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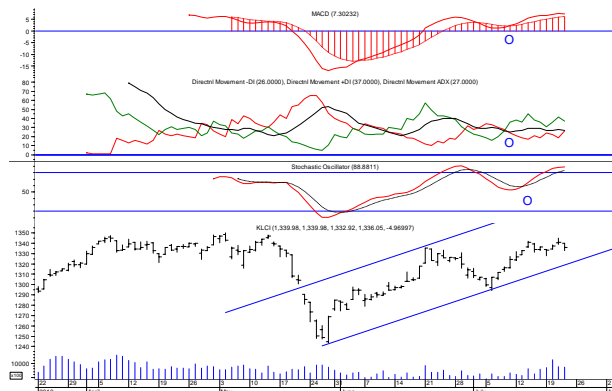
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MARKET FLASH

FBM KLCI

Fri, 23 July 2010



MARKET STATISTICS (22/7/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,336.05	- 4.97
FBM 100	8,812.59	- 29.73
FBM ACE	3,796.74	- 6.77
Volume (m)	872,860	
Value (RMm)	1,145.9	
Up	318	
Down	388	
Unchanged	251	

FOREIGN

Nikkei	9,220.88	- 22.05
Hang Seng	20,589.70	+ 102.47
STI	2,955.67	+ 29.58
Shanghai CI	2,562.41	+ 27.01

BURSA MOVERS

Gainers	Close	Chg
Digi	24.32	+ 0.58
Segi	2.38	+ 0.34
Milux	1.59	+ 0.26
QSR	4.50	+ 0.25
TGuan	1.13	+ 0.235

Losers	Close	Chg
KPower	0.45	- 0.20
Amway	7.80	- 0.20
KLK	16.74	- 0.16
Supermax	6.19	- 0.16
Sime	7.59	- 0.15

Actives	Close	Chg
Kenmark	0.10	+ 0.035
Tatgiap	0.61	+ 0.03
HWGB	0.16	+ 0.005
UEM Land	1.76	+ 0.09
IFCAMSC	0.22	- 0.005

Today's Market Direction :

FBM KLCI would likely to trade **above** **1,332.92** level.

Market Buying Strength :

About **22%** of total market volume on 22/7/2010 was on buying side compared to **55%** in the preceding trading day.

"Movement" in Strong Hands :

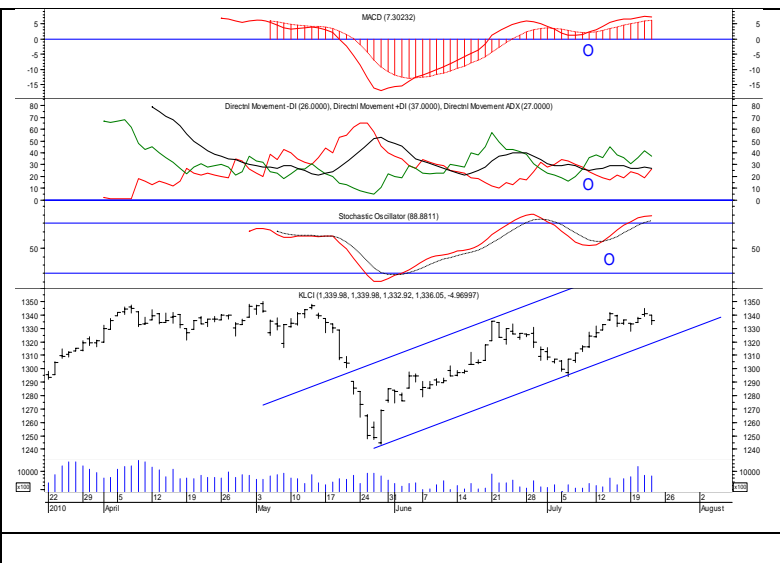
Strong hands were seen **liquidating** a small portion of stock positions on 22/7/2010.

Pivot Point Studies for Intra-Day :

For **Friday (23/7/2010)**, 1st resistance @ **1,339.7** & 2nd resistance @ **1,343.3** ; 1st support @ **1,332.6** & 2nd support @ **1,329.2**.

To read more

Technical Analysis – Daily FBM KLCI

	22/7/2010	21/7/2010	
Open	1,339.98	1,340.38	
High	1,339.98	1,344.96	
Low	1,332.92	1,338.83	
Close	1,336.05	1,341.02	
Volume	872.8 m	874.8 m	
Market Breadth			
Up	318	442	
Down	388	298	
Unchanged	251	277	
Indicators			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

Waiting for a positive trigger

Market Commentary :

Dampened by confirmation from Ben Bernanke (Fed Reserve Chairman) on the weakened economy, DJIA had on 21/7/2010 lost 109.43 points to close at 10,120.53.

The triple-digit loss in Wall Street sent a negative signal to Bursa Malaysia in the opening bell on 22/7/2010, FBM KLCI only traded to a day high of **1,339.98** as traders decided not to stage an immediate follow through buying in anticipation of lower market. In the absence of good buying support, profit taking activity rolled in, this pushed the market down to a low of **1,332.92** before settled at **1,336.05**.

The **drop** of **4.97** points in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **Tenaga Nasional** (down RM0.07), **Genting** (down RM0.07), **CIMB** (down RM0.03), **Maybank** (down RM0.01) and **KLK** (down RM0.16).

What was the chart saying

Market could not find another scoop of buying support to trade higher yesterday (21/7/2010); but, continued to stay above 1,330 level given the up close scenario in the preceding day (21/7/2010). It was a little surprise to see this market **NOT** making a higher high on 22/7/2010 as the positive settlement on 21/7/2010 was a friendly sign in addition to the ability on the part of stock index to stay above 1,324 level on 19/7/2010 and 20/7/2010. **What had happened here ?** In general, traders don't like to play an aggressive buying game especially when there is no good news around to lend them a helping hand. Instead of bulldozing the market to the upside, traders will choose to unleash the tightened rope temporarily to release another portion of emotional buying pressure (weak hands).

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 million 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 renewed buying force 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 22/7/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, *the number of stock positions established on 22/7/2010 added the overall selling pressure that took place on 4/6/2010 and 7/6/2010 to 42% from 41% in the preceding trading day (21/7/2010).*

Conclusion :

Market outlook remained friendly in the short term with settlement on 22/7/2010 above 50-day moving average.

The analysis of overall daily market action(s) on 22/7/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,332.92.

Today's Hot Pick – P & O

	22/7/2010	21/7/2010
Open	0.64	0.585
High	0.69	0.655
Low	0.64	0.585
Close	0.68	0.63
Volume	40,526	9,643
Indicators	22/7/2010	21/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

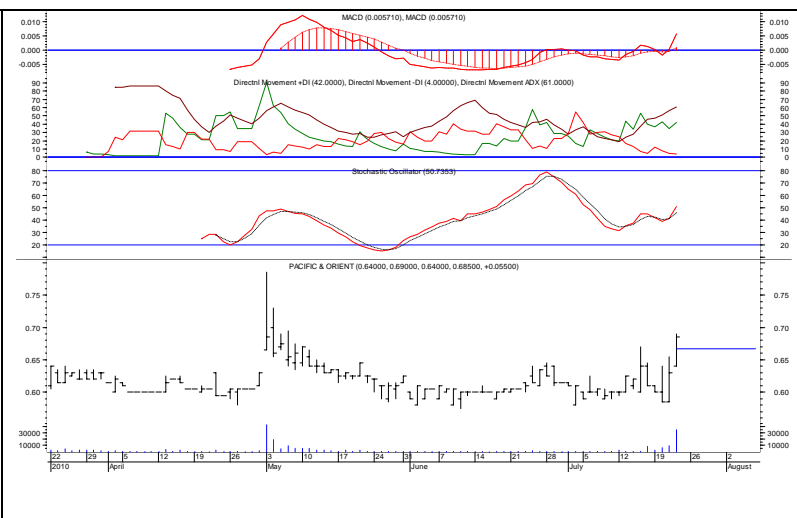


Chart wise : *An upward move is in the making*

P & O(6009 - MainBoard) had on 22/7/2010 crossed over the immediate high of **RM0.67** (15/6/2010) to a day **high of RM0.69** before settled at **RM0.68**.

Next Potential Upside Target : With the upside violation of **RM0.69** level, **P & O** looked set to trade upward with next upside target at **RM0.78**.

Entry Level : Risk taking traders may establish buying position at **RM0.67** 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 **RM0.63** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Today's Hot Pick – Pelikan

	22/7/2010	21/7/2010
Open	1.19	1.16
High	1.25	1.20
Low	1.18	1.16
Close	1.25	1.18
Volume	24,758	8,864
Indicators		
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

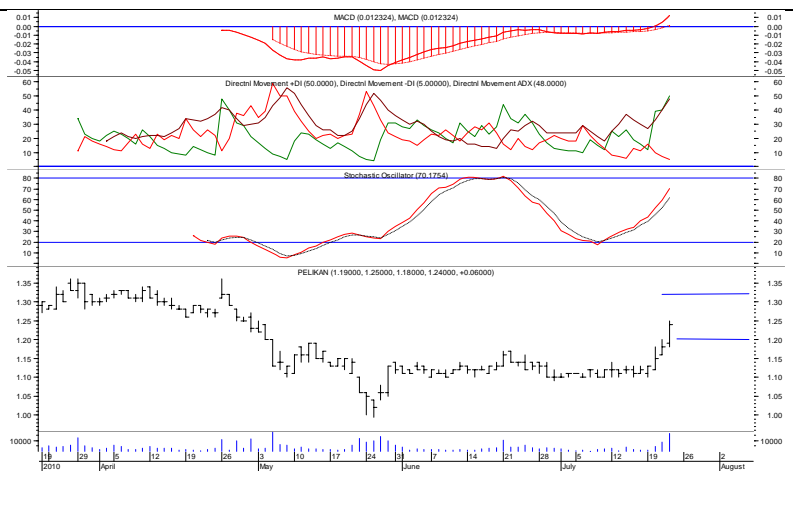


Chart wise : *Gearing up for RM1.35 level.....*

Pelikan (5231 - MainBoard) had on 22/7/2010 crossed into RM1.20 zone to a day high of RM1.25 before settled at day high.

Next Potential Upside Target : With the crossover of RM1.20 level, **Pelikan** looked set to trade upward with next upside target at **RM1.36**.

Entry Level : Risk taking traders may establish buying position at **RM1.22** 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 **RM1.15** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – Hwa Tai

	22/7/2010	21/7/2010
Open	0.74	0.50
High	0.83	0.815
Low	0.74	0.50
Close	0.80	0.74
Volume	63,025	36,937
Indicators	22/7/2010	21/7/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

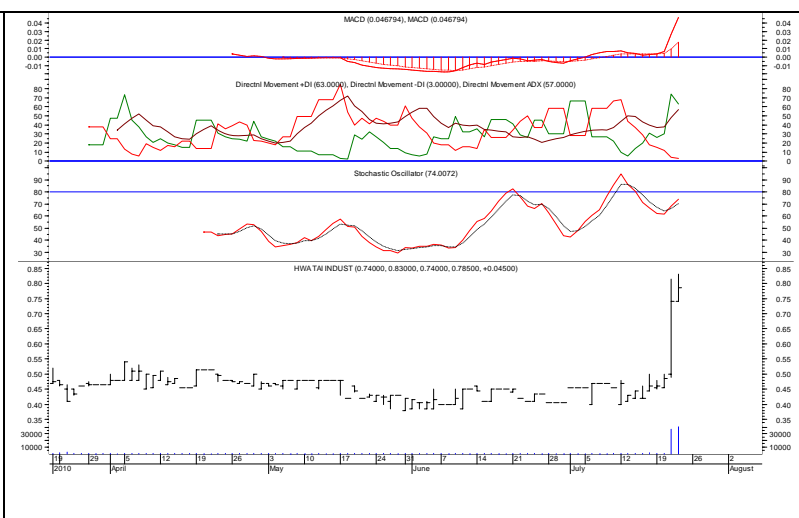


Chart wise : Resistance seen at RM0.85.....

Hwa Tai (8478 - MainBoard) had on 22/7/2010 traded higher to a day high of RM0.835 before settled at RM0.80.

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 RM0.85 and support at RM0.60.

What to watch for

A turnaround of prices to close **below RM0.60** level would see an immediate short term reversing direction in the stock.

MAJOR NEWS

Commodity, Currency and Economic News

The yen fell against all of its major counterparts on speculation Japanese policy makers may act to weaken the currency to support economic growth. The yen declined for the first time in three days against the dollar as earnings optimism triggered a surge in U.S. shares and on prospects Prime Minister Naoto Kan's administration will mount pressure on the Bank of Japan to increase easing measures. The euro gained for a second day versus the yen and the dollar after Europe's manufacturing and services industries unexpectedly accelerated in July. (Bloomberg)

Crude palm oil futures prices closed higher yesterday on speculative buying interest and tight supply, a dealer said. "With production currently at low levels due to unfavourable weather conditions, prices are expected to remain positive," he said. As crude oil hovered below US\$77 (US\$1.00 = RM3.25) a barrel yesterday, this was also more positive news for crude palm oil which appeals as the better choice for biodiesel feedstock. August contract rose RM58 to RM2,580 a tonne, September added RM50 to RM2,533, October perked RM62 to RM2,519 and November gained RM65 to RM2,517 a tonne. Volume rose to 26,561 lots yesterday from 16,473 lots on Wednesday, while open interest decreased to 68,575 contracts from 68,667 contracts. (BTimes)

The ringgit closed slightly higher against the US dollar yesterday on slight short covering activities. However, the market remained cautious against the backdrop of discouraging external factors. The ringgit ended at 3.2070/2120 from 3.2135/2165 on Wednesday. US Federal Reserve chairman Ben Bernanke said he was prepared to increase stimulus measures and said the economic outlook was "unusually uncertain" yesterday. "This stirred concern in the forex market," the dealer said. From the European front, the "stress tests" on 91 banks to be published by the European Union saw local market players concerned ahead of the result today. (BTimes)

Oil prices advanced Thursday and settled above US\$79 as energy producers kept an eye on a developing tropical storm that could move into the Gulf of Mexico by the weekend. Benchmark crude surged \$2.74, or 3.6 percent, to settle at \$79.30 a barrel on the New York Mercantile Exchange. Oil and other energy contracts also benefited from surging stock prices that rose on stronger earnings from companies like Caterpillar Inc., 3M Co., UPS Inc. and AT&T Inc. (Star)

Sales of U.S. previously owned homes in June dropped less than forecast, sustained by a backlog of deals that will dry up when a government credit expires. Purchases slipped for a second month, falling 5.1 percent to a 5.37 million annual rate, figures from the National Association of Realtors showed today in Washington. Transactions will be "very low" in coming months as the federal incentive ends, the group's chief economist, Lawrence Yun, said in a news conference. (Bloomberg).

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10322.30	201.77	1.99	Nasdaq CI	2245.89	58.56	2.68
S&P 500	1093.67	24.08	2.25	FTSE 100	5313.81	99.17	1.90

Global and Local Headlines

U.S. stocks rose, with the Standard & Poor's 500 Index gaining the most in two weeks, after companies from United Parcel Service Inc. to AT&T Inc. and Qualcomm Inc. increased profit forecasts. UPS jumped 5.2 percent as growing overseas demand and cost-cutting improved the earnings outlook at the world's largest package-delivery company. AT&T rose 2.4 percent as quarterly profit beat analysts' estimates on demand for Apple Inc.'s iPhone. Qualcomm, the biggest maker of chips that run mobile phones, jumped the most since November 2008 as it predicted higher selling prices for devices based on its technology. (Bloomberg)

Japanese stocks gained for the first time in six days after U.S. companies raised earnings forecasts, the dollar strengthened and commodity prices advanced. Toyota Motor Corp., a carmaker that gets about 30 percent of its sales from North America, advanced 2 percent. Canon Inc., a camera maker that counts Europe as its biggest market, jumped 3.2 percent after the euro strengthened. Advantest Corp., the world's biggest maker of chip-testing equipment, climbed 3 percent after a report said it may turn to a first-quarter profit on recovering overseas demands. Mitsubishi Corp., Japan's biggest commodities trader, rose 2.8 percent. (Bloomberg)

Microsoft Corp., the world's largest software maker, posted its biggest sales gain in 2 1/2 years in the fourth-quarter after customers purchased more personal computers running the Windows operating system. Net income climbed 48 percent to \$4.52 billion, or 51 cents a share, exceeding the 46-cent average of analysts' estimates compiled by Bloomberg. Sales advanced 22 percent to \$16 billion, the company said today in a statement. (Bloomberg)

Nokia Oyj's second-quarter profit plunged on competition from Apple Inc.'s iPhone. Chief Executive Officer Olli-Pekka Kallasvuo said a new device from the world's largest mobile-phone maker will "kick-start" its comeback. Nokia, which last month cut its forecast for margins, posted a steeper-than-expected 40 percent drop in net income to 227 million euros (\$291 million), or 6 cents a share, from 380 million euros, or 10 cents, a year earlier. Analysts had predicted profit of 285 million euros. Sales rose 0.9 percent to 10 billion euros. The Espoo, Finland-based company maintained its outlook for margins for 2010. (Bloomberg)

Bank of Ireland Plc and Allied Irish Banks Plc, the country's two biggest banks, are both set to pass the European Union's stress tests on the region's lenders, according to a person with direct knowledge of the matter. Bank of Ireland's 2.9 billion-euro (\$3.7 billion) fundraising last month gave the lender enough capital to meet the threshold set by EU regulators, said the person, who declined to be identified because the talks are private. Allied Irish, the second-biggest lender by market value, passed because regulators included in their calculations the 7.4 billion euros the bank plans to raise by the end of the year, said another person who declined to be identified. (Bloomberg)

Indonesian lawmakers approved a proposal that Bank Indonesia Acting Governor Darmin Nasution take the job permanently, ending a 14-month impasse over the central bank's leadership. The 54 lawmakers representing Commission XI, the body charged with considering Darmin's nomination, agreed by consensus late yesterday to approve him following two days of questioning. President Susilo Bambang Yudhoyono nominated Nasution, 61, to be central bank chief in June, seeking to plug a gap in the country's economic leadership after the previous governor, Boediono, resigned in May 2009 to become Yudhoyono's running mate in last year's presidential election. Indonesia has left its benchmark interest rate at a record low of 6.5 percent since August 2009. (Bloomberg)

Capital One Financial Corp., the most profitable U.S. credit-card issuer last year, reported a higher-than-expected profit after a year-earlier loss, as improving consumer repayments cut costs from overdue loans. The company had net income of \$608 million, or \$1.33 a share, compared with a loss of \$277 million a year earlier, or 66 cents when including repayment of government aid, the McLean, Virginia-based company said today in a statement. The lender released \$1 billion of loan-loss reserves, helping it beat the 88-cent average earnings estimate of analysts surveyed by Bloomberg who didn't adjust for one-time items. (Bloomberg)

Bursa Securities has publicly reprimanded **Tiger Synergy Bhd** (TIGER) and **Tracoma Holdings Bhd** (TRACOMA) for breaching Main Market listing requirements. The regulator said Tiger Synergy must make an immediate announcement on any material development to corporate proposals previously announced, including any termination or completion of the proposals. Bursa Securities said in a separate announcement that Tracoma had failed to submit its annual audited accounts for the financial year ended Dec 31, 2009 on or before April 30, 2010. "The company's explanation that it was unable to complete its consolidation of accounts is unacceptable," it added. (Star)

Cycle & Carriage Bintang Bhd's (CCB) net profit for its second quarter ended June 30, fell nearly 46% to RM5.9mil, from RM10.9mil in the corresponding period a year earlier. Revenue, however, rose to RM161mil from RM123.8mil previously. For the first six months, CCB net profit was down by 19% to RM12.6mil, from RM15.5mil previously. However, revenue was up 29% to RM307.7mil, from RM239.1mil. (Star)

British American Tobacco (M) Bhd's (BAT) net profit for the second quarter ended June 30 declined 7.65% to RM185.84mil compared with RM201.24mil a year ago on lower volumes amid down-trading by consumers and high levels of illicit cigarette trading. Revenue for the quarter under review came in at RM993.87mil, a rise of 1.65% from RM977.65mil in the previous corresponding period. For the first half year, its revenue rose 1.5% to RM2.01bil against RM1.98bil in the previous corresponding period while its net profit dropped 7.2% to RM377.3mil from RM407.2mil before. BAT attributed the lower net profit to lower volume, higher packaging cost, and timing of marketing and overheads. It has declared a first interim dividend of 113 sen per share for the period under review. (Star)

The Malaysian Retailer-Chains Association (MRCA) expects the local retail market to grow 5% to 8% this year compared with a contraction of 2% to 3% last year as the first quarter results showed some pickup, said secretary-general Valerie Choo. "After facing a challenging time last year, the data that we received from our members have shown some positive results for the first quarter, boosted by the festive season and the economic recovery," she said yesterday at a press conference on the MRCA CEO Night 2010 which will be held on Thursday. (Star)

Industrial gases manufacturer **SIG Gases Bhd** will invest RM11mil to set up a production-cum-refilling plant in Sarawak, said executive chairman Peh Lam Hoh said. He said RM9.74mil would be via proceeds from its initial public offering (IPO) while the balance from internally-generated funds. "Our new facility (in Sarawak) will produce acetylene and carbon dioxide as well as refill nitrogen and oxygen," he said at the launch of SIG prospectus in conjunction with its listing on the main board of Bursa Malaysia yesterday. SIG currently has one production-cum-refilling plants each in Senai, Johor, and Nilai, Negri Sembilan. (Star)

EON Capital Bhd (EONCAP) is planning for shareholders to meet on August 19 to decide on a RM5.06 billion takeover offer from Hong Leong Bank Bhd, a source close to the matter said. A circular on the resolutions for the meeting is expected to be sent out to shareholders next Wednesday. Hong Leong had recently stipulated that EONCap should hold that meeting by August 20. (BTimes)