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(A Participating Organisation of Bursa Malaysia)

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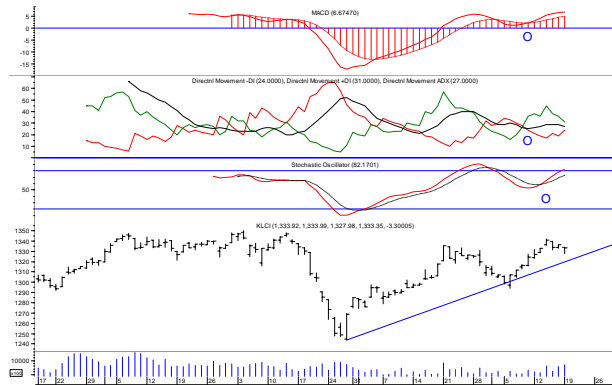
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## MARKET FLASH

### FBM KLCI

Tues, 20 July 2010



### MARKET STATISTICS (19/7/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,333.35	- 3.30
FBM 100	8,792.49	- 14.84
FBM ACE	3,743.41	- 21.20

Volume (m)	848.6
Value (RMm)	1,330.8
Up	327
Down	324
Unchanged	269

### FOREIGN

Nikkei	9,408.36	- 277.17
Hang Seng	20,090.95	- 159.21
STI	n/a	
Shanghai CI	2,475.42	+ 51.15

### BURSA MOVERS

Gainers	Close	Chg
CCB	7.90	+ 0.80
Nestle	36.30	+ 0.52
Titan	2.19	+ 0.34
Help	4.05	+ 0.29
Panamy	18.80	+ 0.26

Losers	Close	Chg
PPB	17.12	- 0.28
Hexagon	0.75	- 0.24
Topglove	7.08	- 0.14
KLK	16.26	- 0.14
Jetson-LA	1.41	- 0.13

Actives	Close	Chg
Titan	2.19	+ 0.34
Time	0.475	+ 0.02
Timecom	0.59	+ 0.045
Scomi	0.425	+ 0.015
L & G	0.495	+ 0.04

### Today's Market Direction :

FBM KLCI would likely to trade **below 1,327.98** level after making attempt to go higher than **1,333.99**.

### Market Buying Strength :

About **47%** of total market volume on 19/7/2010 was on buying side compared to **85%** in the preceding trading day.

### "Movement" in Strong Hands :

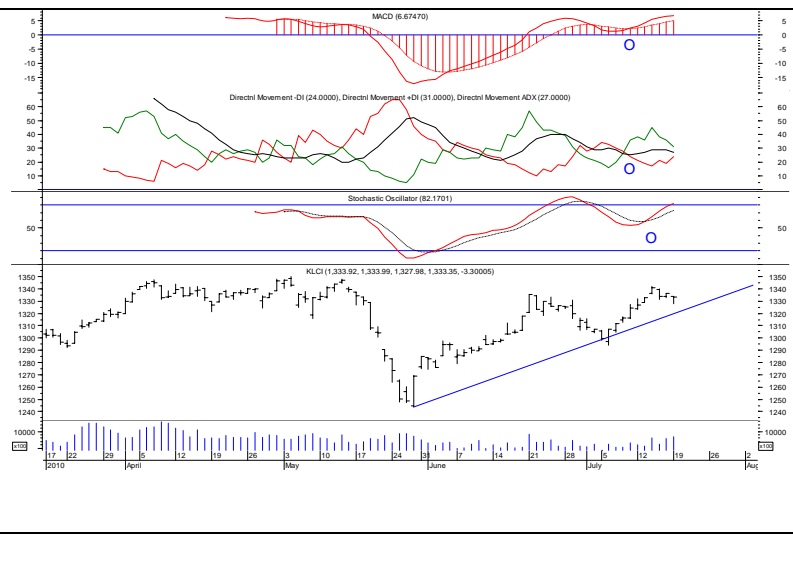
Strong hands were seen **liquidating** al portion of stock positions on 19/7/2010.

### Pivot Point Studies for Intra-Day :

For **Tuesday (20/7/2010)**, 1<sup>st</sup> resistance @ **1,335.57** & 2<sup>nd</sup> resistance @ **1,337.78** ; 1<sup>st</sup> support @ **1,329.56** & 2<sup>nd</sup> support @ **1,325.76**.

**To read more .....**

## Technical Analysis – Daily FBM KLCI

	19/7/2010	16/7/2010	
Open	1,333.92	1,333.86	
High	1,333.99	1,336.65	
Low	1,327.98	1,332.68	
Close	1,331.54	1,336.65	
Volume	848.6 m	793.6 m	
<b>Market Breadth</b>			
Up	327	476	
Down	324	206	
Unchanged	269	263	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Trying hard to stay above 1,324 level .....**

### Market Commentary :

Worried over a lower estimate of US economic growth by Federal Reserve and report from University of Michigan showing a drop in consumer confidence last Friday, DJIA had on 16/7/2010 lost 261.41 points to close at 10,097.90.

The triple-digit loss in Wall Street triggered another round of selling pressure to Bursa Malaysia in the opening bell on 19/7/2010, FBM KLCI traded down to a day low of **1,327.98** as traders chose to play on selling game in anticipation of lower market. However, in the absence of stronger selling pressure to push the market lower than **1,327.98**, renewed buying interest rolled in, and this lifted stock index back up to settle near day high at **1,333.35**.

The **fall of 3.30** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.05), **Sime Darby** (down RM0.06), **CIMB** (down RM0.01), **Maybank** (down RM0.01) and **GenM** (down RM0.03).

### What was the chart saying .....

Market saw follow thru selling interest with day low below 1,330 level yesterday (19/7/2010) despite an up close scenario last Friday (16/7/2010). It was not much of a surprise to see this market making a lower low on 19/7/2010 as market has already been expected to undergo selling pressure earlier given the winning streak for 7 days (6/7/2010 – 14/7/2010). And, the buying support that showed up on 16/7/2010 was believed to have come 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 expected strength to push the stock index into higher high on 15/7/2010.

**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 19/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, the number of stock positions established on 19/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 41% from 32% in the preceding trading day (16/7/2010).

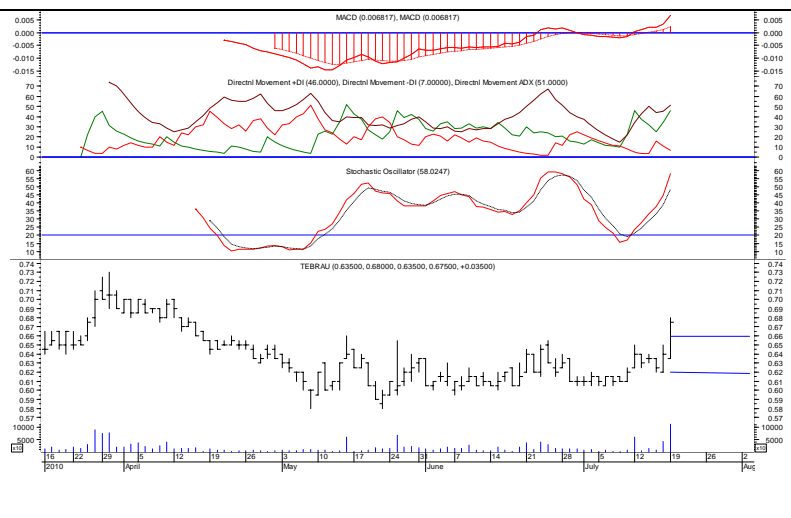
## **Conclusion :**

**Market outlook remained friendly in the short term with settlement on 19/7/2010 above 50-day moving average.**

The analysis of overall daily market action(s) on 19/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,327.98 after making attempt to go higher than 1,333.99.

## Today's Hot Pick – Tebrau

	19/7/2010	16/7/2010
Open	0.635	0.62
High	0.67	0.65
Low	0.635	0.62
Close	0.675	0.64
Volume	111,038	43,394
<b>Indicators</b>		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise :** *Immediate upside target at RM0.71* .....

**Tebrau (1589** - MainBoard) had on 19/7/2010 crossed over the immediate high of **RM0.65** (12/7/2010) to a day **high of RM0.68** before settled at **RM0.675**.

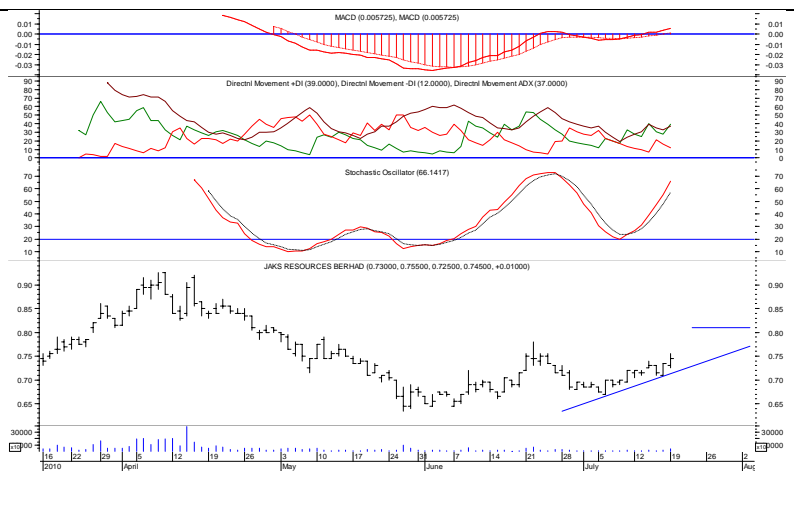
**Next Potential Upside Target :** With the upside violation of **RM0.65 level**, **Tebrau** looked set to trade upward with next upside target at **RM0.71**.

**Entry Level :** Risk taking traders may establish buying position at **RM0.65** 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 **RM0.625** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Today's Hot Pick – Jaks Resources

	19/7/2010	16/7/2010
Open	0.73	0.71
High	0.755	0.735
Low	0.725	0.71
Close	0.755	0.735
Volume	44,673	20,154
<b>Indicators</b>	19/7/2010	16/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise :** *Buying volume started to show up .....*

**Jaks Resources (4723 - MainBoard)** had on 19/7/2010 crossed over the immediate high of **RM0.74** (14/7/2010) to a day **high of RM0.755** before settled at **day high**.

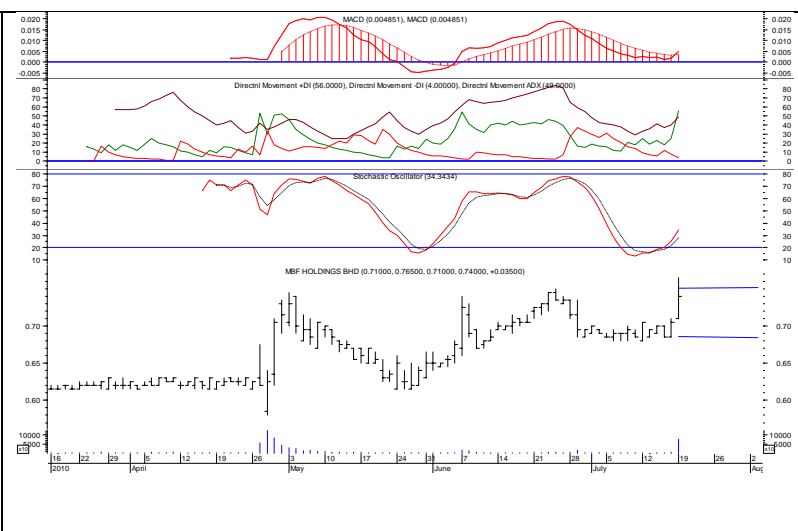
**Next Potential Upside Target :** With the upside violation of **RM0.74** level, **Jaks Resources** looked set to trade upward with next upside target at **RM0.805**.

**Entry Level :** Risk taking traders may establish buying position at **RM0.735** 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 **RM0.705** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – MBfHldgs

	19/7/2010	16/7/2010
Open	0.71	0.685
High	0.765	0.71
Low	0.71	0.685
Close	0.73	0.705
Volume	99.210	4.980
<b>Indicators</b>	19/7/2010	16/7/2010
MACD	buy	sell
DM index	buy	buy
Stochastics	buy	buy



**Chart wise** : Ready to break above RM0.75 again .....

**MBf Hldgs (1236 - MainBoard)** had on 19/7/2010 crossed over the immediate high of **RM0.75** (24/6/2010) to reach **highest high of RM0.765** since **14/1/2008** before settled at **RM0.73**.

**Price Direction** .....

In view of **an increase** in market participation, the stock could be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at **RM0.83** and support at **RM0.68**.

**What to watch for** ....

A turnaround of prices to close **below RM0.68** level would see an immediate short term reversing direction in the stock.

## Active Stock Review – Xingquan Sports



### Chart wise

### Hold

#### Xingquan Int Sports Hldg Ltd (5155-Main Market-Consumer Products) – RM1.57

Xingquan's continued rises saw the candles sprinting past the RM1.60 mark, but found the RM1.70 mark difficult to breach after numerous attempts. This has left its indicators to start pulling back from their respective upper limit lines.

Although there are signs of weakness, the outlook has not turned bearish as yet and it is still possible to hold. Nevertheless, this could be an opportunity to take profit first as its price has risen substantially in the past week. The support is at RM1.50, while resistance is at RM1.69, its recent intraday high.

## MAJOR NEWS

### Commodity, Currency and Economic News

**China's export growth** may slow over the rest of the year to less than half the pace of the first six months, a government agency forecast. The gain for July-through-December may be 16.3 percent from a year earlier, the China Securities Journal said today, citing a report by the State Information Center. That would be down from 35 percent in the first half, customs bureau data show. Weaker export growth may exacerbate a second-half slowdown in the expansion of the world's third-biggest economy, encouraging the government to limit gains by the yuan against the dollar. China last month indicated that it was ending a two- year peg to the U.S. currency. (Bloomberg)

**Oil prices** rose Monday as investors kept an eye on potential tropical storms in the Atlantic and improving stock markets. Oil traders have looked to stocks for signs the economy is getting better and, with it, demand for oil and gas. Benchmark crude for August delivery rose 53 cents to settle at US\$76.54 a barrel on the New York Mercantile Exchange. Halliburton Co. reported stronger second-quarter results, although it faces costs associated with the oil spill in the Gulf of Mexico. Investors were upbeat about the potential growth in land-based oil services and pushed Halliburton shares up 6.5 percent in afternoon trading. (Star)

**Crude palm oil (CPO) futures** on Bursa Malaysia Derivatives ended higher yesterday because of speculative buying on fear of Europe slipping into a double-dip recession, dealers said. Interband Group Sdn Bhd senior palm oil trader, Jim Teh, said that although the prices has moved up the last few days, volume was still low. He said CPO prices were expected to stay at current levels considering that the costs of production were between RM1,200 and RM1,500 per tonne. Another trader said the market also expected the data for the first twenty days of July to be released by Intertek Testing Services and Societe Generale de Surveillance today to be friendly. He said the market was concerned about lower yield in US soyabean because of hot season. "The situation will benefit palm oil prices which move in tandem with soyabean prices," he said. August 2010 rose RM11 to close at RM2,504 per tonne, September added RM4 to RM2,474, October increased RM5 to RM2,454 and November perked by RM4 to RM2,449. (BTimes)

**The ringgit** ended easier against the US dollar yesterday in lacklustre trading. At 5pm, the local unit stood at 3.2240/2270 against the US dollar versus last Friday's stronger close of 3.2065/2095. A dealer said the downgrade of Ireland's sovereign bond ratings had a bearish impact on the forex market. Moody's Investors Service downgraded Ireland's sovereign bond ratings to "Aa2" with a stable outlook from "Aa1". The local unit also continued to be influenced by the eurozone debt crisis, the dealer said. Another dealer said discouraging US consumer sentiment also added to worries in the forex market. The ringgit was higher against other major currencies. (BTimes)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10154.43	56.53	0.56	Nasdaq CI	2198.23	19.18	0.88
S&P 500	1071.25	6.37	0.60	FTSE 100	5148.28	-10.57	-0.20

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## Global and Local Headlines

**U.S. stocks** rose, rebounding from the market's biggest drop this month, as optimism about earnings from technology and energy companies overshadowed a drop in financial shares. Microsoft Corp. climbed 1.4 percent after UBS AG raised its earnings estimate, citing signs of stronger demand. Halliburton Co. jumped 6 percent after topping analysts' earnings and revenue estimates. Bank of America Corp. slumped 2.7 percent as Goldman Sachs Group Inc. took the shares off its "conviction buy" list, saying low rates may hurt interest income. (Bloomberg)

**Japanese and Australian** stock futures fell after U.S. home-builder confidence dropped more than forecast and the dollar weakened, renewing concern a global economic recovery may falter. American depositary receipts of Canon Inc., a Japanese camera maker that gets almost 80 percent of its revenue abroad, slid 1.5 percent from the closing share price in Tokyo on July 16. Those of Sony Corp., an electronics maker, lost 2 percent. ADRs of BHP Billiton Ltd., the world's No. 1 mining company, rose 0.7 percent from the Sydney close after metal prices gained. (Bloomberg)

**International Business Machines Corp** (IBM), the world's biggest computer-services company, fell in late trading after the company reported revenue that missed analysts' estimates and a decline in services-contract signings. Revenue last quarter rose 2 percent to \$23.7 billion, the Armonk, New York-based company said today. Analysts on average estimated \$24.2 billion, according to a Bloomberg survey. Currency fluctuations reduced sales by \$500 million, IBM said. (Bloomberg)

**Texas Instruments Inc.**, the second-largest U.S. chipmaker, reported profit and sales that missed analysts' estimates. The shares dropped in late trading. Second-quarter profit rose to \$769 million, or 62 cents a share, from \$260 million, or 20 cents, a year earlier, the Dallas-based company said today in a statement. Sales increased 42 percent to \$3.5 billion. Analysts on average estimated profit of 63 cents a share and sales of \$3.52 billion, according to a Bloomberg survey. Texas Instruments is the largest maker of analog chips, which go into everything from barcode scanners to aircraft flight-control systems, making its earnings a broad indicator of demand for industrial and electronic machinery. The company's results failed to match those of Intel Corp. last week, which delivered earnings and forecasts that topped estimates. (Bloomberg)

**Hypo Real Estate Holding AG**, the German lender taken over by the government following the financial crisis, failed a Europe-wide banking stress test, two people familiar with the results said. Hypo Real Estate didn't pass a stress scenario on its capital that assumes an economic slowdown and sovereign-debt losses, said the people, who declined to be identified before an announcement on July 23. The Munich-based lender is probably the only German bank to fail the test, one person said. (Bloomberg)

**Banks** may be required to have a Tier 1 capital ratio of at least 6 percent under stress tests being prepared by European regulators, the same threshold U.S. lenders faced last year, according to two people briefed on the talks. Firms that fail to meet the standard will be required to raise additional capital, said one of the people, who had seen a draft document from the Committee of European Banking Supervisors. Banks need to have a minimum Tier 1 ratio of 4 percent under international capital accords. (Bloomberg)

**An oil spill** caused by pipeline blasts at a terminal of China's Dalian port may be cleaned up this week, allowing the country's largest crude-oil terminal to resume receiving supplies for two PetroChina Co. refineries. "We may be able to clean up the sea within roughly 5 days by allocating all possible resources," Xu Guochen, secretary of the Dalian municipal government, told a press conference televised on Phoenix TV. The spill in northeastern China has been contained with floating barriers, PetroChina spokesman Mao Zefeng said by telephone from Hong Kong today. The oil terminal was closed and one refinery was forced to draw on crude stockpiles, said a PetroChina official in Dalian, who can't be named because he isn't authorized to speak to the media. The Ministry of Transport ordered harbors across the country that offload oil to check their operations and halt operations at any deemed to be unsafe, according to a statement on its website today. (Bloomberg)

Some 500,000 restaurant, coffeeshop and foodstall operators have agreed to maintain the **prices of their food and drinks** despite the recent subsidy rationalisation that made sugar more expensive. The pledge was made by more than 30 associations, whose members said they were willing to absorb the price increase instead of passing it to their customers. The associations agreeing to maintain prices include the Malaysian Indian Restaurant Owners' Association (Primas), the Malaysian Indian Muslim Restaurant Operators' Association (Presma), the Malaysia-Singapore Coffee Shop Proprietors' General Association and the Malay Traders' and Petty Traders' Association. (Star)

**Help International Corp Bhd** (HELP) has proposed a three-for-five bonus issue of 53.26 million new 50 sen shares at an entitlement date to be determined. In a filing with Bursa Malaysia yesterday, it also proposed to raise its authorised share capital to RM250mil from RM50mil currently. (Star)

U Television Sdn Bhd (UTV) says it will file a counter-claim against **Comintel Sdn Bhd** for all losses and damages suffered by the company. It said Comintel had filed a writ of summons and statement of claim against UTV and Tan Sri Vincent Tan Chee Yioun. "UTV has taken legal advice on this matter and will defend the civil suit vigorously," UTV said in a statement yesterday. The civil suit relates to a letter of award dated Dec 5, 2006, issued by UTV to Comintel whereby it was engaged to undertake, re-design, transmission enhancement, network operation centre relocation and nationwide rollout implementation project on a turnkey basis. (Star)

**Malaysia Airlines** (MAS) is buying 34 engines for RM2.2 billion from Pratt & Whitney for its 17 new Airbus aircraft. The 15 passenger and two freight aircraft will be powered by PW4170 Advantage70 engines, MAS said in a statement yesterday. The national carrier has ordered up to 25 A330-300 and four A330-200F worth US\$4.5 billion (RM14.5 billion) at list price, which includes the cost of the engines. The aircraft, to be delivered between 2011 and 2015, will serve the growing markets of South Asia, China, North Asia, Australia and Middle East. MAS has also ordered up to 55 B737-800s and six A380s. (BTimes)

**The Federal Land Development Authority** (Felda) is on stable financial footing each year as long as the crude palm oil (CPO) prices, which are hovering at RM2,400 a tonne level, do not dip below its threshold level of RM1,450 a tonne. Felda has been consistently generating revenue of between RM10 billion and RM15 billion a year depending on CPO prices, of which at least RM1 billion or more is its net profit. Felda chairman Tan Sri Dr Mohd Yusof Noor (right) said CPO prices are unlikely to soften in the near term due to strong global demand. (BTimes)

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**Axiata Group Bhd** (AXIATA) is selling its 89 per cent stake in a Pakistani Internet service provider to its partner Adnan Asdar Ali for about RM86 million in cash and assumed debt. The sale is in line with Axiata's plan to focus on its core mobile telecommunications business, it said in a statement. The deal is still subject to regulatory and other third party approvals. (BTimes)  
(BTimes)

UEM Group Bhd has not started a process to sell its stake in **Time Engineering Bhd** (TIME), although it did not deny reported interests for its IT group. UEM Group holds 45.2 per cent of Time, which is worth some RM166 million based on yesterday's closing price of 47.5 sen. Time shares have gained about 6 per cent so far this year, outperforming the broader market's 4.8 per cent gain in the same period. "At the moment, we have not commenced on any process to divest our 45.2 per cent stake in Time Engineering. It was reported that the group got four bids for its Time Engineering stake, ranging from 20 sen to 40 sen a share. Time Engineering's stock closed 4.4 per cent up at 47.5 sen yesterday. UEM Group's internal deadline for the stake sale decision was also reportedly pushed back to the end of this month or early August. (BTimes)