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(A Participating Organisation of Bursa Malaysia)

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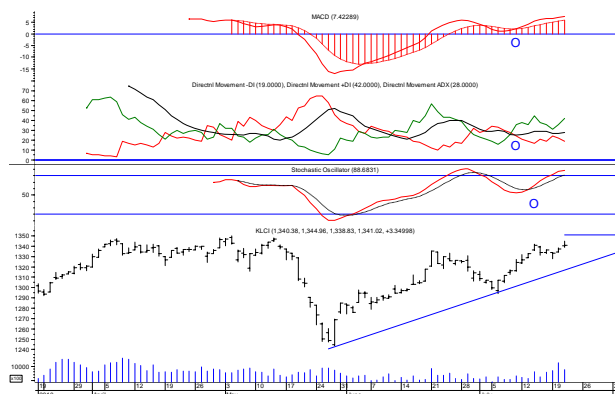
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## MARKET FLASH

### FBM KLCI

Thurs, 22 July 2010



### MARKET STATISTICS (21/7/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,341.02	+ 3.35
FBM 100	8,842.32	+ 24.39
FBM ACE	3,803.51	+ 26.89
Volume (m)	874.8	
Value (RMm)	1,268	
Up	442	
Down	298	
Unchanged	277	

### FOREIGN

Nikkei	9,278.83	- 21.63
Hang Seng	20,449.17	+ 184.58
STI	2,926.09	- 22.52
Shanghai CI	2,535.39	+ 6.66

### BURSA MOVERS

Gainers	Close	Chg
Mudajaya	5.71	+ 0.55
KLK	16.90	+ 0.42
GuanChong	1.16	+ 0.33
Cocoland	2.87	+ 0.31
DLady	14.82	+ 0.30

Losers	Close	Chg
Kossan	8.05	- 0.26
Sindora	1.57	- 0.26
Tasek	5.20	- 0.20
Supermax	6.35	- 0.16
Hlfg	8.22	- 0.16

Actives	Close	Chg
SAAG	0.08	+ 0.005
BJCorp	1.10	- 0.03
Jadi	0.25	+ 0.02
Sinotop	0.34	+ 0.065
Timecom	0.575	+ 0.01

### Today's Market Direction :

FBM KLCI would likely to trade **above** 1,344.96 level.

### Market Buying Strength :

About **55%** of total market volume on 21/7/2010 was on buying side compared to **87%** in the preceding trading day.

### "Movement" in Strong Hands :

Strong hands were seen **liquidating** a portion of stock positions on 21/7/2010.

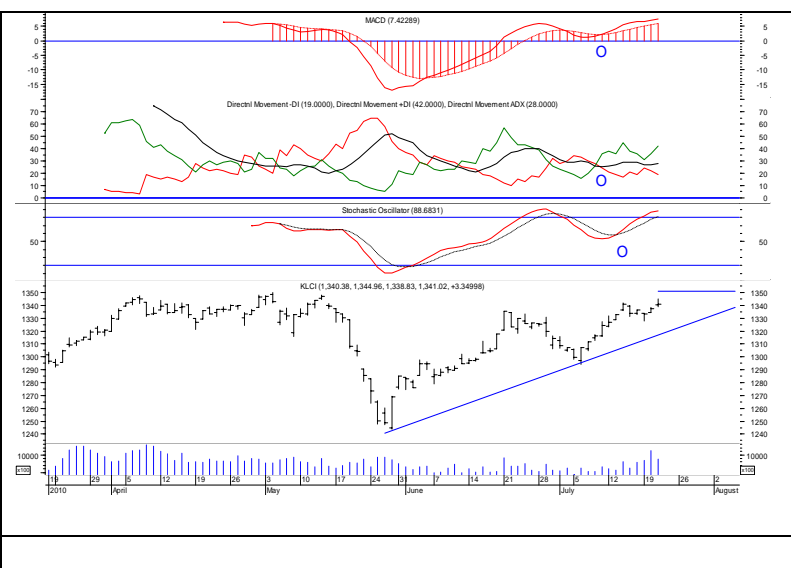
### Pivot Point Studies for Intra-Day :

For **Thursday (22/7/2010)**, 1<sup>st</sup> resistance @ 1,344.3 & 2<sup>nd</sup> resistance @ 1,347.7 ; 1<sup>st</sup> support @ 1,338.2 & 2<sup>nd</sup> support @ 1,335.4.

To read more .....

## Technical Analysis – Daily FBM KLCI

	21/7/2010	20/7/2010
Open	1,340.38	1,334.53
High	1,344.96	1,338.68
Low	1,338.83	1,334.53
Close	1,341.02	1,337.67
Volume	874.8 m	1,126 m
<b>Market Breadth</b>		
Up	442	466
Down	298	278
Unchanged	277	250
<b>Indicators</b>		
MACD	buy	buy
DM Index	buy	buy
Stochastics	buy	buy



**The attempt(s) to go above 1,350 still on .....**

### Market Commentary :

Supported by earnings result that did not look quite as bad as first thought, DJIA had on 20/7/2010 gained 75.53 points to close at 10,229.96.

The double-digit gain in Wall Street sent a friendly signal to Bursa Malaysia in the opening bell on 21/7/2010, FBM KLCI gapped up with a day low of **1,338.83** as traders chose to play a buying game in anticipation of higher market. Under greater buying interest, market crossed over immediate high of 1,341.96 (14/7/2010) to reach a day high of **1,344.96** before settled at **1,341.02**.

The **rise** of **3.35** points in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.01), **Genting** (up RM0.04), **CIMB** (up RM0.09), **Maybank** (up RM0.03) and **KLK** (up RM0.42).

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

Market saw follow thru buying interest with day low above 1,330 level yesterday (21/7/2010) given an up close scenario in the preceding day (20/7/2010). It was no surprise to see this market making a higher high on 21/7/2010 as the ability to stay above 1,324 level on 19/7/2010 and 20/7/2010 indicated the presence of certain amount of buying support even though the market was expected (prior 20/7/2010) 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.

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**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.

**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. **Now**, with this market holding its position above 1,324 level on 19/7/2010 & 20/7/2010, a faster buying pace to push this market higher than 1,350 level remained on the card.

**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 21/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, *the number of stock positions established on 21/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 41% from 38% in the preceding trading day (20/7/2010).*

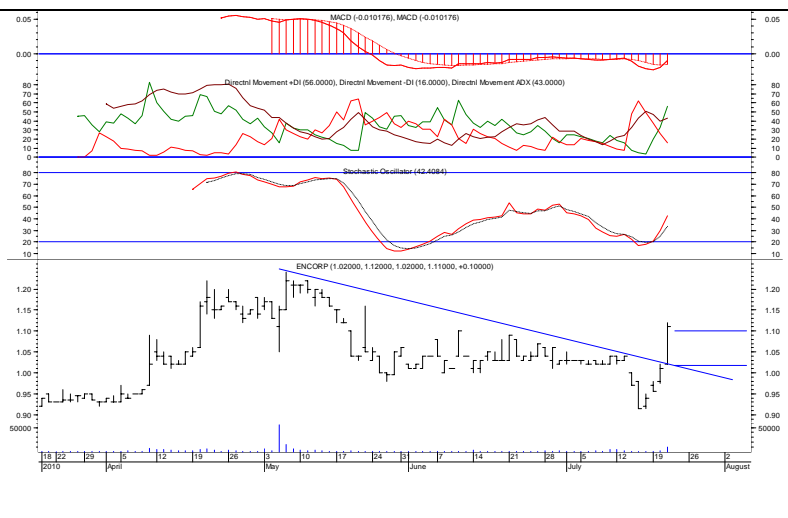
### **Conclusion :**

**Market outlook remained friendly in the short term with settlement on 21/7/2010 above 50-day moving average.**

**The analysis of overall daily market action(s) on 21/7/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,344.96.**

## Today's Hot Pick – Encorp

	21/7/2010	20/7/2010
Open	1.02	0.98
High	1.13	1.02
Low	1.02	0.975
Close	1.12	1.01
Volume	14,689	2,386
<b>Indicators</b>		
MACD	buy	sell
DM index	buy	buy
Stochastics	buy	buy



**Chart wise :** *Volume expanded* .....

**Encorp (6076 - MainBoard)** had on 21/7/2010 crossed over the downward sloping trend line from day high of RM1.24 (6/5/2010) to connect the other day low of RM1.04 (13/7/2010) to reach a day **high of RM1.13** before settled at **RM1.12**.

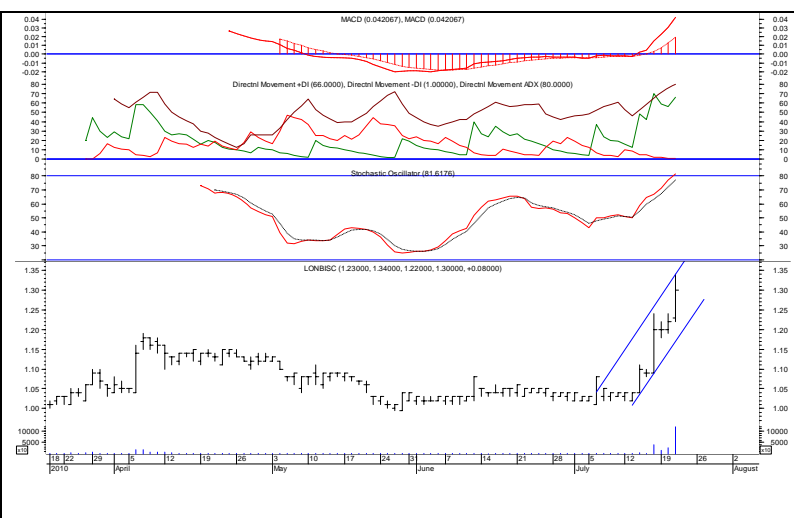
**Next Potential Upside Target :** With the upside violation of the **downward sloping trend line**, **Encorp** looked set to trade upward with next upside target at **RM1.22**.

**Entry Level :** Risk taking traders may establish buying position at **RM1.08** as a 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 **RM0.99** level must be placed for risk capital protection followed by a trailing stop loss strategy.

## Current Active Stock Review – London Biscuit

	21/7/2010	20/7/2010
Open	1.23	1.2
High	1.34	1.24
Low	1.22	1.19
Close	1.32	1.22
Volume	143,169	26,222
<b>Indicators</b>	21/7/2010	20/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy



**Chart wise** : Resistance at upper line of upward sloping channel at RM1.34 .....

**London Biscuit (7126** - MainBoard) had on 21/7/2010 crossed over the immediate high of RM1.24 (20/7/2010) to a day high of RM1.34 before settled at RM1.32.

**Price Direction** .....

In view of **an increase** in market participation, the stock could be expected to trade **sideways** in coming day(s) with an overhead resistance pegged at RM1.34 and support at RM1.18.

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

A turnaround of prices to close **below RM1.18** level would see an immediate short term reversing direction in the stock.

## Active Stock Review – Land & General Bhd



### Chart wise

### HOLD.

### Land & General Bhd (3174-Main Market- Properties)

L & G candles failed to take out the long-term 51 sen level early this week and have drifted sideways. This is pulling down its overbought momentum indicators back below their respective upper limit lines, but flattening.

This is leaving a slightly frail outlook and the candles could test the short-term uptrend line if the weakness is not neutralized in the near term. If the candles find support at the uptrend line of 45 sen, the stock is still a hold. If the trendline gives way, however, the stock is an avoid. The resistance, meanwhile is at 53 sen.

## MAJOR NEWS

### Commodity, Currency and Economic News

The **crude palm oil futures** market closed higher yesterday buoyed by firmer crude and soya oil prices. Short-covering by traders also helped lift market sentiment. Crude oil was at a near three-week high of US\$75 (US\$1.00 = RM3.25) per barrel hence the positive sentiment for crude palm oil which appealed as a better choice for biodiesel feedstock. On the futures market, August rose RM19 to RM2,522 a tonne, September added RM32 to RM2,483, October perked RM33 to RM2,457 and November gained RM32 to RM2,452 a tonne. Volume declined to 16,473 lots, from 17,134 lots on Tuesday, while open interest rose to 68,667 , from 67,704 contracts, previously. (BTimes)

The **ringgit** closed easier against the US dollar yesterday, dealers said. They said at 5pm, the ringgit closed at 3.2135/2165 compared with 3.2080/2120 on Tuesday. A dealer said the euro zone bank stress test results, expected to be released by this week, had fanned concerns in the foreign exchange market. The number of banks being assessed represented about 65 per cent of the European banking system, he said. The local unit moved between 3.2160 and 3.2090 yesterday. (BTimes)

**Oil prices** retreated Wednesday after the U.S. said crude supplies grew despite more demand for most types of fuel. Comments from Federal Reserve Chairman Ben Bernanke about the fragile economy also pushed prices down. Benchmark crude for September delivery fell \$1.02 to settle at US\$76.56 a barrel on the New York Mercantile Exchange. Crude oil inventories increased by about 400,000 barrels to 353 million barrels last week, the Energy Department's Energy Information Administration said. That surprised analysts, who expected supplies to fall by 1.6 million barrels. (Star)

**Malaysia's June inflation** rate rose 1.7% to 113.7 from a year ago, reaching the highest level since May 2009 as prices began to normalise from last year's low base. The consumer price index (CPI) gained 1.6% in May 2010. The Statistics Department said in a report that the CPI for June increased 0.2% compared to this May and rose 1.4% for the January to June period compared to the previous corresponding period. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10120.53	-109.43	-1.07	Nasdaq CI	2187.33	-35.16	-1.58
S&P 500	1069.59	-13.89	-1.28	FTSE 100	5214.64	75.18	1.46

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**Global and Local Headlines**

**U.S. stocks** slid, while Treasuries and the dollar rallied, as Federal Reserve Chairman Ben S. Bernanke said the economic outlook remains “unusually uncertain” without offering additional measures to stimulate growth. Oil dropped on an unexpected increase in inventories. The Standard & Poor’s 500 Index fell 1.3 percent to 1,069.59 at the 4 p.m. close in New York, halting a two-day advance. The yield on two-year Treasuries sank to a record low for the fourth time in five days and the Dollar Index surged 0.6 percent. Oil slipped below \$77 a barrel, while copper rallied 3 percent after Freeport-McMoRan Copper & Gold Inc. said the outlook for the metal is “positive.” (Bloomberg)

**Japanese and Australian** stockfutures fell after Federal Reserve Chairman Ben S. Bernanke said the U.S. economic outlook remains “unusually uncertain.” American depositary receipts of Sony Corp., a Japanese electronics maker that earns more than 20 percent of sales in the U.S., lost 1.3 percent from yesterday’s closing share price in Tokyo as the dollar weakened against the yen. Those of Toyota Motor Corp., a Japanese carmaker that gets about 70 percent of its sales abroad, slid 0.8 percent. ADRs of Woodside Petroleum Ltd., Australia’s No. 2 oil and gas producer, sank 1 percent from the closing share price in Sydney as oil prices retreated. (Bloomberg)

**EBay Inc.**, the owner of e-commerce sites and the PayPal payment service, reported second-quarter profit that topped analysts’ estimates while predicting that a foreign-currency slump would eat into overseas sales this year. Second-quarter net income rose 26 percent to \$412.2 million, or 31 cents a share, from \$327.3 million, or 25 cents, the company said today in a statement. Excluding some costs, the earnings were 40 cents a share. Analysts had estimated 38 cents, according to a Bloomberg survey. Even as EBay recovers from a slowdown in e-commerce spending, the company’s international focus threatens the pace of its turnaround. The falling euro and other currencies are diminishing the value of receipts reported in dollars. EBay gets more of its revenue from overseas than any other large U.S. Internet company, including Google Inc., Yahoo! Inc. and Amazon.com Inc. (Bloomberg)

**Europe** may already have passed its biggest stress test. The euro has rallied 8 percent from a four-year low last month. Greece, Spain and Portugal have managed to sell 50 billion euros (US\$64 billion) of debt since May 10 when the need to save the single currency forced finance ministers to create a nearly US\$1 trillion rescue fund and European Central Bank President Jean-Claude Trichet to begin buying bonds. (Bloomberg)

**Federal Reserve** Chairman Ben S. Bernanke said central bankers “remain prepared” to act as needed to aid growth even as they get ready to eventually raise interest rates from almost zero and shrink a record balance sheet. While Fed officials plan for the exit, “we also recognize that the economic outlook remains unusually uncertain,” Bernanke said today in testimony to the Senate Banking Committee. “We will continue to carefully assess ongoing financial and economic developments, and we remain prepared to take further policy actions as needed to foster a return to full utilization of our nation’s productive potential in a context of price stability.” (Bloomberg)

**Kulim (M) Bhd** (KULIM) is selling its entire 91.38% stake in loss-making Natural Oleochemicals Sdn Bhd (NatOleo) to PGEO Group Sdn Bhd, a subsidiary of Singapore-listed Wilmar International Ltd, for RM450mil. Kulim said the disposal would provide the company with an exit strategy to unlock the value of its investment in NatOleo. “The proposed disposal allows Kulim to focus more attention on its more profitable businesses, i.e. oil palm plantation operations and quick service restaurants,” it told Bursa Malaysia yesterday. (Star)

**Petra Energy Bhd** (PENERGY) is identifying a suitable site for its new onshore fabrication and logistics facility at Sabah's oil and gas (O&G) hub in Kimanis. Executive director Kamarul Baharin Albakri said the new onshore fabrication facility was part of the group's strategy to leverage on the growing opportunities in the brown field sector of the upstream O&G industry in the state. "The fabrication facility, backed by our framework for strategic expansion in marine assets, is primarily to take advantage of the growing opportunities in the Sabah O&G market," he said in a statement at the pre-opening of the Asean Oil and Gas Expo 2010, which takes place from July 22-24. (Star)

**Kenmark Industrial Co (M) Bhd** (KENMARK) has resumed operations at its printing division and uncompleted orders will start to be delivered. "The other business divisions located at Port Klang, namely wood division, plastic and mould divisions, have completed all outstanding orders and the company is now pursuing new work orders from the existing and potential new customers," it told Bursa yesterday. The company said the decision was made on the collective approval of the Malaysian directors of the Kenmark board only, namely Datuk Abdul Gani Yusof (executive chairman), Ho Soo Woon (executive director) and Ahmed Azhar Abdullah and Woon Wai En (directors). (Star)

**Malaysian Mosaics Bhd** (MMOSAIC) has agreed to the privatisation proposal by its holding company and substantial shareholder Gek Poh (Holdings) Sdn Bhd. It told Bursa Malaysia yesterday that its directors had deliberated on Gek Poh's letter and agreed to table the proposal for privatisation, which would be via a selective capital repayment (SCR) exercise, at an EGM to be convened at a later date. To facilitate the proposed SCR, Gek Poh would make an advance of RM49mil to MMOSAIC and undertake a bonus issue of 13 new MMOSAIC shares for every 10 existing shares held at an entitlement date to be determined later. Up to 27.4 million new MMOSAIC shares will be issued to the entitled shareholders. MMOSAIC said last week that it had received Gek Poh's proposal to offer all shareholders – except itself – RM2.30 cash per share. (Star)

**CIMB Thai Bank plc** returned to the black with a second quarter net profit of 366 million baht (100 baht = RM10.78) compared with a net loss of 245 million baht a year ago, due to a big drop in loan loss provision and better managed operating costs. Its parent company, CIMB Group Holdings Bhd (CIMB), told Bursa Malaysia that its Thai unit saw its revenue grow six million baht to 1.80 billion baht for the three-month period ended June 30 2010. (BTimes)