with the meltdown in major stock markets, crude oil and gold, then rising in the latter part of last week by hanging on to the coat-tails of those markets. And it is likely to play follow-the-leader again this week, though the leader this time round might well be the grain complex - in particular the soyabean and soyabean oil markets. This market's fall to an 8-month low of RM2,270 a tonne in early trade followed Wall Street's plunge below the psychological 10,000-point level and crude oil's plunge to US\$71 a barrel. And its bounce back up above the psychological RM2,300 level in late trade was also in tandem with the bounces in those major markets. The actively-traded September 2010 contract settled last Friday at RM2.300 a tonne, still down RM35 or 1.50 per cent over the week despite the late uptick. (BTimes)

The **International Monetary Fund** (IMF) has raised its growth projection for Malaysia this year to 6.7 per cent from 4.7 per cent before, beating Malaysia's own official forecasts. It also expects the Malaysian economy to grow by 5.3 per cent in 2011. In its latest projection issued in Hong Kong on Thursday, the IMF said the first quarter GDP outturns were generally stronger than anticipated in April. High frequency indicators suggest that economic activity remained brisk during the second quarter, it said. Malaysia posted a vibrant 10.1 per cent first quarter growth from January to March. "Economic activity in the region has been sustained by continued buoyancy in exports and strong private domestic demand." (BTimes)

China's foreign-exchange reserves, the world's largest, rose the least in 11 years in the second quarter as expectations for yuan gains diminished and the European debt crisis saw capital move out of emerging markets. The nation's holdings rose by \$7.2 billion to \$2.454 trillion yuan at the end of June from the end of March, the People's Bank of China said yesterday. Reserves dropped 2 percent in May, according to data posted on the central bank's website, the first monthly decline since February 2009. China's announcement that it was scrapping its two-year peg to the U.S. dollar was made just 12 days before the end of the quarter. The change in policy could revive bets on the yuan's appreciation and complicate the central bank's efforts to trim liquidity in the financial system and stem inflation. (Bloomberg)

The euro climbed to an eight-week high against the dollar as European Central Bank President Jean- Claude Trichet said the economic recovery is gathering momentum. The yen and dollar dropped this week against most of their major counterparts as stocks rallied on evidence the world is weathering Europe's sovereign-debt crisis, spurring demand for riskier assets. Canada's currency rose the most in almost a month before the central bank's policy meeting later in July as job creation was almost five times what economists forecast. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10198.03	59.04	0.58	Nasdaq CI	2196.45	21.05	0.97
S&P 500	1077.96	7.71	0.72	FTSE 100	5132.94	27.49	0.54

Global and Local Headlines

Japan's Prime Minister Naoto Kan lost control of parliament's upper house, undermining legislative efforts to cut the world's largest public debt and creating the possibility of a third leadership change in a year. The ruling Democratic Party of Japan won 44 seats, compared with 51 for the opposition Liberal Democratic Party, according to results compiled by public broadcaster NHK. Your Party, a new group founded by former LDP cabinet minister Yoshimi Watanabe, won 10. Half of the 242 seats in the less powerful of Japan's two houses of parliament were up for grabs. (Bloomberg)

China's property prices rose at a slower pace for a second month after April's record gain as the government cracked down on speculation, damping home sales in a bid to avert asset bubbles. Prices in 70 cities rose 11.4 percent in June from a year earlier, according to a report today in the statistic bureau's newspaper, China Information News. That compared with 12.8 percent in April and 12.4 percent in May. Property prices slid 0.1 percent in June from the previous month, adding to signs that growth is moderating in the world's third-biggest economy. Harvard University professor Kenneth Rogoff said July 6 that a "collapse" in real estate is beginning, while Barclays Capital forecasts prices may fall as much as 30 percent in the next 12 months. (Bloomberg)

Exxon Mobil Corp. declined to comment on reports the company has received government approval to explore a bid for BP Plc. Exxon's Alan Jeffers had no comment on the report today in the London-based Times newspaper. Max McGahan, a spokesman for London-based BP, also said he wouldn't comment. BP is seeking funds to pay for the biggest U.S. oil spill in history. The company is in talks to sell some assets including its Alaska oil fields to Houston-based Apache Corp., two people familiar with the discussions said. The talks were first reported in the same story as the Exxon news in the Times. The Times reported that Exxon, based in Irving, Texas, has been told by the U.S. government it can look at a potential bid for BP. The newspaper cited oil-industry sources for the information. (Bloomberg)

Taiwan's Central Bank Governor Perng Fai-nan called on financial institutions to take steps to prevent housing speculation after complaints from citizens. "Many people have written to show their dissatisfaction that in the past one to two months, houses have been purchased and then resold at a higher price within a short time," Perng wrote in a July 2 letter to the chairmen of all financial institutions on the island and published yesterday on the Bank's website. "Many speculative investors have bought more than 200 houses and contracted real-estate agents to sell them, with the speculative money having come from bank loans." Taiwan's monetary authority is seeking to rein in property speculation as lending expands and prices rise, spurred by record-low interest rates. The Central Bank raised its benchmark rate to 1.375 percent on June 24 as Taiwan's economy recovers and introduced a 70 percent cap on loans for second homes while ordering banks not to extend further loans for renovations. (Bloomberg)

Radiant Pillar Sdn Bhd, a 50:50 venture between **IJM Land Bhd** (IJMLAND) and **Kumpulan Europlus Bhd** (KEURO), which is undertaking the proposed development of the 2,500-acre Canal City land in Selangor, is negotiating with a state government agency to mutually settle the termination of the flood mitigation project for Canal City. "Hopefully the negotiation can be wrapped up soon," IJM Land managing director Datuk Soam Heng Choon told StarBiz. Under an earlier agreement with the previous state government, the deal involved a flood mitigation project in the form of an 18km-canal linking Sungai Klang and Sungai Langat. In return the company will be awarded the land for development. However, the new state government, which took over after the March 8, 2008 general election, has decided that there is no need for the flood mitigation project. (Star)

Pos Malaysia Bhd (POS) is keen to sell its 15 per cent stake in Transmile Group Bhd but the challenge lies in finding an investor that can give the latter a new lease of life. "We want to sell if we can sell. But because it is a PN17 (Practice Note 17) company and we have a 15 per cent block, we need somebody who can come in and pump new business into Transmile and make something out of it," group managing director and chief executive officer Datuk Syed Faisal Albar told Business Times in an interview last Thursday. He added that there were no buyers in the open market even if Pos Malaysia were to sell on a daily basis due to Transmile's financially-troubled status. (BTimes)