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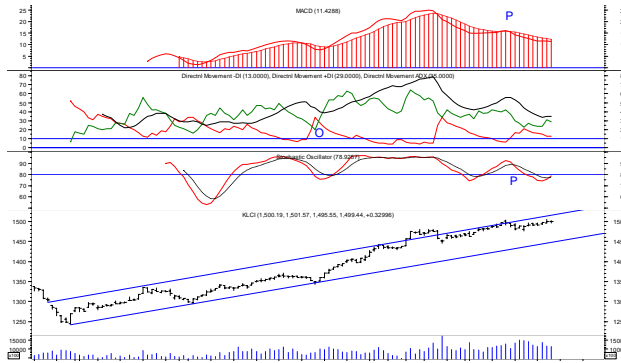
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MARKET FLASH

Friday, 29 Oct 2010
KDN : PP 10800/08/2011

FBM KLCI



MARKET STATISTICS (28/10/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,499.44	+ 0.33
FBM 100	9,902.20	- 1.16
FBM ACE	4,265.88	- 13.09
Volume (m)	1,137.3	
Value (RMm)	1,634.7	
Up	350	
Down	427	
Unchanged	287	

FOREIGN

Nikkei	9,366.03	- 21.0
Hang Seng	23,210.86	+ 46.28
STI	3,129.50	+ 5.12
Shanghai CI	2,992.58	- 4.47

BURSA MOVERS

Gainers	Close	Chg
F & N	14.50	+ 0.40
Kuchai	1.51	+ 0.27
KFC	3.67	+ 0.23
Digi	25.20	+ 0.20
PPB	19.18	+ 0.18

Losers	Close	Chg
BAT	46.58	- 0.40
MTD	6.07	- 0.38
BStead	5.63	- 0.22
Supermx	4.63	- 0.17
MEGB	2.85	- 0.16

Actives	Close	Chg
Kbunai	0.235	+ 0.01
SAAG	0.075	- 0.005
HWGB	0.295	+ 0.03
Jotech	0.095	=
HWGB-WB	0.215	+ 0.025

Today's Market Direction :

FBM KLCI would likely to trade **below 1,495.55** level after making attempt to go **higher than 1,501.57**.

Market Buying Strength :

About **43%** of total market volume on 28/10/2010 was on buying side compared to **67%** in the preceding trading day.

"Movement" in Strong Hands :

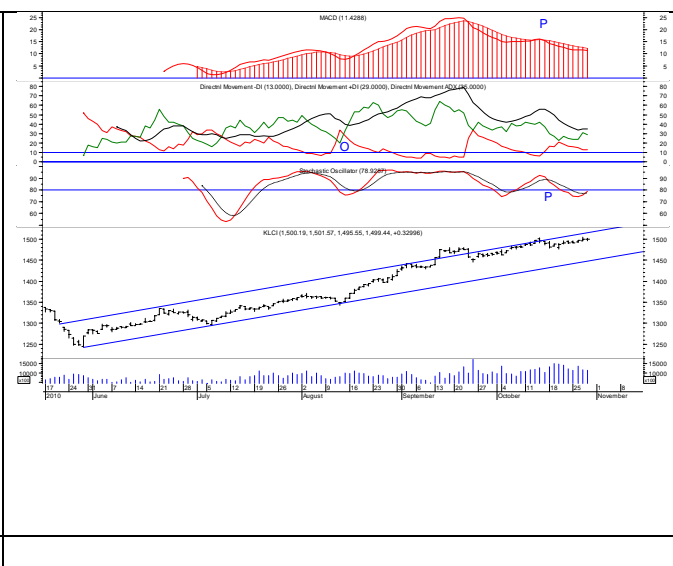
Strong hands were seen **disposing** a portion of stock positions on 28/10/2010.

Pivot Point Studies for Intra-Day :

For **Friday (29/10/2010)**, 1st resistance @ **1,502.1** & 2nd resistance @ **1,504.8** ; 1st support @ **1,496.1** & 2nd support @ **1,492.8**

To read more

Technical Analysis – Daily FBM KLCI

	28/10/2010	27/10/2010	
Open	1,500.19	1,496.20	
High	1,501.57	1,504.39	
Low	1,495.55	1,496.20	
Close	1,499.44	1,499.11	
Volume	1,137.3 m	1,169.5 m	
Market Breadth			
Up	350	328	
Down	427	497	
Unchanged	287	283	
Indicators			
MACD	Sell	sell	
DM Index	Buy	buy	
Stochastics	Sell	sell	

Fought on to stay afloat

Market Commentary :

Held back by expectation of how aggressively Federal Reserve would act to stimulate the economy, DJIA had on 27/10/2010 lost **43.18** points to close at **11,126.28**.

The double-digit drop in Wall Street did not send a negative signal to Bursa Malaysia in the opening bell on 28/10/2010, FBM KLCI went into 1,500 zone to reach a day high of **1,501.57** as some traders chose to play on buying side. However, weak follow thru buying support at **1,501.57** prompted profit taking activity to roll in, and this put a pressure on stock index to a low of **1,495.55** before settled at **1,499.44**.

The **rise of 0.33** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.04 to RM8.87), **AMMB** (up RM0.10 to RM6.29), **MayBank** (up RM0.01 to RM8.98), **CIMB** (up RM0.04 to RM8.19) and **KLK** (up RM0.06 to RM19.56).

What was the chart saying

Market continued to charge its way into 1,500 zone on 28/10/2010 following the up close scenario in the preceding trading day (27/10/2010). **Was it a surprise ?** No, there was no surprise to see a higher market yesterday (28/10/2010) even the market volume transacted on 27/10/2010 was smaller than that of the day earlier, because the stock index closing on 27/10/2010 was less than a point away from making its presence felt again above 1,500 level. Furthermore, the rebound from day low to close near day high at **1,490.03** on 20/10/2010 had also shown the presence of **supporting buying interest** and a **non-aggressiveness** on the part of traders to sell down the market **at this point of time**.

So, we saw another up thrust into 1,500 zone on 28/10/2010 for 2 days in a row after the "balanced" buying and selling pressure in the past 4 days (21/10/2010 – 26/10/2010), "balanced" because traders with winning trades wanted to get out of the game and traders who were hopeful of seeing a higher market continued to absorb the stock selling positions.

Why can't the stock index sustain its position above 1,500 level on 28/10/2010 ? The reluctance on the part of stock index to keep its footing above 1,500 level in the last 2 days was not something totally unexpected, because we had been **highlighting** this possibility **consistently** earlier in our market reports that "Any attempt(s) to trade into 1,500 zone must be accompanied by strong determined buying power as profit taking pressure would sure to show up at and above 1,500 level for the first 3 attempts."

What would it imply for today's market (29/10/2010) ? There was again no fierce follow thru buying on 28/10/2010 after the crossover of 1,500 level, as the intra-day crossover was another test to gauge the response of what other traders thought about the 1,500 level upside breakout. **Stock index can be expected to make a re-test of 1,500 psychological level on 29/10/2010.**

1,500 level to remain an important barrier psychologically as the last time this 1,500 level was broken, it was in 11/1/2008. And, FBM KLCI only spent 3 trading days above 1,500 with stock index reached the highest high of 1,524.69 on 14/1/2008 before succumbed to profit taking pressure.

However, 1,475 level must be protected even though the attempt to break above 1,500 level were to fail this round, for a downside breakout of 1,475 level would signal more downward plays, the market would then be likely to move down to 1,440 level before it could garner buying interest.

What were the strong hands doing

A check of internal market strength on 28/10/2010 showed that buying strength **weakened** with strong hand(s) seen **disposing a portion of buying positions**, and the net number of stock positions **disposed** from 26/10/2010 to **28/10/2010** was about **33% of** what was **acquired** between 18/10/2010 and 25/10/2010.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,440; but, 1,475 level should act as immediate support.

The analysis of overall daily market action(s) on 28/10/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,495.55 after making attempt to go higher than 1,501.57 .

Today's Hot Pick – S'gor Dredging

	28/10/2010	27/10/2010
Open	0.74	0.755
High	0.795	0.765
Low	0.74	0.735
Close	0.795	0.74
Volume	17,457	3,560
Indicators		
MACD	Buy	Buy
DM index	Buy	Buy
Stochastics	Buy	sell

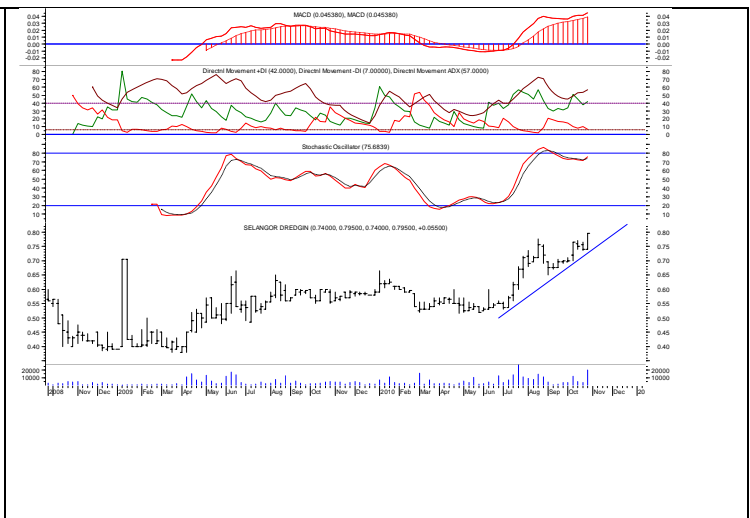


Chart wise : *Here it came*

Selangor Dredging (2224 - MainBoard) had on 28/10/2010 crossed over the immediate high of **RM0.77** (15/10/2010) to reach highest **high of RM0.795** since 24/4/2008 before settled at **day high**.

Next Potential Upside Target : With the upside violation of **RM0.77** level, **Selangor Dredging** looked set to trade upward with next upside target at **RM0.90**.

Entry Level : Risk taking traders may establish buying position at **RM0.785** 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 **RM0.75** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Today's Hot Pick – HPI

	28/10/2010	27/10/2010
Open	1.95	1.91
High	1.99	1.92
Low	1.95	1.91
Close	1.97	1.91
Volume	13,008	2,232
Indicators	28/10/2010	27/10/2010
MACD	Buy	sell
DM index	Buy	Buy
Stochastics	buy	sell

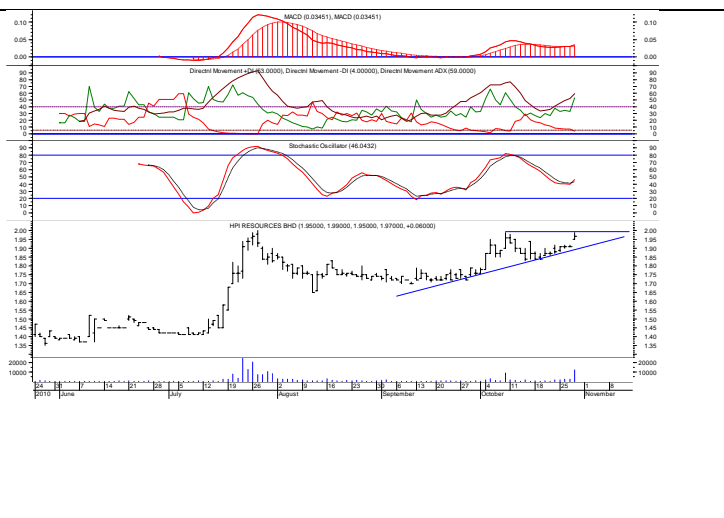


Chart wise : *An upward play seen ready*

HPI (7919 - MainBoard) had on 28/10/2010 gapped up to test immediate high of **RM1.99** (8/10/2010) before settled at **RM1.97**.

Next Potential Upside Target : An upside violation of **RM2.00 level** would likely see **HPI** to trade upward with next upside target at **RM2.15**.

Entry Level : Risk taking traders may establish buying position at **RM1.95** 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 **RM1.89** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Current Active Stock Review – **KBB**

	28/10/2010	27/10/2010
Open	0.30	0.245
High	0.34	0.30
Low	0.275	0.245
Close	0.285	0.30
Volume	67,118	33,182
Indicators	28/10/2010	27/10/2010
MACD	Buy	Buy
DM index	Buy	Buy
Stochastics	sell	Buy

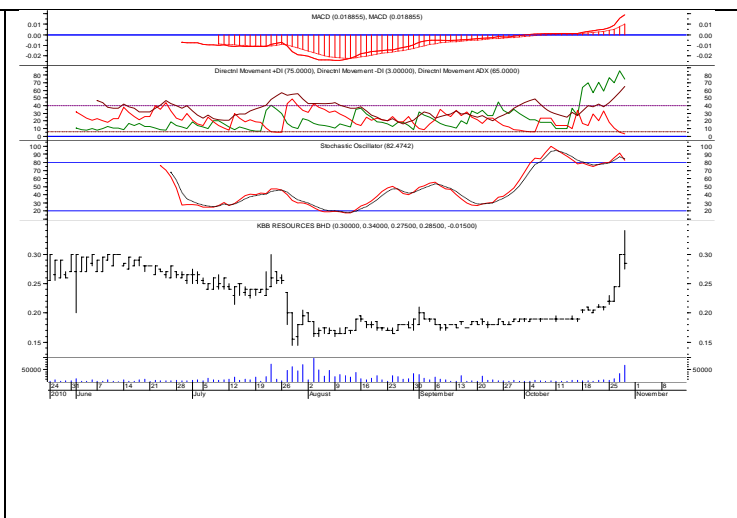


Chart wise : Hurdle at **RM0.38**

KBB (7182 - MainBoard) had on 28/10/2010 crossed over the immediate high of **RM0.30** (27/10/2010) to a day high of **RM0.34** before settled at **RM0.285**.

Price Direction

In view of **an increase** in market participation, the stock can be expected to trade **sideways with downside bias** in coming day(s) with an overhead resistance pegged at **RM0.38** and support at **RM0.25**.

What to watch for

A turnaround of prices to close **below RM0.25** level would likely see a change in the stock direction for the immediate short term.

Note : A **conservative trading approach** should be employed with an eye to preserve capital.

MAJOR NEWS

Commodity, Currency and Economic News

The US dollar traded near a 15-year low against the yen on prospects that the Federal Reserve will take more credit-easing steps to keep borrowing costs low, reducing the allure of U.S. assets. The U.S. currency headed for a monthly decline versus 12 of its 16 major counterparts after the New York Fed asked dealers for projections of asset purchases over the next six months. The Australian dollar headed for a second week of losses amid speculation its central bank will leave interest rates unchanged on Nov. 2 after a report this week showed price gains slowed. (Bloomberg)

Oil declined in New York after most U.S. equities fell, signalling a recovery in fuel demand in the world's biggest crude consuming nation may falter. Futures gave up yesterday's 0.3 percent gain after about five stocks dropped for every four that advanced on U.S. exchanges. Crude supplies surged 5.01 million barrels to 366.2 million in the week ended Oct. 22, the biggest increase since July, an Oct. 27 Energy Department report showed. The December contract slipped as much as 32 cents, or 0.4 percent, to \$81.86 a barrel in electronic trading on the New York Mercantile Exchange, and was at \$81.94 at 9:46 a.m. Sydney time. Yesterday it climbed 24 cents to \$82.18. Prices are up 0.3 percent this week and 2.5 percent higher for the month. Crude has added 3.3 percent this year. (Bloomberg)

Claims for jobless benefits unexpectedly dropped last week to a three-month low, a sign the **U.S. labor market** may be starting to mend. Initial jobless claims decreased by 21,000 to 434,000 in the week ended Oct. 23, the lowest since early July when fewer auto plants than normal closed for retooling, Labor Department figures showed today in Washington. The total number of people receiving unemployment insurance dropped to a two-year low, while those getting extended payments also fell. (Bloomberg)

South Korea's industrial production rose at the slowest pace in 11 months in September as a holiday season shut down some of the nation's factories. Output gained 3.9 percent from a year earlier, after rising a revised 16.9 percent in August, the statistics office said in Gwacheon today. That was less than the median estimate of an 8.7 percent increase in a Bloomberg News survey of economists. Production declined 0.4 percent from August. (Bloomberg)
(Bloomberg)

Japan's industrial production fell for a fourth month in September, adding to concern the nation's export-led recovery is losing momentum. Factory output decreased 1.9 percent from August, when it dropped 0.5 percent, the Trade Ministry said in Tokyo today. The median estimate of economists surveyed by Bloomberg News was for a 0.6 percent decline. Manufacturers including Toyota Motor Corp. and Honda Motor Co. are grappling with the yen's appreciation, which has gained more than 5 percent even after the government intervened in the foreign-exchange market last month. Japan's exports grew at the slowest pace this year in September as global demand cooled, a government report showed this week. (Bloomberg)

The ringgit closed lower against the US dollar yesterday on lack of fresh buying on the local unit and the strengthening of the greenback, dealers said. At 5pm, the ringgit depreciated to 3.1090/1120 against the US dollar from yesterday's 3.1050/1100 closing. The lower ringgit was also in line with other Asian currencies on speculation the US Federal Reserve would pump less money into its economy to reduce the amount of funds that could be invested in higher-yielding assets. (BTimes)

Crude palm oil futures hit more than a two-year high yesterday on a firmer soy complex driven by lingering weather concerns and the weaker US dollar. The palm oil market, which broke a two-day losing streak, was also supported by the start of the annual monsoon season this month that brings more rainfall and can hamper harvesting in major oil palm growing areas in Indonesia and Malaysia. The benchmark Jan 2011 crude palm oil contract on Bursa Malaysia Derivatives ended 1.6 per cent higher at RM3,064, after rising as much as RM3,086 — its strongest level since July 28, 2008. Traded volume more than doubled to 20,472 lots of 25 tonnes each. (BTimes)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	11114.00	-12.33	-0.11	Nasdaq CI	2507.37	4.11	0.16
S&P 500	1183.78	1.33	0.11	FTSE 100	5677.89	31.87	0.56

Global and Local Headlines

Japanese stock futures fell earlier today as a strengthening yen added to concern about earnings growth, while Australian shares rose after commodity prices increased and Macquarie Group Ltd. said it will continue expanding. American depositary receipts of Sharp Corp., Japan's largest maker of liquid-crystal displays, tumbled 3.9 percent from the closing share price in Tokyo as the yen rose and the company cut its profit forecast. ADRs of Advantest Corp., the world's No. 1 maker of memory-chip testers, lost 2.1 percent as profit missed forecasts and Nomura Holdings Inc. cut its rating on the stock. BHP Billiton Ltd., the world's largest mining company, advanced 0.8 percent in Sydney, and Macquarie, Australia's biggest investment bank, jumped 4.5 percent. (Bloomberg)

Greek, Irish and Spanish banks are falling behind their counterparts across Europe in reducing their dependence on emergency central bank funding because they can't find investors willing to buy their bonds. Lenders from those three nations took 61 percent of the loans supplied by the European Central Bank at the end of September, up from 51 percent the previous month, data from their respective central banks show. Overall, the region's banks cut their funding to 514.1 billion euros (\$716 billion), the least since Lehman Brothers Holdings Inc.'s collapse in September 2008, according to ECB figures. (Bloomberg)

U.S. stocks struggled to a mixed finish Thursday after weak earnings news from 3M and other companies weighed on the market. The Dow Jones industrial average lost 12 points, but broader indexes posted slight gains. The market had risen steadily in the opening moments of trading following a surprise drop in first-time claims for unemployment benefits, pushing the Dow up. (Star)

Bank Negara is expected to announce next week measures to curb property speculation and a programme to create financial awareness for the youth, said sources. The introduction of a loan to value requirement for people buying their third house or more has been talked about, but central bank governor Tan Sri Dr Zeti Akhtar Aziz said any new rules regarding property loans would not be a blanket clamp. "We want to promote house ownership but we want it to be done in an orderly manner and we don't want speculative activity," she said after a media engagement programme at the Global Islamic Finance Forum. "So, for first time house owners and perhaps even the second one, any new rules will not apply." (Star)
(Star)

Property developer **Sunrise Bhd** (SUNRISE) plans to launch four projects next year with a total gross development value (GDV) of RM3.2bil that should support its expectation of a better financial performance in its current financial year ending June 30. Executive chairman Datuk Tong Kooi Ong said the immediate project to hit the market would be Solaris Tower, before year-end or early next year. The project has an estimated GDV of RM480mil. "Next would be our residential and retail developments in Vancouver, Canada (called) the Quintet, where the launching of the second phase is expected to be around February or March next year. "We already launched the first phase last month where all units were sold out much faster than expected. The Canada project reflected a total GDV of 400 million Canadian dollars. "By the middle of next year, we would see the unveiling of our MK20 with a GDV of RM1bil in Mont' Kiara. "Finally, by year-end we should be launching a premium landed development in Kajang, next to the Mines Resort with a GDV of RM500mil," he said after the company's AGM yesterday. (Star)

Tenaga Nasional Bhd's (TENAGA) financial health may deteriorate, top officials warned, assuming that the price of coal used to generate electricity at power plants around the country continue to rise further. Higher coal bill had crimped operating margins at the national electricity firm, with fourth quarter ended Aug 31, 2010 (Q4FY10) net profit at RM388.4mil on revenue of RM7.87bil. While TNB's net earnings for three months just ended had more than doubled from the corresponding period last year, it was the lowest reported compared with the previous three quarters. This brought TNB's full-year net profit to RM3.2bil, or 73.74 sen a share as revenue rose above RM30bil for the first time. It has proposed a final dividend of 20 sen a share less tax. (Star)

Malaysia Airports Holdings Bhd (AIRPORT) yesterday signed a joint-venture agreement with GMR Infrastructure Ltd and GMR Male International Airport Ltd (GMIAL) for the rehabilitation, expansion, modernisation, operation and maintenance of Male International Airport, Maldives. MAHB told Bursa Malaysia yesterday that it was based on a build-operate-transfer model. The tenure of the concession is 25 years starting from the handover date and may be extended by another 10 years subject to mutual terms and conditions between the relevant parties. (Star)

Kannaltec Bhd (KANNAL) has received a letter of demand from Kuwait Finance House (Malaysia) Bhd for RM23.58 million of Islamic loan it took from the bank. It must settle the amount within two weeks from October 26 or may face legal proceedings, Kannaltec told Bursa Malaysia. (BTimes)

The emergence of Simon Loh Wee Hian as the second largest stakeholder in **GHL Systems Bhd** (GHLSYS), one of Asia Pacific's leading end-to-end payment services enabler, helped push the stock to its highest level in seven months. GHL closed yesterday 4.5 sen higher to 37.5 sen, a price that is still much lower than what Loh paid to BSNC Corp Bhd, a unit partly controlled by Bank Simpanan Nasional Bhd. Earlier in the week, Loh paid 44 sen a share to acquire 17.57 million GHL shares, or a 12 per cent stake, from BSNC. The other owners of BSNC include Tabung Amanah Warisan Negeri Johor with a 30 per cent stake and Tan Sri Vincent Tan Chee Yioun, who owns just under three per cent. While Loh is not known in the market place as an equity mover and shaker, he is well regarded in the information technology sector. (BTimes)

Southern Acids (M) Bhd (SAB) is set to unlock its holding of 644.49 acres of land bordering Kota Kemuning, Shah Alam, although its board of directors are still exploring its options. (EdgeDaily)