



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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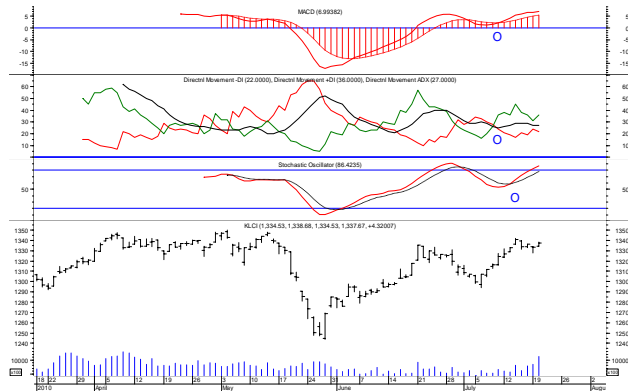
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## MARKET FLASH

### FBM KLCI

Wed, 21 July 2010



### MARKET STATISTICS (20/7/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,337.67	+ 33.21
FBM 100	8,817.93	+ 25.44
FBM ACE	3,776.62	+ 33.21
Volume (m)	1,126	
Value (RMm)	1,321	
Up	466	
Down	278	
Unchanged	250	

### FOREIGN

Nikkei	9,300.46	- 107.90
Hang Seng	20,264.59	+ 173.64
STI	2,948.61	+ 3.19
Shanghai CI	2,528.73	+ 53.31

### BURSA MOVERS

Gainers	Close	Chg
Help	4.54	+ 0.49
PPB	17.56	+ 0.44
EAH	0.66	+ 0.41
DLady	14.52	+ 0.36
Sindora	1.83	+ 0.29

Losers	Close	Chg
CCB	7.60	- 0.30
Ralco	0.72	- 0.20
Fututec-WA	0.075	- 0.245
Edaran	0.46	- 0.19
Kossan	8.31	- 0.19

Actives	Close	Chg
SAAG	0.075	- 0.005
Talam	0.12	+ 0.015
Timecom	0.565	- 0.025
Time	0.455	- 0.02
Tiger OR	0.015	- 0.01

### Today's Market Direction :

FBM KLCI would likely to trade **above** **1,338.68** level.

### Market Buying Strength :

About **87%** of total market volume on 20/7/2010 was on buying side compared to **47%** in the preceding trading day.

### "Movement" in Strong Hands :

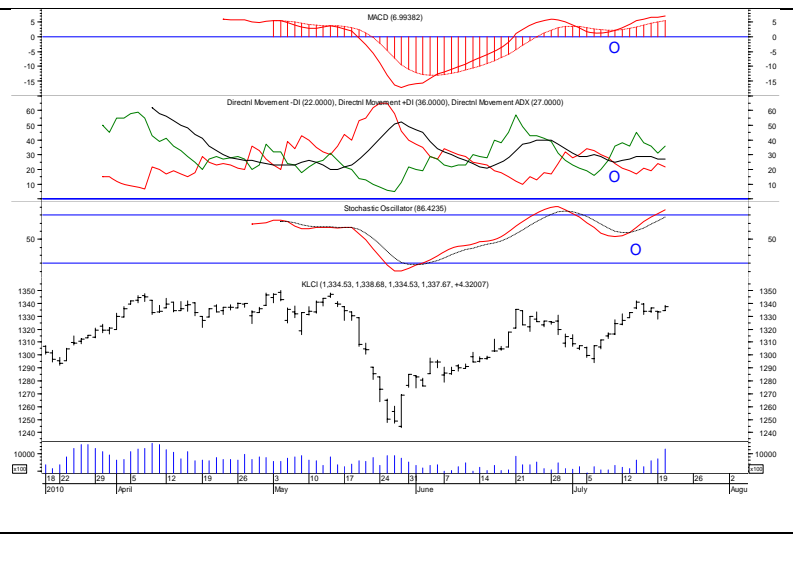
Strong hands were seen **acquiring** a portion of stock positions on 20/7/2010.

### Pivot Point Studies for Intra-Day :

For **Wednesday (21/7/2010)**, 1<sup>st</sup> resistance @ **1,339.3** & 2<sup>nd</sup> resistance @ **1,341.1** ; 1<sup>st</sup> support @ **1,335.2** & 2<sup>nd</sup> support @ **1,332.8**.

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

## Technical Analysis – Daily FBM KLCI

	20/7/2010	19/7/2010	
Open	1,334.53	1,333.92	
High	1,338.68	1,333.99	
Low	1,334.53	1,327.98	
Close	1,337.67	1,331.54	
Volume	1,126 m	848.6 m	
<b>Market Breadth</b>			
Up	466	327	
Down	278	324	
Unchanged	250	269	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Gearing up to go above 1,350 level .....**

### Market Commentary :

Led by regained optimism about 2Q corporate earnings, DJIA had on 16/7/2010 gained 56.53 points to close at 10,154.43.

The double-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 20/7/2010, FBM KLCI traded down to a day low of **1,334.53** as traders chose **NOT** to play on selling game in anticipation of higher market. In the absence of stronger selling pressure to push the market lower than **1,334.53**, renewed buying interest rolled in, and this lifted stock index to a day high of **1,338.68** before settled at **1,337.67**.

The **rise** of **4.23** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.08), **Genting** (up RM0.08), **CIMB** (up RM0.03), **Public Bank** (up RM0.10) and **IOI Corp** (up RM0.04).

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

Market saw follow thru buying interest with day low above 1,330 level yesterday (20/7/2010) despite a down close scenario in the preceding day (19/7/2010). It was no surprise to see this market making a higher high on 20/7/2010 as the ability to stay above 1,324 level on 19/7/2010 indicated the presence of some buying support even though the market was expected to undergo selling pressure after the winning streak for 7 days (6/7/2010 – 14/7/2010). And, the selling pressure that showed up on 19/7/2010 was believed to be a portion of liquidated stock positions which was purchased on 16/7/2010.

**With market broke above 1,335.31 (21/6/2010) into 1,340 zone on 14/7/2001, 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.

**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.

**How supportive can this 1,324 level be in keeping this market afloat ?** Well, the lows in the past 2 days (19/7/2010 —20/7/2010) were not lower than 1,324 despite the weak external market performance, this somehow gave an indication that there was a general friendly expectation at 1,324. **The ability to bounce off 1,324 plus a higher high under greater market volume should reinforce what had taken place on 14/7/2010. Moreover, the retreat from 1,341 to 1,327 (19/7/2010) helped to alleviate the uncomfortable emotional pressure that had built up from low of 1,294 (6/7/2010) to 1,341 (14/7/2010).**

With a higher high market scenario on 20/7/2010, **where can we expect to see resistance in this market ?** **1,365 level** is envisaged as a hurdle for KLCI in the immediate short term.

### **What were the strong hands doing .....**

A check of internal market strength on 20/7/2010 showed that buying strength **improved** with strong hand(s) seen **acquiring a portion of buying positions**, the number of stock positions established on **20/7/2010** reduced the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to **38%** from **41%** in the preceding trading day (19/7/2010).

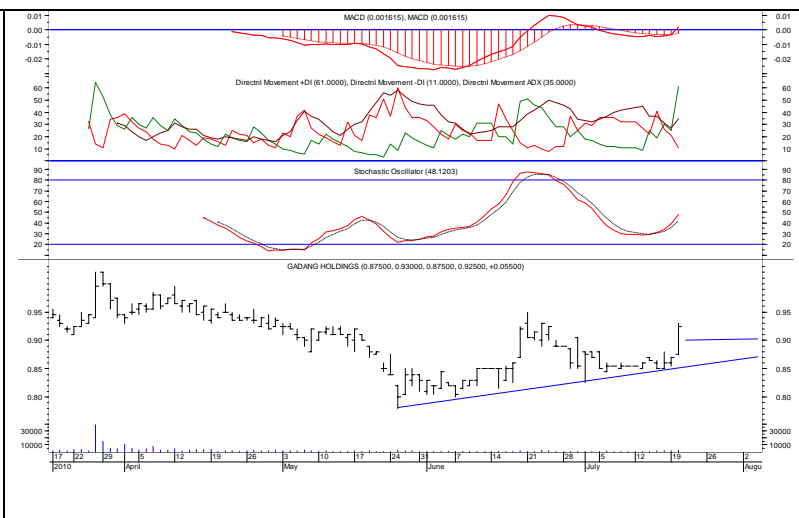
### **Conclusion :**

**Market outlook remained friendly in the short term with settlement on 20/7/2010 above 50-day moving average.**

**The analysis of overall daily market action(s) on 20/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,338.68.**

## Today's Hot Pick – **Gadang**

	20/7/2010	19/7/2010
Open	0.875	0.86
High	0.93	0.87
Low	0.875	0.855
Close	0.91	0.87
Volume	4,487	1,020
<b>Indicators</b>		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise** : *Gapped up* .....

**Gadang (9261 - MainBoard)** had on 20/7/2010 gapped up to cross into RM0.90 zone with a day **high of RM0.93** before settled at **RM0.91**.

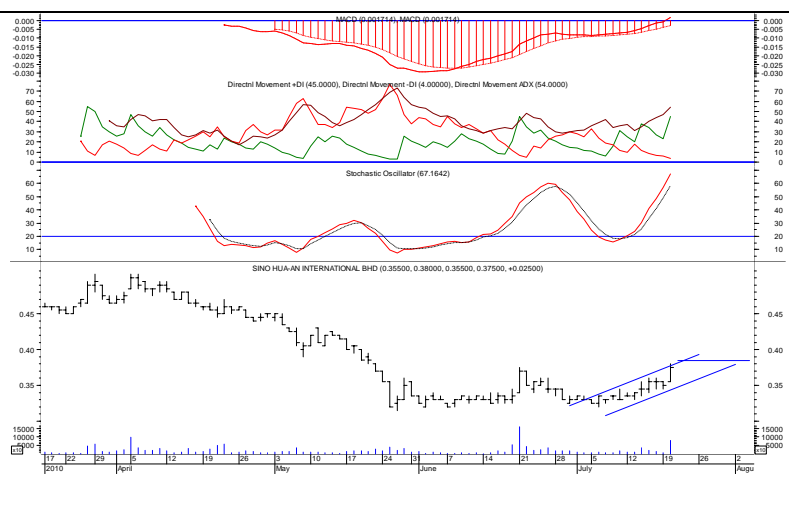
**Next Potential Upside Target** : An upside violation of **RM0.95** level would likely see **Gadang** to trade upward with next upside target at **RM1.00**.

**Entry Level** : Risk taking traders may establish buying position at **RM0.895** 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 **RM0.85** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – Huaan

	20/7/2010	19/7/2010
Open	0.355	0.355
High	0.38	0.355
Low	0.355	0.345
Close	0.37	0.35
Volume	95,770	7,949
<b>Indicators</b>	20/7/2010	19/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise** : A cross of RM0.38 should see next level at RM0.43 .....

**Huaan (2739 - MainBoard)** had on 20/7/2010 crossed over the immediate high of RM0.375 (21/6/2010) to reach a day high of RM0.38 before settled at RM0.37.

**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 **RM0.43** after RM0.38 hurdle and support at **RM0.325**.

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

A turnaround of prices to close **above RM0.38** level would see an immediate short term reversing direction in the stock.

## Active Stock Review – Measat Global Bhd



### Chart wise

**Hold.**

**Measat Global Bhd** (3875-Main Market-Technology)

We last recommended a trading buy on Measat in March. Since then, the share price has recovered strongly to take out the 38% and 23 % Fibonacci level. In the process, it also cleared the wedge formation. The stock is now trying to clear the level of RM3.60. Its momentum indicators are overbought, but there are no signs of weakness as yet.

Thus, the stock is still worth to hold for now, but any upside could be limited due to the overbought indicators. If the share price weakens, then its best to lock in profits first. The support is at RM3.30, while the resistance is at RM3.90.

## MAJOR NEWS

### Commodity, Currency and Economic News

**The ringgit** closed higher against the US dollar yesterday in tandem with other Asian currencies, dealers said. At 5pm, the ringgit traded at 3.2080/2120 to the greenback. A dealer said the euro's strength, which hit a two-month high against the dollar, had encouraged buying interest in Asian currencies. The EU is expected to publish the results of its "stress tests" on 91 banks on July 23 and the market is on the lookout for further leads. The ringgit closed higher against all other major currencies. (BTimes)

**Crude palm oil futures** prices on Bursa Malaysia Derivatives closed lower yesterday as players booked profits following Monday's run-up, traders said. They said the market reacted to weak export figures released by cargo surveyor, Intertek Testing Services. Exports of palm oil products between July 1 and July 20 fell 3 per cent to 879,018 tonnes, from 906,321 tonnes shipped in the first 20 days of June. On the futures market, August 2010 fell RM1 to RM2,503 a tonne, Sept 2010 eased R23 to RM2,451, October slipped RM30 to RM2,424 and November declined RM29 to RM2,420. Volume, however, rose to 17,134 lots from 13,280 lots on Monday while open interest fell to 67,704 contracts from 68,762 contracts, previously. (BTimes)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10229.96	75.53	0.74	Nasdaq CI	2222.49	24.26	1.10
S&P 500	1083.48	12.23	1.14	FTSE 100	5139.46	-8.82	-0.17

### Global and Local Headlines

**U.S. stocks** rose, erasing an early slide, and Treasuries pared gains as higher oil and copper prices fueled a rally in commodity producers and banks climbed amid speculation the Federal Reserve will take steps to spur the economy. Apple Inc. rose 2.6 percent before reporting earnings. The Standard & Poor's 500 Index climbed 1.1 percent to 1,083.48 at the 4 p.m. close in New York after tumbling as much as 1.3 percent earlier. Goldman Sachs Group Inc. recovered from a 2.8 percent slump to gain 2.2 percent. The 10-year Treasury yield slipped to 2.95 percent after falling to 2.89 percent earlier, while the two-year yield was little changed at 0.58 percent after setting a record low in the morning. Copper jumped the most in three weeks and oil topped \$77 a barrel. (Bloomberg)

**Japanese and Australian** stockfutures rose after the dollar strengthened against the yen and higher commodity prices boosted material producers. American depositary receipts of Sony Corp., a Japanese electronics maker that earns more than 20 percent of sales in the U.S., gained 1.4 percent from yesterday's closing share price in Tokyo. Those of Toyota Motor Corp., a Japanese carmaker that gets about 70 percent of its sales abroad, rose 0.4 percent. ADRs of Canon Inc. advanced 1.1 percent after the Nikkei newspaper said the company raised a forecast for revenue from some digital cameras. Those of BHP Billiton Ltd., the world's No. 1 mining company, jumped 2.3 percent from the Sydney close. (Bloomberg)

**Apple Inc.** posted a 78 percent surge in third-quarter profit as customers flocked to the new iPad tablet computer and latest version of the iPhone, helping the company benefit from a rebound in consumer spending. Net income rose to \$3.25 billion, or \$3.51 a share, from \$1.83 billion, or \$2.01, a year earlier, the company said today in a statement. Analysts surveyed by Bloomberg had forecast per-share profit of \$3.11. Sales also topped analysts' average estimate, fueling a gain in Apple shares in extended trading. (Bloomberg)

**BHP Billiton Ltd.**, the world's largest mining company, said fourth-quarter iron ore production rose 16 percent, driven by expansions at its Australian mines. Output was 31.2 million metric tons in the three months ended June 30 compared with 27.1 million tons a year ago, the Melbourne-based company said today in a statement. That compares with a 32 million ton estimate by Credit Suisse Group AG. Australia, the world's largest iron ore exporter, is forecast to boost sales 50 percent this fiscal year, according to government estimates, as BHP and Rio Tinto Group expand output. Prices will average 93.5 percent higher this year than in 2009, Morgan Stanley said last month. (Bloomberg)

**BP Plc**, the U.K. company battling a record oil spill in the Gulf of Mexico, agreed to sell assets in North America and Egypt to Apache Corp. for \$7 billion as part of its plan to raise cash to fund liabilities. The deals with Apache include BP's Permian Basin holdings in Texas and southeast New Mexico as well as gas properties in western Canada, London-based BP said today in a statement. BP also agreed to sell Western Desert business concessions and an East Badr El-din exploration concession in Egypt. (Bloomberg)

**Yahoo! Inc.**, owner of the second-most popular U.S. Internet search engine, reported sales that missed analysts' estimates as marketers devoted online search-ad spending to rival sites. The shares fell in late trading. Excluding revenue passed on to partner sites, Yahoo had sales of \$1.13 billion, the Sunnyvale, California-based company said today in a statement. That compares with the average estimate of \$1.16 billion among analysts surveyed by Bloomberg. (Bloomberg)

**European regulators** plan to detail three scenarios when they publish the results of their stress tests on the region's banks this week, according to a document by the Committee of European Banking Supervisors. Banks will publish their estimated Tier 1 capital ratios under a benchmark for 2011, an adverse scenario and a third test that includes "sovereign shock," according to a template prepared by CEBS for the banks and obtained by Bloomberg News. In the last scenario, banks will publish their estimated losses on sovereign debt they hold in their trading book as well as "additional impairment losses on the banking book" that they may suffer after a sovereign debt crisis, according to the document that was dated July 15. (Bloomberg)

**Spain, Ireland and Greece** auctioned almost 10 billion euros (\$13 billion) of debt, while Hungary sold less than planned, as investors favored nations backstopped by the European Union's 750 billion-euro aid package. The yield premiums investors demand to hold the debt of the three euro-region nations, all covered by the EU lifeline, instead of benchmark German bonds fell following the sales, while the Hungarian yield spread with bunds rose. Prime Minister Viktor Orban's government sold 35 billion forint (\$157 million) of three-month bills, 10 billion forint less than planned. (Bloomberg)

**The Malaysian Automotive Association (MAA)** has revised upwards its 2010 total industry volume (TIV) forecast to 570,000 units from 550,000 units initially due to the stellar sales performance in the first half of the year. The revised forecast, if achieved, means the Malaysian automotive industry is headed for a record-breaking year in terms of sales, surpassing its all-time high of 552,316 units in 2005. (Star)

**Public Bank Bhd's (PBBANK)** net profit jumped 20.2% to RM734.1mil for the second quarter ended June 30, from RM610.7mil a year ago, on the back of strong loans and deposits growth and improved asset quality. Its revenue for the quarter was 14% higher at RM2.68bil from RM2.35bil a year ago. It reported earnings per share of 20.96 sen versus 17.70 sen a year ago. The bank also announced a first interim dividend of 25% less 25% taxation, which will result in a total payout of RM657mil. (Star)

**DiGi.Com Bhd (DIGI)** posted a 18.72% increase in net profit to RM278.4mil for its second quarter ended June 30 compared with the previous corresponding quarter due to improved earnings before interest, tax, depreciation and amortisation (Ebitda). Its Ebitda improved to RM578.4mil in the quarter from RM521.5mil previously. "The increase in profit was a result of a flow-through of improved Ebitda, coupled with the absence of accelerated depreciation on certain end-of-life equipment which was recorded in the same quarter last year," according to the notes accompanying its result filing with Bursa Malaysia yesterday. (Star)

**DRB-HICOM Bhd's (DRBHCOM)** pre-tax profit for the financial year ended March 31 (FY10) was down 15.1% to RM657.9mil from FY09 despite the increase in revenue. But, according to DRB-HICOM, its operational profits actually jumped 115% to RM446.5mil for the year under review. "The increase in operational profits excluded one-off exceptional gains from the disposal of estates amounting to RM211.4mil for FY10 and investment in EON Capital Bhd for RM567.5mil in FY09," it said in a statement yesterday. In terms of revenue, DRB-HICOM recorded a 10-year high at RM6.31bil for FY10 against RM6.1bil in FY09. (Star)

State investment arm Khazanah Nasional Bhd sold 178.87 million shares, or 5% stake, in **Telekom Malaysia Bhd (TM)** yesterday at RM3.25 each, raising some RM581mil. The share placement exercise, launched on a fixed price of RM3.25 per share to local and foreign investors, was oversubscribed by three times. The joint placement agents for the deal were Maybank Investment Bank Bhd and Nomura Singapore Ltd. It is believed that 70% of the shares were placed out to domestic investors. TM shares lost 5 sen on Tuesday's trade to close at RM3.34. At RM3.25, it represents a 2.7% discount to its closing price and 3.1% discount to the volume-weighted average price for yesterday. (Star)

Shares of **Ho Hup Construction Co Bhd** (HOHUP) continued to rise yesterday after it revealed last week plans to buy two companies, part of a strategy to revive its business. The builder's share price added 5 sen, or 6.9%, to close at 77 sen with 859,600 shares traded. The stock had traded to an intra-day high of 85 sen and a low of 74.5 sen. On Monday, Ho Hup's share price surged 37.14%, or 19.5 sen, to 72 sen. This followed last Friday's announcement that the company had entered into a memorandum of understanding (MoU) with one Raymond Tan to acquire Fivestar Development (Puchong) Sdn Bhd and Kolektra Recreation Sdn Bhd at a price to be determined later. (Star)

**MISC Bhd** (MISC), the world's largest operator of LNG (liquefied natural gas) vessels, will buy four new very large crude carriers (VLCCs) for some US\$430 million (US\$1 = RM3.22) MISC told Bursa Malaysia that its unit, AET Inc Ltd, had signed a contract with Korea's Daewoo Shipbuilding & Marine Engineering Co Ltd yesterday for four new 320,000 dwt VLCCs. The tankers, which are part of AET's expansion plans for its VLCCs fleet, will be delivered between December 2012 and October 2013. (BTimes)

**DRB-HICOM Bhd** (DRBHCOM) aims to make its banking unit, Bank Muamalat Malaysia Bhd, one of the top five Islamic banks in the country within the next two years. The company told Bursa Malaysia yesterday in an audited results statement that its 70 per cent-owned Islamic bank has seen strong growth with its branch numbers increasing from 41 to 56. DRB-HICOM said it has implemented numerous measures to give the bank a competitive edge, which include the introduction of products and services like e-debit, i-muamalat and BeeSTAR-I children's account. (BTimes)

**Nestle (Malaysia) Bhd** (NESTLE) will not be increasing the price of its products as the result of the recently announced reduction in sugar subsidy by the government. Nestlé said it always avoided passing cost increases to consumers unless absolutely necessary. "We have embarked on continuous improvement in operational efficiencies and other cost reduction initiatives to ensure the operations are cost competitive. We will cover the higher raw material cost to us through internal cost rationalisation measures," it said in a statement in Kuala Lumpur yesterday. (BTimes)