



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

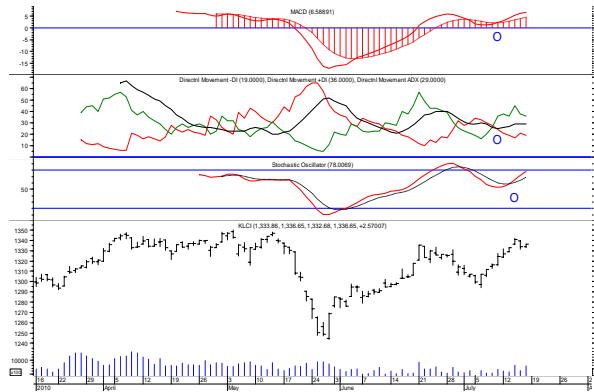
PENANG BRANCH
2nd Floor,
Std Chartered Bank,
2 Lebuhr Pantai,
10300 Penang.
Tel: 604-263 9118

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

MARKET FLASH

FBM KLCI

Mon, 19 July 2010



MARKET STATISTICS (16/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,336.65	+ 2.57
FBM 100	8,807.33	+ 18.21
FBM ACE	3,764.61	- 1.71
Volume (m)	793.6	
Value (RMm)	1,195.7	
Up	476	
Down	206	
Unchanged	263	

FOREIGN

Nikkei	9,408.36	- 277.17
Hang Seng	20,250.16	- 5.46
STI	2,853.53	+ 9.98
Shanghai CI	2,424.27	- 0.03

BURSA MOVERS

Gainers	Close	Chg
CCB	7.10	+ 0.61
ScomiEng	1.51	+ 0.36
BPuri	1.42	+ 0.31
Kossan	8.46	+ 0.28
Hexagon	0.99	+ 0.27

Losers	Close	Chg
LPI	17.60	- 0.30
BAT	43.66	- 0.24
PetDag	9.50	- 0.17
Kseng	5.58	- 0.10
PetGas	10.20	- 0.10

Actives	Close	Chg
Time	0.455	+ 0.045
Timecom	0.545	+ 0.025
Scomi	0.41	+ 0.02
ScomiMR	0.535	+ 0.035
Jadi	0.225	+ 0.025

Today's Market Direction :

FBM KLCI would likely to trade **above 1,336.65**.

Market Buying Strength :

About **85%** of total market volume on 16/7/2010 was on buying side compared to **19%** in the preceding trading day.

"Movement" in Strong Hands :

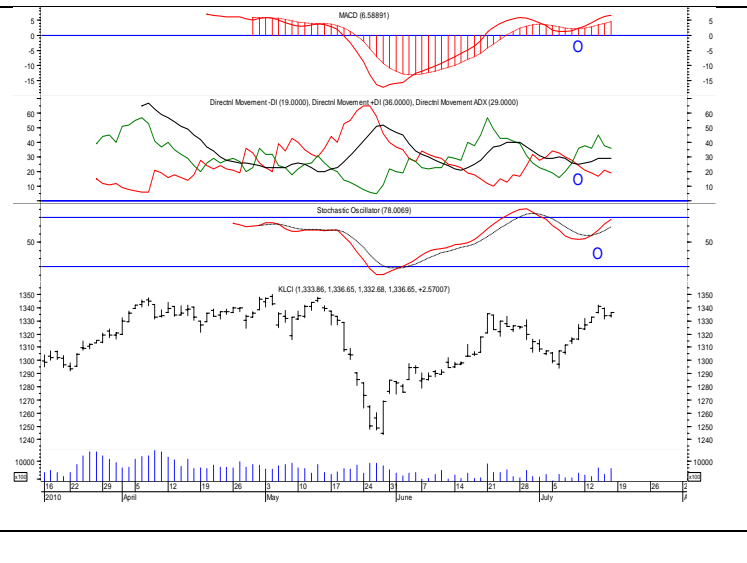
Strong hands were seen **liquidating** a portion of stock positions on 16/7/2010.

Pivot Point Studies for Intra-Day :

For **Monday (19/7/2010)**, 1st resistance @ **1,337.9** & 2nd resistance @ **1,339.3** ; 1st support @ **1,334.0** & 2nd support @ **1,331.3**.

To read more

Technical Analysis – Daily FBM KLCI

	16/7/2010	15/7/2010	
Open	1,333.86	1,339.58	
High	1,336.65	1,340.11	
Low	1,332.68	1,331.20	
Close	1,336.65	1,334.08	
Volume	793.6 m	618.7 m	
Market Breadth			
Up	476	242	
Down	206	390	
Unchanged	263	289	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Risk Taking Buying Interest Made A Comeback

Market Commentary :

Dampened by uncertainty over Goldman Sachs' settlement on its civil fraud charges, DJIA had on 15/7/2010 lost 7.41 points to close at 10,3359.31.

The single-digit loss in Wall Street did not spark another round of selling pressure to Bursa Malaysia in the opening bell on 16/7/2010, FBM KLCI only traded to a day low of **1,332.68** as traders chose not to play on selling game. In the absence of stronger selling pressure to push the market lower than **1,332.68**, renewed buying interest rolled in, this lifted stock index to a high of **1,336.65** before settled at **day high**.

The **rise** of **2.57** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.01), **Tanjong** (up RM0.22), **Genting** (up RM0.12), **Maybank** (up RM0.01) and **GenM** (up RM0.02).

What was the chart saying

Market saw no follow thru selling interest with day low above 1,330 level yesterday (16/7/2010) after the weak down close in the preceding day (15/7/2010). The **increase** in buying interest on 16/7/2010 was a little surprise as market was expected to undergo another round of selling pressure given the winning streak for 7 days (except 15/7/2010) since 6/7/2010.

The higher market volume on 16/7/2010 seemed to have indicated a return of bargain buying interest from those risk taking traders that had missed their buying entries in area of 1,294 on 6/7/2010 after making their buying presence on 14/7/2010.

With market broke above 1,335.31 (21/6/2010) into 1,340 zone on 14/7/2010, did it mean an end to this market uncertainty ? To the least extent, we saw a market recovering back up above 1,320 level which was violated on the downside on 29/6/2010, this constituted an encouraging sign. Furthermore, the market volume at 801.6 shares on 14/7/2010 was also higher than the 20-day moving average market volume of 614 million shares. **An end to market uncertainty ?** Not sure about that; but, the better buying interest on 14/7/2010 should pave the way for more upside unless, the market is approaching a resistance selling area.

Where can we expect to see resistance in this market ? 1,350 level is envisaged as a hurdle for KLCI in the immediate short term.

On 12/7/2010, the market hit the downward sloping upper line of the triangle pattern, followed by a higher high the next day (13/7/2010). Given such a friendly market scenario, traders should be induced to buy in early part of trading session today (15/7/2010) before deciding on profit taking in the afternoon session ahead of weekend Apparently, traders did not wait for the market to go closer to 1,350 level on 15/7/2010, they took a portion of their profit on winning trades as soon as market failed to display the necessary strength to push the stock index into higher high on 15/7/2010.

After a small round of pause (corrective move from low of 1,294.37 on 6/7/2010 to high of 1,341.96 on 14/7/2010), this market would be expected to re-gear itself above 1,350 level.

So, market took a down move on 15/7/2010, how low can the stock index go ? Since this market decided to take an early correction before hitting 1,350 level on 15/7/2010, the immediate market support level would be 1,320 – 1325 level. However, if this market were to hold its position above 1,324 level in next 2 days (19/7/2010 & 20/7/2010), then we would likely to see a faster buying pace to push this market higher than 1,350 level.

What were the strong hands doing

A check of internal market strength on 16/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 16/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 32% from 26% in the preceding trading day (15/7/2010).

Conclusion :

Market outlook remained friendly in the short term with settlement on 16/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 16/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,336.65.

Today's Hot Pick – Southern Steel

	16/7/2010	15/7/2010
Open	1.92	1.90
High	2.10	1.91
Low	1.92	1.90
Close	2.04	1.91
Volume	7,745	270
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

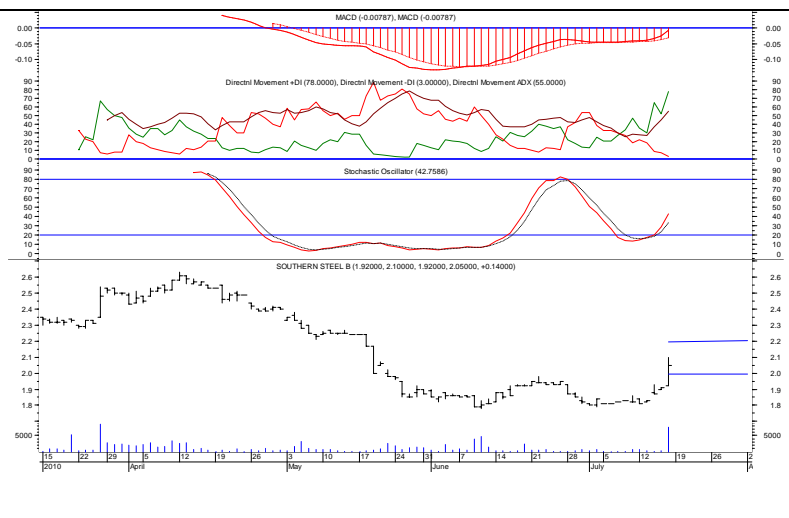


Chart wise : *Immediate target RM2.17 in the making*

Southern Steel (5665 - MainBoard) had on 16/7/2010 crossed over the immediate high of RM1.98 (22/6/2010) to a day high of RM2.10 before settled at RM2.04.

Next Potential Upside Target : With the upside violation of RM1.98 level, **Southern Steel** looked set to trade upward with next upside target at RM2.17.

Entry Level : Risk taking traders may establish buying position at RM2.01 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 RM1.90 level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Magna

	16/7/2010	15/7/2010
Open	0.85	0.835
High	0.905	0.85
Low	0.85	0.825
Close	0.905	0.85
Volume	18,516	13,713
Indicators		
MACD	buy	buy
DM index	buy	sell
Stochastics	buy	buy

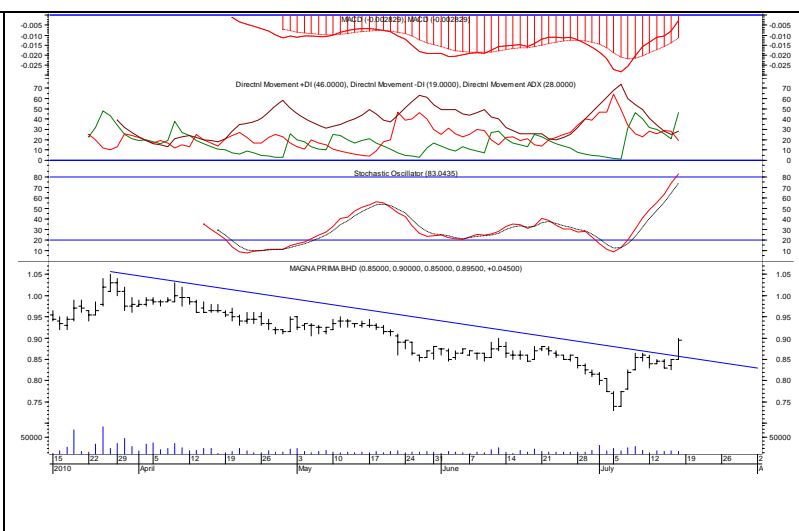


Chart wise : *Immediate resistance seen at RM0.91.....*

Magna (7617 - MainBoard) had on 16/7/2010 crossed over the downward sloping trend line to reach highest high of **RM0.905** since 14/6/2010 before settled at **day high**.

Price Direction

In view of an increase in market participation, the stock could be expected to trade **upward** in coming day(s) with an immediate overhead resistance pegged at **RM0.91** and support at **RM0.82**.

What to watch for

A turnaround of prices to close **below RM0.82** level would see an immediate short term reversing direction in the stock.

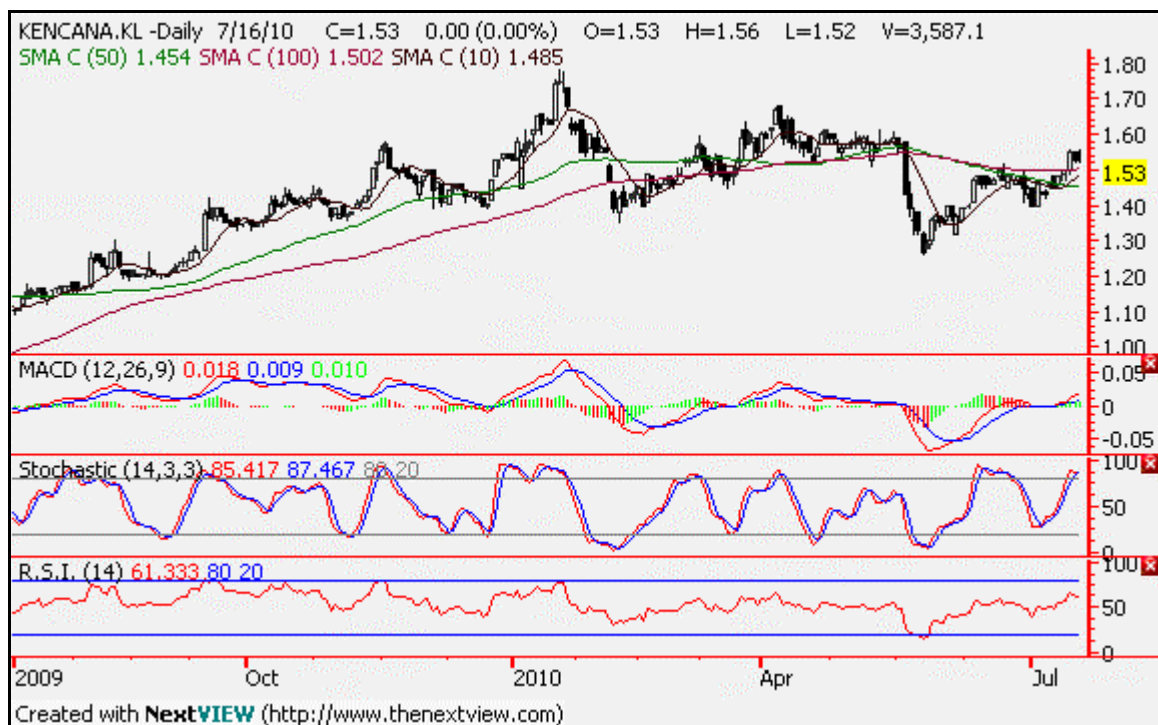


Chart wise:

Buy on Weakness.

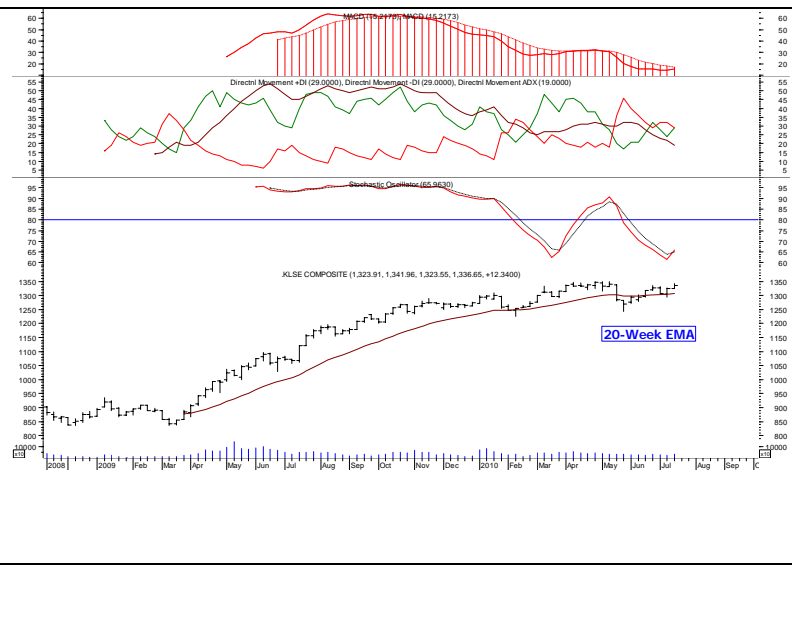
Kencana Petroleum Bhd (5122-Main Market-Trading/Services) – RM1.53

Trending along an up-trend channel, Kencana’s technical outlook is bright with promises of higher prices. Since breaking its medium term resistance line, its technical indicators have strengthened considerably and had provide strong base support during pullbacks which so far have been well absorbed by fresh buying.

Going by it current trading patterns, a pullback of sort is expected in the short-term. Initial support is seen at 100 day SMA of RM1.50 followed by RM1.45. As the up-trend at this juncture is seen to be intact, we are calling for a Buy on Weakness.

Technical Analysis – Weekly FBM KLCI

	16/7/10	9/7/10
Open	1,323.91	1,305.51
High	1,341.96	1,327.27
Low	1,323.55	1,294.37
Close	1,336.65	1,324.31
Volume	3.39 bil	2.80 bil
Pivot	1,334.7	1,315.3
1 st Resis.	1,343.8	1,336.2
2 nd Resis.	1,351.1	1,348.2
1 st Supp.	1,327.4	1,303.3
2 nd Supp.	1,318.3	1,282.4
Indicators		
MACD	sell	sell
DM Index	sell	sell
Stochastics	buy	sell



The chart displays the FBM KLCI index from 2008 to 2010. The main chart shows the price with a 20-week Exponential Moving Average (EMA) in red. The price has generally trended upwards, crossing the 20-week EMA around late 2009. The chart also includes MACD (green line) and Stochastics (red line) indicators. The MACD is currently in the sell zone, while the Stochastics are in the buy zone. The price is currently trading near its weekly high of 1,341.96.

Chart wise : .

..... **84%** of total weekly market trading activity was on buying side

Weekly Market Commentary :

Led by better corporate earnings result in 2Q with market support above 10,000 level in previous week, DJIA traded higher to 10,407.80 before settled at near day high at **10,359.30** for the week ended 15/7/2010.

The upward move in Wall Street sent a friendly sentiment to Bursa Malaysia, FBM KLCI continued its upward move above 1,300 level to reach a week high of **1,341.96** as traders chose to play buying game before settled at **1,336.65** last week.

Total market turnover was **3.39** billion shares for week ended 16/7/2010 compared to **2.80** billion shares in the previous week, the larger market volume in an up close scenario suggested stronger buying pressure in week ended 16/7/2010.

With a week high (1,341.96) higher than previous week high (1,327.27) and a higher low (1,323.55) than previous week low (1,294.37), can market continue to go upward ? The higher weekly high and higher weekly low last week (15/7/2010) with another settlement above the 20-week MA and above 1,320 level 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 16/7/2010, the weekly **up close** of **1,336.65** helped to paint a friendly picture onto the chart with **support** pegged at **1,300** and **overhead resistance** at **1,350** level.

A mathematical calculation showed that about **84 %** of the total market trading activity for week ended 16/7/2010 was on the **buying side** compared to the **65 %** in the previous week.

Conclusion :

The market action(s) for week ended 16/7/2010 revealed that buying power was **stronger** than selling pressure, FBM KLCI would thus be making attempt to trade **above 1,341.96**.

MAJOR NEWS

Commodity, Currency and Economic News

The U.S. housing market took another step back in June as construction and purchases dropped, and a gauge of the outlook for growth signalled the expansion will lose steam, economists said before reports this week. Builders began work on 580,000 houses last month at an annual rate, down 2.2 percent from May and the slowest pace this year, according to the median estimate of 61 economists surveyed by Bloomberg News before Commerce Department data due July 20. Other reports may show sales of existing homes decreased for a second month and the index of leading indicators declined for the first time in more than a year. The expiration of a buyer tax credit has caused housing to retreat, showing the industry that precipitated the recession cannot sustain a recovery absent job growth. The financial turmoil caused by the European debt crisis has shaken confidence in the world's largest economy, raising the risk that spending and employment will cool. (Bloomberg)

The **Kuala Lumpur CPO futures** market surged to a six-week high last week, lifted by a mad rush to cover short (sell) positions. The third-month forward benchmark October 2010 futures contract touched a high of RM2,461 a tonne before settling last Friday at RM2,449, up a whopping RM149 or 6.48 per cent over the week. The rush to cover shorts was evidenced by the notable contraction of 3,096 contracts or 4.27 per cent in the total open interest position to 69,473 open contracts, from the previous week's 72,569 open contracts. There was a fear factor in the rush to cover shorts in a big way - fear that the slew of good and encouraging news would continue to see print and in newswire reports. And concern that world commodity markets, especially the soyabean oil futures market, would extend the length of their past fortnight's strong winning streak. The real catalyst for last week's short-covering binge, though, was the latest export estimates. It was not so much that exports have started picking up, but the realisation that Muslim countries in the Middle East and Pakistan have started buying palm oil in earnest to stock up on cooking oil ahead of the Hari Raya Aidilfitri (end-of Ramadan festive season) that really ignited last week's rally. Hari Raya Aidilfitri, or Eid al-Fitr, is likely fall on September 10. (BTimes)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10097.90	-261.41	-2.52	Nasdaq CI	2179.05	-70.03	-3.11
S&P 500	1064.88	-31.60	-2.88	FTSE 100	5158.85	-52.44	-1.01

Global and Local Headlines

American International Group Inc (AIG) plans to appoint former Prudential Plc Chief Executive Officer Mark Tucker to replace Mark Wilson as head of the bailed-out insurer's main Asia unit, two people with direct knowledge of the matter said. AIG CEO Robert Benmosche has told AIG's board that Tucker will succeed Wilson at Hong Kong-based life-insurance unit AIA Group Ltd., one of the people said, declining to be identified because the appointment hasn't been announced. The shakeup comes as AIG tries to get the unit ready for an initial public offering. Benmosche, 66, who's been CEO since August, is asserting control over AIA after Harvey Golub left as AIG's chairman last week. The chief executive needs to divest the Asia business to help repay New York-based AIG's US\$182.3 billion rescue by U.S. taxpayers. Earlier this year, he and Wilson disagreed over a proposed sale of AIA to Prudential, with Wilson preferring an IPO, a person familiar with the matter said. (Bloomberg)

A Hong Kong court dismissed an eSun Holdings Ltd. unit's US\$2.39 billion claim against investors in its Macau casino project including Oaktree Capital Management LP and Silver Point Capital LP. High Court Judge A.T. Reyes ruled yesterday that East Asia Satellite Television (Holdings) Ltd.'s attempt to sue them is "untenable" under Macau and Hong Kong laws. He allowed a separate claim for \$88.6 million against Oaktree and Silver Point for "inducing breach" of an agreement to proceed. East Asia Satellite last October sued New Cotai LLC, owned by Oaktree, Silver Point and former Las Vegas Sands Corp. executive David Friedman, and its directors, accusing them of systematically hindering the development of their Macao Studio City project in order to force a renegotiation of the terms of their joint venture. (Bloomberg)

After the exit of Datuk Mohd Bakke Salleh, the task of managing **Felda Global Ventures Holdings Sdn Bhd and Felda Holdings Bhd** is once again entrusted in the hands of another Felda outsider, Datuk Sabri Ahmad. Sabri joins Felda group during one of its challenging periods when the conglomerate is being questioned on its management acumen, bankruptcy claims, misappropriation of Felda's replanting fund, the frivolous RM662mil Felda new headquarters in KL and disgruntled Felda settlers' row over the low prices paid for their fresh fruit bunches. Well-known in the oil palm plantation business circle, Sabri is a corporate figure who has served over 20 years under the banner of the now defunct Golden Hope Plantations Bhd (GHope). His last post was as GHope group chief executive officer from 2004 to 2007 prior to its merger with Sime Darby Bhd. He also holds other key positions in the industry, including chairman of the Malaysian Palm Oil Association and the Malaysian Palm Oil Board. (Star)

1Malaysia Development Bhd (1MDB) is awaiting clarification on the Bakun undersea cable transmission to assess the impact of a potentially larger supply of hydropower on its projects in Sarawak. "News that the Bakun undersea cable project to Peninsular Malaysia may not take off has changed the plans and there has emerged an urgent need to pull up industries that can use all that energy," said 1MDB CEO Shahrol Halmi. Early this year, 1MDB signed an agreement with power utility giant State Grid Corp of China (SGCC) to carry out a number of multi-billion ringgit joint-venture projects in the Sarawak Corridor of Renewable Energy (Score). According to reports, the two parties will set up a joint-venture company to pursue projects that would generate US\$11bil worth of economic value. SGCC is reported to be investing between US\$6bil and US\$8bil to set up one of the world's largest aluminium smelter plants (estimated to involve US\$3bil) and three hydro-electric dams in Sarawak through this cooperation with 1MDB. (Star)

1Malaysia Development Bhd (1MDB), the agency tasked to develop most of the government land, is identifying partners to draw up a masterplan for its Bandar Malaysia and Kuala Lumpur International Financial District (KLIFD) projects in the city. Among the international architects and designers being considered are Forsters & Partners as well Skidmore, Owings & Merrill LLP (SOM). "We have been talking to them for the past few months," 1MDB CEO Shahrol Halimi told StarBiz. "Those selected, including project directors and engineers, should have credible track records, be transparent and bring their international experience to enhance our local expectations." The masterplan for both projects will be based on the same approach especially in terms of financial modelling, parcelling and tenders. Complementing each other will be the Islamic financial hub on 80 acres at the Dataran Imbi area and the mixed development on 460 acres at the Sg Besi old airport. (Star)

Malaysia's container shipping freight rates have returned to near pre-crisis levels, driven by a combination of demand and shortage of container equipment. "We started to see rates go up from the last quarter of last year," CMA-CGM Malaysia managing director Simon Whitelaw told Business Times. "All main shipping routes are seeing an uptrend, especially for long haul freight rates," he added. While recently there have been reports saying that shipping lines have been raising rates indiscriminately for cargo moving from Asia to Europe, shipping lines insist that it is part of a rate restoration programme, following a recovery in the global economy. For example, freight rates on the Asia-Europe trade route plunged to US\$250 (RM800) per box or 20-foot equivalent units (TEUs) from a peak of US\$2,000 (RM6,400) per box in 2008, as the global economy slowed. Rates are currently hovering at between US\$1,750 and US\$1,780 (RM5,600 to RM5,696) per box. (BTimes)