



Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

Butterworth Office
Wisma UMHO,
Lorong Bagan Luar Dua,
12000 Butterworth,
Seberang Perai.
Tel: 604-3322 123

KL BRANCH
L-7-2, Ilo 2,
Jalan Solaris,
Solaris Mont' Kiara,
50480 Kuala Lumpur
Tel: 603-6203 7227

MELAKA BRANCH
81B & 83B,
Jalan Merdeka,
Taman Melaka Raya,
75000 Melaka.
Tel: 606-292 1898

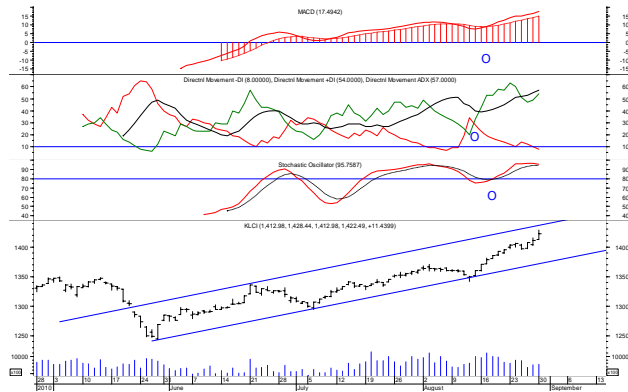
PENANG BRANCH
2nd Floor,
Std Chartered Bank,
2 Lebuhr Pantai,
10300 Penang.
Tel: 604-263 9118

JOHOR BRANCH
Menara Pelangi,
Suite 17.1, Level 17,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru.
Tel: 607-331 6992

MARKET FLASH

FBM KLCI

Wed, 1 Sep 2010



MARKET STATISTICS (30/8/10)

	Close	Chg.
LOCAL		
FBM KLCI	1,422.49	+ 11.44
FBM 100	9,279.63	+ 72.70
FBM ACE	3,694.55	- 25.59
Volume (m)	754.7	
Value (RMm)	1,750.4	
Up	333	
Down	377	
Unchanged	281	

FOREIGN

Nikkei	9,149.26	+ 158.20
Hang Seng	20,737.22	+ 139.87
STI	2,957.06	+ 18.32
Shanghai CI	2,652.66	+ 41.92

BURSA MOVERS

Gainers	Close	Chg
LMCement	7.48	+ 0.49
Genting	9.45	+ 0.41
DFZ	3.99	+ 0.33
KFC	10.80	+ 0.30
LPI	11.96	+ 0.28

Losers	Close	Chg
CCB	4.95	- 0.25
Perstim	4.70	- 0.15
SWKPlant	2.00	- 0.15
Fimacorp	4.61	- 0.14
Gnealy	4.40	- 0.14

Actives	Close	Chg
Talam	0.095	- 0.005
Carotec	0.075	- 0.01
Maybank	8.39	+ 0.13
CIMB	7.80	+ 0.06
Axiata	4.47	+ 0.02

Today's Market Direction :

FBM KLCI would likely to trade **above** 1,428.44 level.

Market Buying Strength :

About **80%** of total market volume on 30/8/2010 was on buying side compared to **75%** in the preceding trading day.

"Movement" in Strong Hands :

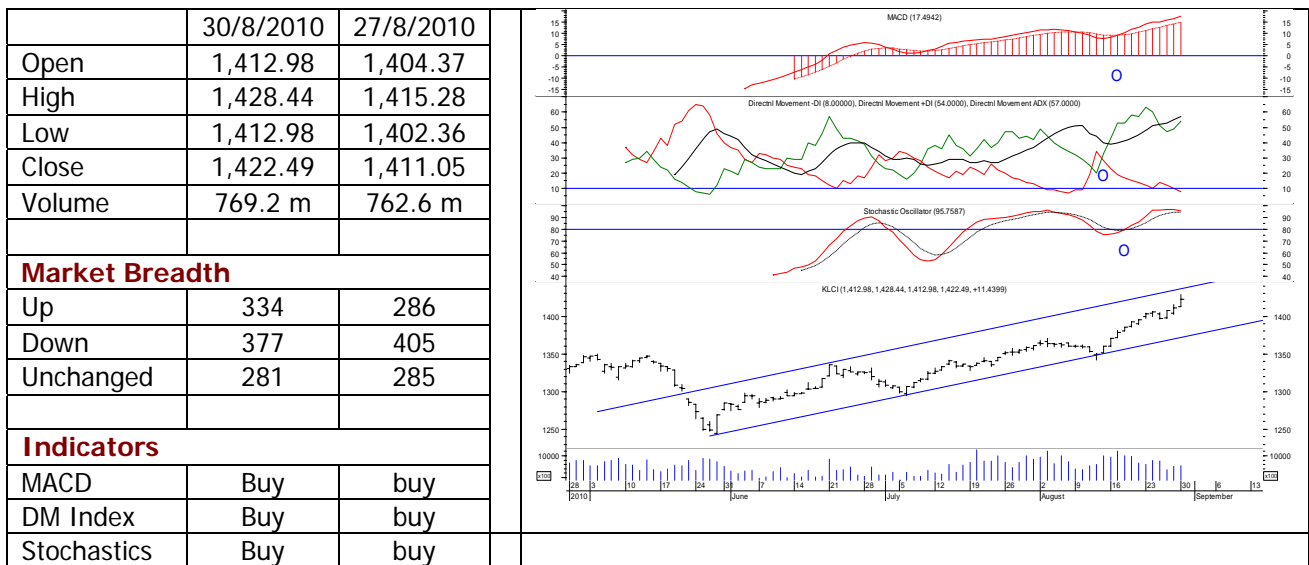
Strong hands were seen **acquiring** a portion of stock positions on 30/8/2010.

Pivot Point Studies for Intra-Day :

For **Wednesday (1/9/2010)**, 1st resistance @ 1,429.6 & 2nd resistance @ 1,436.7 ; 1st support @ 1,414.1 & 2nd support @ 1,405.8.

To read more

Technical Analysis – Daily FBM KLCI



TO hit upper channel line

Market Commentary :

Encouraged by a downward revision in 2Q economic growth that wasn't as bad as economists had expected and readiness from Federal Reserve to step in if US economy showed signs of weakening, DJIA had on 27/8/2010 gained 164.84 points to close above 10,000 mark at 10,150.65.

The triple-digit gain in Wall Street injected a booster to Bursa Malaysia in the opening bell on 30/8/2010, FBM KLCI only traded to a low of **1,412.98** as traders chose not to play a selling game in anticipation of higher market. In the absence of stronger selling pressure in area of **1,412.98**, renewed buying interest rolled in, this lifted stock index higher into 1,420 zone with a day high of **1,428.44** before settled at **1,422.49**.

The **rise** of **11.44** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.07 to RM8.86), **Sime Darby** (up RM0.25 to RM8.35), **IOI Corp** (up RM0.01 to RM5.25), **Genting** (up RM0.41 to RM9.45) and **Maybank** (up RM0.13 to RM8.39).

What was the chart saying

Market crossed over 1,420 hurdle yesterday (30/8/2010) following a stronger DJIA to climb back up above 10,000 mark on 27/8/2010. The higher high market play on 30/8/2010 was not really a surprise as the up close on 26/8/2010 indicated a "friendly" play ahead when the market settlement below 1,400 level on 25/8/2010 was supposed to have drawn in more selling interest on 26/8/2010.

So, with KLCI took down the immediate high 1,406.95 level to reach 1,408 level on 26/8/2010 with another higher high than 1,408 to 1,415.28 on 27/8/2010, what can be said about this market ? The earlier 1,406.95 level was indeed seen to be topping in the immediate short term. Firstly, market gapped up into 1,400 zone on 23/8/2010 and was followed

All information, views and advice are given in good faith but without legal responsibility. Mercury Securities Sdn. Bhd. or companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks in the markets mentioned.

by higher levels; but, the speed to the up north direction was not impressive to provide better buying confidence. Market managed to steal a closing above 1,400 level despite intra-day dips below 1,400 level on 23/8/2010 and 24/8/2010; however, the lower high on 25/8/2010 somehow prompted traders with winning trades to lock in a portion of their stock positions. The market was seen struggling to go much higher after the 1,400 level crossover on 24/8/2010, this undoubtedly indicated an imminent market correction. However, the new market scenario had been created on 26/8/2010 as the downside violation of 1,400 level on 25/8/2010 did not result in an immediate follow thru market play to push the KLCI lower. The sudden reversed game play on 26/8/2010 would see this market to go over 1,406.95 in next few days with an eye to a fast hit target of 1,420 level before the emergence of renewed selling interest.

What had caused the market to climb back up into 1,400 zone again on 26/8/2010 ? We recognized the fact that the up play into 1,400 zone on 23/8/2010 indeed consumed much efforts to put up a nice picture for every traders and investors to see, and these certain traders were simply not willing to end the up play here by clicking in just a few points above 1,400 level. This can be seen from the day high of 1,408 on 26/8/2010 and high of 1,415.28 on 27/8/2010, market would now be likely looking to fast track its move to 1,420 level.

Can KLCI reach 1,450 level ? A low market volume in KLCI did not always necessarily mean that stock index would stop making higher high, because it was not difficult to paint a friendly picture on KLCI chart given the types of stock component in the index. This market was supposedly due for a corrective move to go downward, somehow the unusual market force wanted to continue to keep the up play in the game, and the way it carried itself seemed to have indicated that 1,450 level would be the next upside target (the upper line of upward channel drawn on chart).

Ladies & gentlemen, the market run-up of **86.37** points from low of 1,342.07 (12/8/2010) to a high of **1,428.44** (30/8/2010) in **13** days was believed to be viewed over-extended in the eyes of many traders especially with 12 up close days and only 1 down close day. Furthermore, there had not been much stronger follow through buying volume since 17/8/2010 (market volume was on a decline), Traders should seriously begin to look into tightening risk management strategy, and the advancers was smaller than decliners on 30/8/2010.

What were the strong hands doing

A check of internal market strength on 30/8/2010 showed that buying strength improved with strong hand(s) seen acquiring a portion of buying positions, and the net number of stock positions liquidated from 20/8/2010 to 30/8/2010 was about 39% of what was established between 11/8/2010 and 19/8/2010 compared to 55% in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level to remain at 1,350; but, 1,400 level should act as immediate support.

The analysis of overall daily market action(s) on 30/8/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,428.44.

Today's Hot Pick – Huayang

	30/8/2010	27/8/2010
Open	1.21	1.20
High	1.23	1.21
Low	1.21	1.20
Close	1.22	1.21
Volume	7,106	1,875
Indicators	30/8/2010	27/8/2010
MACD	sell	sell
DM index	buy	sell
Stochastics	buy	sell

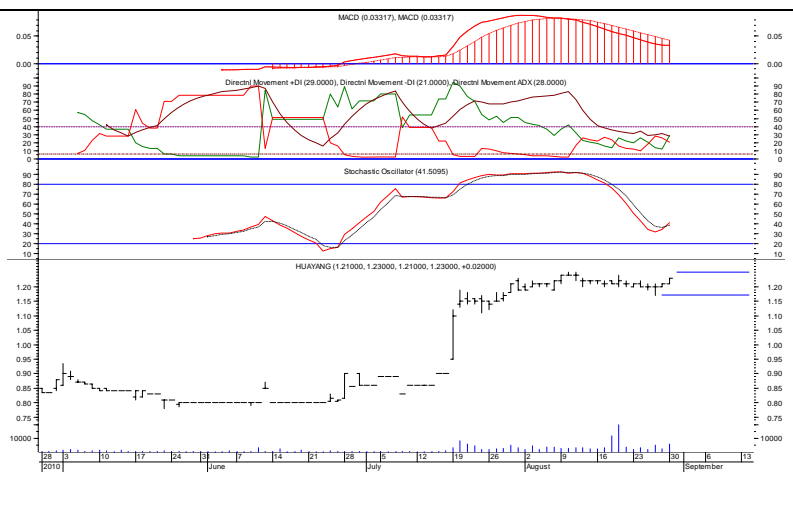


Chart wise : *Upside breakout seen imminent*

Huayang (5062 - MainBoard) had on 30/8/2010 traded higher to a day high of **RM1.23** before settled at **RM1.22**.

Next Potential Upside Target : An upside violation of **RM1.25** level **would see Huayang** to trade upward with next upside target at **RM1.35 – RM1.40**.

Entry Level : Risk taking traders may establish buying position at **RM1.21** 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 **RM1.17** level **must be placed** for risk capital protection followed by a **trailing stop loss** strategy.

Note : **A conservative trading approach** should be employed with an eye to preserve capital. **Small win is better than no win, and it will add up.**

Today's Hot Pick – CBIP

	30/8/2010	27/8/2010
Open	3.35	3.34
High	3.42	3.35
Low	3.35	3.32
Close	3.42	3.35
Volume	3,198	458
Indicators		
MACD	sell	sell
DM index	buy	sell
Stochastics	buy	sell

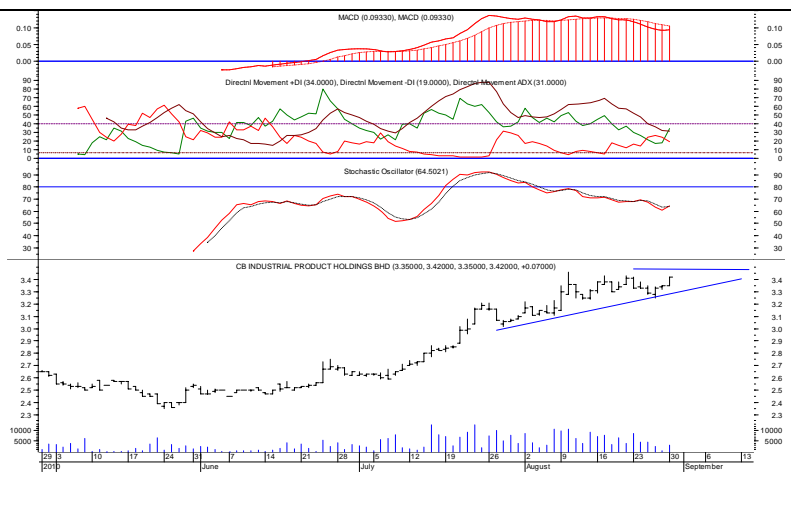


Chart wise : Chances looked good to break upside

CBIP (7076 - MainBoard) had on 30/8/2010 traded higher to a day high of **RM3.42** before settled at **RM3.42**.

Next Potential Upside Target : An upside violation of **RM3.46 level** would see **CBIP** to trade upward with next upside target at **RM3.65**.

Entry Level : Risk taking traders may establish buying position at **RM3.39** 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 **RM3.30** level must be placed for risk capital protection followed by a trailing stop loss strategy.

Note : A conservative trading approach should be employed with an eye to preserve capital. Small win is better than no win, and it will add up.

Current Active Stock Review – Plus

	30/8/2010	27/8/2010
Open	4.15	4.05
High	4.23	4.13
Low	4.13	4.03
Close	4.20	4.10
Volume	97,082	80,555
Indicators	30/8/2010	27/8/2010
MACD	buy	buy
DM index	buy	buy
Stochastics	buy	buy

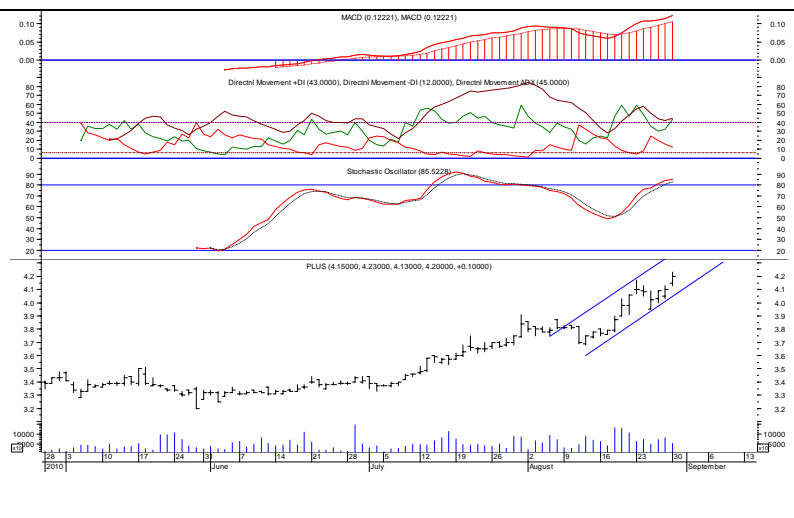


Chart wise : *Highest high*

Plus (5052 - MainBoard) had on 30/8/2010 crossed over the immediate high of **RM4.17** (23/8/2010) to reach new **high of RM4.23** before settled at **RM4.20**.

Price Direction

In view of **an increase** in market participation, the stock can be expected to trade **upward** in coming day(s) with an overhead resistance pegged at **RM4.38** and support at **RM3.95**.

What to watch for

A turnaround of prices to close **below RM3.95** level would 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

U.K. mortgage approvals were little changed in July, signalling that the housing market remains sluggish as the government implements the biggest budget squeeze since World War II. Lenders granted 48,722 loans to buy homes, compared with a revised 48,562 in June, the Bank of England said today in London. Net lending for homes dropped to 86 million pounds (\$133 million) from 518 million pounds, the lowest since March. U.K. home values fell in August by the most in 16 months as the housing market endured a "modest re-pricing" that is likely to last as long as a year, Hometrack Ltd. said yesterday. Britain's economy "remains fragile" and officials may need to expand their emergency stimulus to aid the recovery, Bank of England Deputy Governor Charles Bean said on Aug. 28. (Bloomberg)

Some of the economic news was a little better on Tuesday, but it was not enough to keep **oil prices** from dropping again. Benchmark crude for October delivery lost US\$2.78 to settle at US\$71.92 a barrel on the New York Mercantile Exchange. The Conference Board said its Consumer Confidence Index now stands at 53.5, up from 51.0 in July. Still, consumer confidence is far below the 90 reading that would indicate a healthy economy. (Star)

Some **Federal Reserve** officials were concerned that a decision to keep securities holdings unchanged would inadvertently signal an intention to resume large-scale asset purchases, minutes of the Aug. 10 meeting showed. Also, a few policy makers said the economic effects of the decision "likely would be quite small," the Fed's Open Market Committee said in a report today in Washington. At the same time, some officials saw "increased downside risks to the outlook for both growth and inflation" and voiced concern that further shocks would cause "significant slowing in growth." The debate shows the challenge Fed Chairman Ben S. Bernanke may face in achieving consensus for any additional monetary stimulus to reverse a slowdown in growth and reduce joblessness more quickly. Policy makers haven't agreed on "specific criteria or triggers for further action," Bernanke said in a speech last week. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10014.72	4.99	0.05	Nasdaq CI	2114.03	-5.94	-0.28
S&P 500	1049.33	0.41	0.04	FTSE 100	5225.22	23.66	0.45

Global and Local Headlines

U.S. treasuries rallied, extending the biggest monthly gain for the 10-year note since the end of 2008, and commodities slid as the Federal Reserve said some policy makers saw greater risks to the economic recovery. U.S. stocks rose, trimming the largest August slump in nine years. The 10-year Treasury yield slipped 6 basis points to 2.47 percent at 4:33 p.m. in New York. Oil tumbled below \$72 a barrel. The Standard & Poor's 500 Index rose less than 0.1 percent to 1,049.33, reducing its August slide to 4.7 percent. The US dollar pared losses versus the euro and extended declines versus the yen after the Fed released the minutes of its last meeting. (Bloomberg)

Japanese and Australian stock futures rose earlier today as gains in U.S. home prices and consumer confidence eased concern the economic recovery will stall. American depositary receipts of Mizuho Financial Group Inc., Japan's third-biggest bank by market value, rose 0.5 percent from the closing share price in Tokyo. Canon Inc., a camera maker that gets more than 80 percent of its revenue overseas, rose 0.5 percent. ADRs of BHP Billiton Ltd., the world's largest mining company, rose 0.5 percent in Sydney even after commodity prices dropped. (Bloomberg)

Hong Kong sold a luxury residential site at auction for 26 percent more than analysts estimated, a sign developers are confident home prices will withstand tighter mortgage rules and increased supply. Kerry Properties Ltd., controlled by the family of Malaysian tycoon Robert Kuok, paid HK\$1.29 billion (\$165 million) for the land in the Kowloon Tong district yesterday. The plot set a per-square-foot record for the Kowloon Peninsula of HK\$16,587, according to real estate broker Midland Holdings Ltd. Prices have exceeded estimates in both land auctions held since Hong Kong stepped up efforts to cool the property market last month. Singapore joined Hong Kong in imposing anti-speculation measures this week, underscoring the risk of asset bubbles in Asia as record-low U.S. interest rates and the region's economic recovery spur demand. (Bloomberg)

There may be a new round of price war among banks for **consumer loans**, with the new mortgage rate going down to as low as base lending rate (BLR) -2.3%. The current BLR rate is 6.3%. This comes as a surprise to the market after a mutual understanding was reached earlier to set a minimum rate of BLR-1.9%. The new mortgage rate is now down to BLR-2.2% since end-July and some banks have started offering BLR-2.3%. (Star)

The Malaysian Rating Corp Bhd (MARC) is conducting a review of its MARC-11D /AAAID /Stable debt ratings on **Sime Darby Bhd** (SIME). In a press release on Aug 27, it said Sime announced its second consecutive quarterly after-tax loss on Aug 26 and the group posted a fourth-quarter after-tax loss of RM53.3mil for the three months ended June 30 compared with a loss of RM277.5mil for the immediate preceding quarter. Its profit for the financial year ended June 30 of RM854.8mil was 63.5% lower than a year earlier, it said. (Star)

Naim Holdings Bhd (NAIM) is actively seeking a bumiputra partner in Sabah where it plans to expand its property development and construction business. Corporate services and human resource senior director Ricky Kho said the partnership could be a joint venture or other types of collaboration. Ricky Kho says the company has the financial muscle to acquire up to 400ha for property development. "Naim has serious talks with several Sabah landowners to develop their land on a joint-venture basis but nothing concrete has come out from such discussions. We have carried out feasibility studies on several localities there for property development. It is important to find the right development areas and partner(s)," he told StarBiz on Monday. (Star)

Mudajaya Group Bhd's (MUDAJYA) explanations on various financial and ownership aspects of its Indian independent power producer (IPP) project may raise further questions from Bursa Malaysia, industry sources said. In response to queries by the exchange, Mudajaya said late on Monday that a company called Enerk International Holdings Ltd was a 20% shareholder of MIPP International Ltd. MIPP has been awarded the lucrative RM3.4bil engineering and procurement (EP) contract by the Indian power plant. Mudajaya owns 80% of MIPP. "Mudajaya has not disclosed the identity of the parties behind Enerk. The exchange may want to know if the owners of Enerk are connected in any way to Mudajaya or to the Indian partner in the project, considering that MIPP stands to gain a lot from the EP contract," said an industry player. (Star)

KNM Group Bhd (KNM) has proposed to consolidate its shares to improve its capital structure by reducing the number of shares but without affecting value of the securities. The group is proposing to consolidate every four of its shares of 25 sen each into 1 ordinary share of RM1 each. The company has also proposed to amend its memorandum and articles of association to effect the share consolidation exercise. As at August 30 2010, the issued and paid-up share capital of KNM (7164) is about RM1 billion, comprising 4.004 billion shares. Upon completion of the proposed share consolidation, the issued and paid-up share capital of KNM would be rounded down to about RM1.0 billion, comprising about 1.0 billion consolidated shares. (BTimes)

Axis-REIT Managers Bhd (AXREIT) is looking into expanding its real estate investment trust (REIT) business by acquiring a stake in a future REIT manager in the Philippines. "We are in discussions with a party in Manila to take an equity position and assist in the management of its future listed REIT," Axis-REIT chief executive officer Stewart LaBrooy told Business Times. LaBrooy was asked to comment on online reports in the Philippines last month that Axis-REIT is scouting for investment opportunities in the Philippines. (BTimes)

UEM Land Holdings Bhd (UEMLAND), the master developer for Nusajaya in Johor, says it will accelerate developments at Nusajaya City by developing large-scale catalyst projects and co-develop its present land reserves of 3,800ha with world-class developers. The projects are expected to spur economic activity and promote further development and marketing projects, UEM Land managing director and chief executive officer Datuk Wan Abdullah Wan Ibrahim said. "Our total gross development value (GDV) sits at RM12.28 billion. We are expecting more," Wan Abdullah said in an interview with Business Times recently. UEM Land it was planning to launch three residential projects worth over RM4.5 billion in phases starting from the end of this year. The projects are Nusa Bayu, a 103ha mixed-residential development worth RM700 million and a 35-storey residences and 20-storey commercial tower on 1.3ha fronting Puteri Harbour, a waterfront development. (BTimes)