



# Mercury Securities Sdn Bhd (113193-W)

(A Participating Organisation of Bursa Malaysia)

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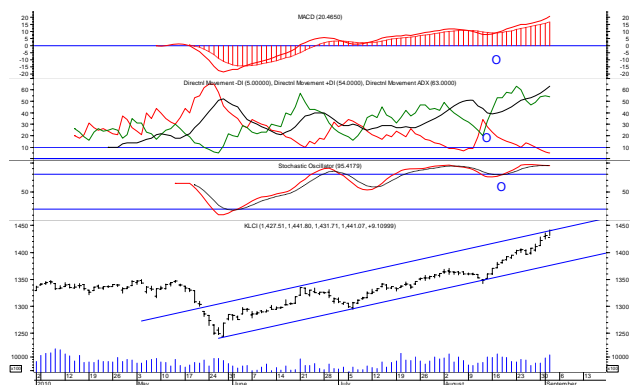
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## MARKET FLASH

### FBM KLCI

Friday, 3 Sep 2010



### MARKET STATISTICS (2/9/10)

	Close	Chg.
<b>LOCAL</b>		
FBM KLCI	1,441.07	+ 9.11
FBM 100	9,400.14	+ 64.48
FBM ACE	3,716.43	+ 34.97
Volume (m)	1,075.0	
Value (RMm)	1,872.9	
Up	511	
Down	256	
Unchanged	258	

### FOREIGN

Nikkei	9,062.84	+ 135.82
Hang Seng	20,868.92	+ 245.09
STI	2,986.66	+ 3.83
Shanghai CI	2,655.78	+ 32.89

### BURSA MOVERS

Gainers	Close	Chg
BAT	46.96	+ 1.46
PetDag	11.60	+ 0.80
Nestle	40.48	+ 0.38
PPB	17.40	+ 0.30
APM	4.55	+ 0.24

Losers	Close	Chg
LPI-OR	4.76	- 0.36
DFZ	3.67	- 0.32
LPI	11.90	- 0.22
Discomp	0.24	- 0.21
SP Setia	4.40	- 0.18

Actives	Close	Chg
KNM	0.41	- 0.03
JCY	1.05	+ 0.155
UEM Land	1.84	+ 0.13
Timecom	0.575	+ 0.04
BJCorp	1.00	+ 0.065

### Today's Market Direction :

FBM KLCI would likely to trade **above** 1,441.80 level.

### Market Buying Strength :

About **67%** of total market volume on 2/9/2010 was on buying side compared to **59%** in the preceding trading day.

### "Movement" in Strong Hands :

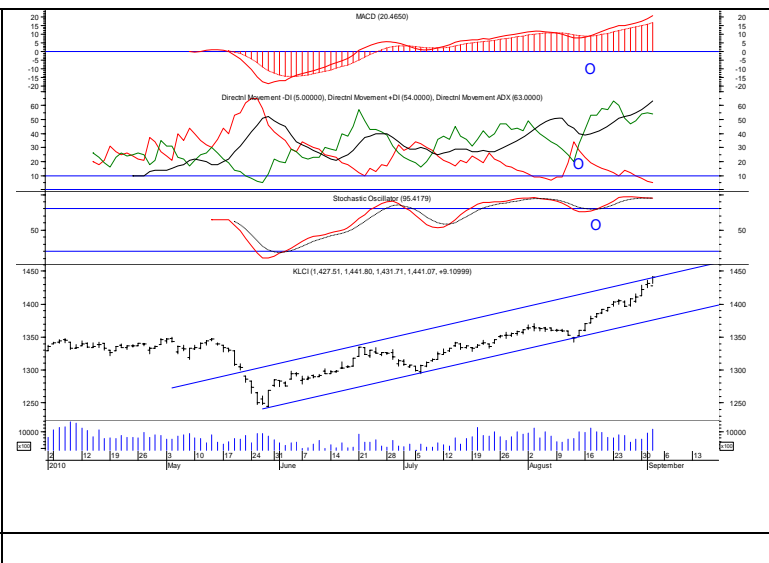
Strong hands were seen **acquiring** a portion of stock positions on 2/9/2010.

### Pivot Point Studies for Intra-Day :

For **Friday (3/9/2010)**, 1<sup>st</sup> resistance @ 1,444.6 & 2<sup>nd</sup> resistance @ 1,448.2 ; 1<sup>st</sup> support @ 1,434.5 & 2<sup>nd</sup> support @ 1,428.1.

To read more .....

## Technical Analysis – Daily FBM KLCI

	2/9/2010	1/9/2010	
Open	1,437.51	1,429.77	
High	1,441.80	1,436.73	
Low	1,431.71	1,429.53	
Close	1,441.07	1,433.0	
Volume	1,075 m	949.2 m	
<b>Market Breadth</b>			
Up	511	307	
Down	256	476	
Unchanged	258	270	
<b>Indicators</b>			
MACD	buy	buy	
DM Index	buy	buy	
Stochastics	buy	buy	

**Volatility increased .....**

### Market Commentary :

Led by stronger-than-expected growth report on manufacturing for August 2010 in US, DJIA had on 1/9/2010 gained 254.75 points to close at 10,269.47.

The triple-digit gain in Wall Street sent an encouraging signal to Bursa Malaysia in the opening bell on 2/9/2010, FBM KLCI rose above 1,440 level to a high of **1,441.80 since 21/1/2008** as traders chose to play on buying side in anticipation of higher market. However, weak follow thru buying support in area of **1,441.80** prompted profit taking activity to roll in, this pushed stock index to slip below 1,440 level to a day low of **1,431.71** before recovered to settle at **1,441.07**.

The **rise of 9.11** point(s) in FBM KLCI was attributed to **buying** pressure in blue-chip counters such as **Tenaga Nasional** (up RM0.03 to RM9.03), **Sime Darby** (up RM0.02 to RM8.42), **IOI Corp** (up RM0.08 to RM5.38), **TM** (up RM0.03 to RM3.57) and **Maybank** (up RM0.01 to RM8.50).

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

Market continued to charge its way upward yesterday (2/9/2010) on the back of positive close in preceding day and 254 points overnight gain in DJIA. The higher high market play on 2/9/2010 was again not much of a surprise as the crossover of 1,420 hurdle on 30/8/2010, and the ability on the part of stock index to stay well supported above 1,420 level throughout the trading day on 30/8/2010 had helped to provide additional amount of buying confidence after the friendly indication from the up close on 26/8/2010 which suggested an upward play ahead.

**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.

**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 on 2/9/2010 was clear in its attempt to erase the weakened market sign presented on 1/9/2010.

**Ladies & gentlemen,** the market run-up of 99.73 points from low of 1,342.07 (12/8/2010) to a high of 1,441.80 (1/9/2010) in 15 days was believed to be viewed over-extended in the eyes of many traders especially with 14 up close days and only 1 down close day.

**Why did the market continue to go higher to reach highest high of 1,441.80 since 21/1/2008 on 2/9/2010 when 1,420 level was earlier expected to pose a strong resistance ?** It was nothing more than the "feel good" sentiment in the current market upward direction with some traders still seen willing to risk playing on buying side as long as the uptrend remained intact.

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

A check of internal market strength on 2/9/2010 showed that buying strength improved with strong hand(s) seen acquiring another portion of buying positions, and the net number of stock positions established from 26/8/2010 to 2/9/2010 was about 12% more than what was disposed between 19/8/2010 and 25/8/2010.

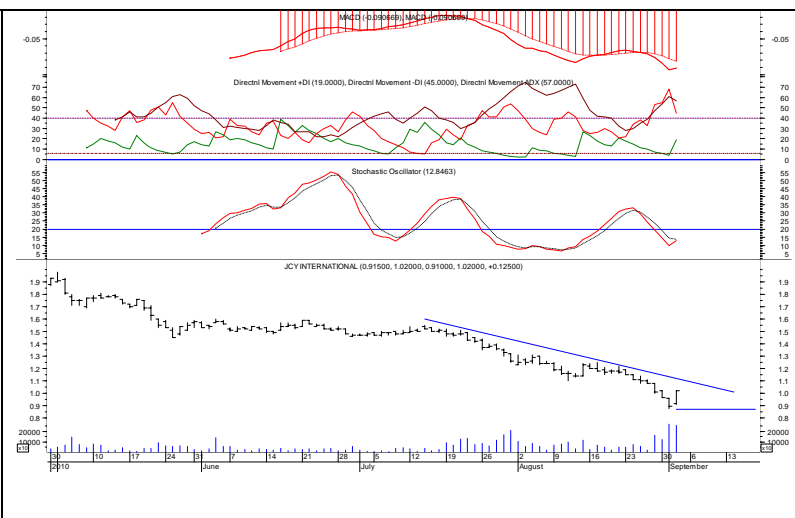
## **Conclusion :**

**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 2/9/2010 revealed that buying power(s) was stronger compared to selling pressure(s), FBM KLCI would thus likely to trade above 1,441.80.**

## Today's Hot Pick – JCY

	2/9/2010	1/9/2010
Open	0.915	0.96
High	1.07	0.96
Low	0.915	0.875
Close	1.05	0.895
Volume	444,881	266,900
<b>Indicators</b>	2/9/2010	1/9/2010
MACD	sell	sell
DM index	sell	sell
Stochastics	buy	buy



**Chart wise** : *Buying support showed up in downtrend* .....

Having traded down to a low of RM0.875 (1/9/2010), **JCY (5161 - MainBoard)** had on 2/9/2010 rebounded strongly to cross over previous day high of RM0.96 to reach a day high of RM1.07 before settled at RM1.05.

**Next Potential Upside Target** : The upside violation of RM0.96 level would likely see **JCY** to trade upward with next upside target at RM1.12.

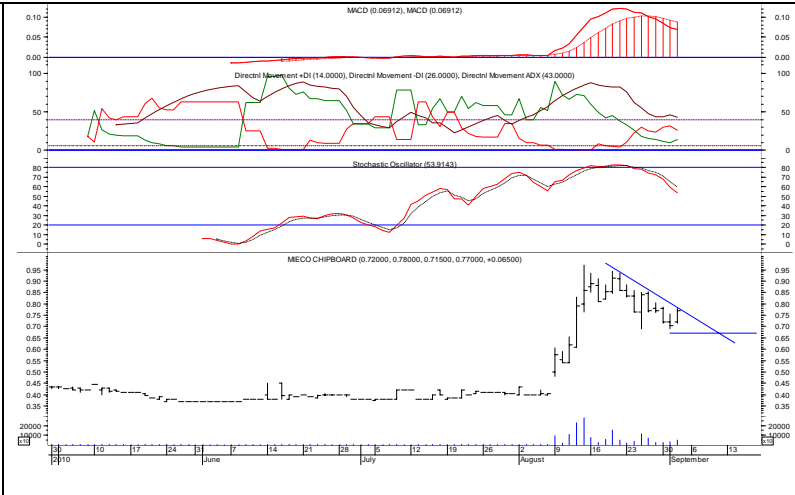
**Entry Level** : Risk taking traders may establish buying position at RM1.01 as a small pull back is seen likely before making attempt(s) to go higher.

**Stop Loss Level** : Once a buying position is being established, a stop loss at RM0.95 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 – Mieco

	2/9/2010	1/9/2010
Open	0.72	0.72
High	0.78	0.755
Low	0.715	0.69
Close	0.755	0.705
Volume	63,287	32,368
<b>Indicators</b>	2/9/2010	1/9/2010
MACD	Sell	Sell
DM index	Sell	Sell
Stochastics	sell	sell



**Chart wise** : Resistance seen at RM0.81.....

**Mieco (5001** - MainBoard) had on 2/9/2010 traded higher to hit the downward sloping trend line extended from RM0.935 (20/8/2010) to connect the other high of RM0.855 (26/8/2010) before settled at RM0.755.

**Price Direction** .....

In view of an increase in market participation, the stock can be expected to trade **sideways with upside bias** in coming day(s) with an overhead resistance pegged at RM0.81 and support at RM0.69.

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

A turnaround of prices to close **below RM0.69** level would see the stock to continue its downward move in the immediate short term.

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

## Active Stock Review – **KNM Group Bhd**



### Chart wise

#### Downward Consolidation.

**KNM Group Bhd** (7164-Main Market- Industrial Products) – RM0.41

Due to share consolidation, its share price plummeted to a low of 40 sen. As the indicators are coming from an extended oversold position, it may take time for the recovery to materialize. Although there was no gap created this week when KNM opened at 49 sen compared to the previous low at 48 sen, its technical indicators are mired in extended oversold position, suggesting very weak stock demand.

We expect the downward consolidation to continue until there is a technical rebound. Based on its longer-term chart, the support is at 35 sen.

## **MAJOR NEWS**

### **Commodity, Currency and Economic News**

**South Korea's** economy expanded at almost the same pace in the second quarter as initially estimated, fueled by demand for the nation's exports of semiconductors and electronic products. Gross domestic product grew 1.4 percent over the three months to June from the first quarter, compared with a July estimate of 1.5 percent, the Bank of Korea said in Seoul today. The economy grew 7.2 percent from a year earlier, matching the earlier estimate. (Bloomberg)

**U.S. retailers** reported August sales that beat analysts' estimates as back-to-school discounts and tax holidays lured consumers to malls. Sales at Limited Brands Inc., owner of the Victoria's Secret chain, climbed 10 percent, more than the 7 percent average of analysts' estimates compiled by Retail Metrics Inc. Sales at Kohl's Corp., the department-store chain, rose 4.5 percent compared with a 3.2 percent projection. Sales at Gap Inc. were unchanged, beating estimates for a 0.5 percent drop. (Bloomberg)

In the **U.S.**, **pending sales of existing houses** unexpectedly climbed in July from a record low, indicating the real-estate market is steadying following the end of a government tax credit. The index of purchase contracts rose 5.2 percent after a revised 2.8 percent drop the prior month, figures from the National Association of Realtors showed today in Washington. Combined with data showing claims for unemployment benefits dropped and orders to factories increased, the reports allayed concern the economy was tipping back into a recession. (Bloomberg)

**The ringgit** closed higher against the US dollar yesterday following a weaker greenback globally, dealers said. At 5pm, the ringgit strengthened against the greenback to 3.1260/1290 compared with 3.1290/1320 Wednesday. The dealers said positive economic data from the United States, China and Australia, eased investors worries, about the health of the global economy. They also said positive economic data globally also boosted investor appetite for riskier assets. (BTimes)

**Crude palm oil futures prices** on Bursa Malaysia Derivatives ended mixed yesterday, with the benchmark November contract settling RM7 higher at RM2,542 per tonne. A dealer said despite the lack of direction, the market strong's fundamentals remained intact on expectation of positive demand for the vegetable oil in the following months. "Concerns over weak production in the coming weeks as most plantation workers take leave for the long Muslim holiday and that rain will disrupt output in Indonesia and Malaysia will lift the market in the near-term," he added. At close, September 2010 dipped RM5 to settle at RM2,690 while October 2010 fell RM3 to RM2,590. Meanwhile, December 2010 was RM11 higher at RM2,535 per tonne. Total volume rose to 16,794 lots from 15,539 lots Wednesday while open interest decreased slightly to 66,548 contracts from 66,585 contracts previously. (BTimes)

**Malaysia's exports** rose higher than expected in July, led by an improvement in external demand for electrical and electronic (E&E) products. The International Trade and Industry Ministry (Miti) said yesterday the exports, amounted at RM55.43 billion, were the second highest monthly value recorded so far this year. Apart from E&E products, the year-on-year increase was also largely contributed by higher exports of liquefied natural gas (LNG) and refined petroleum products. Imports expanded by 18.1 per cent to RM48.41 billion, while a trade surplus of RM7.01 billion was recorded during the month. (BTimes)

**Oil prices** ended higher Thursday after an initial retreat as investors put a positive spin on reports about jobs, manufacturing and home sales. Benchmark oil for October delivery rose US\$1.11 to settle at US\$75.02 a barrel on the New York Mercantile Exchange. Prices dropped as low as US\$73.11 earlier in the session. The Labor Department said first-time claims for unemployment benefits fell slightly last week, but are still above levels in a healthy economy. (Star)

**Bank Negara** has kept the overnight policy rate (OPR) unchanged at 2.75% after its monetary policy committee (MPC) meeting yesterday. In a statement, the central bank said the MPC considered the current monetary policy as "appropriate and consistent with the latest assessment of the economic growth and inflation" prospects. "At the current level of the overnight policy rate, the stance of monetary policy is to remain accommodative and supportive of economic growth," it said. (Star)

### Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	10320.10	50.63	0.49	Nasdaq CI	2200.01	23.17	1.06
S&P 500	1090.10	9.81	0.91	FTSE 100	5371.04	4.63	0.09

### Global and Local Headlines

**U.S. stocks** rose, adding to the biggest rally in the Standard & Poor's 500 Index since July, and Treasuries fell as an unexpected jump in home sales and a drop in jobless claims tempered concern the economic rebound is weakening. Oil advanced for a second day. The S&P 500 climbed 0.9 percent to 1,090.10 at 4 p.m. in New York, bringing its two-day gain to 3.9 percent, the most since July 8. The 10-year Treasury note's yield increased 5 basis points to 2.62 percent. Oil added 1.5 percent after a platform in the Gulf of Mexico was struck by an explosion. Nickel rallied 2.9 percent to lead metals higher. The Swiss franc approached \$1 for the first time this year.. (Bloomberg)

Earlier today, **Asian stocks** rose for a third day after U.S. reports showed an unexpected increase in pending home sales, a decline in initial jobless claims and improved retail sales. The MSCI Asia Pacific Index increased 0.1 percent to 119.41 at 9:04 a.m. in Tokyo. The index is set for a 2.3 percent gain this week, its best weekly performance since the five days ended Aug. 6. (Bloomberg)

**Japan** views probable U.S. opposition to intervention in the foreign-exchange market to address the appreciating yen as an obstacle to taking unilateral action, according to three Japanese government officials. Yen sales without U.S. backing would be a challenge, the officials said on condition of anonymity because the government discussions are private. Two of them also said volatility, rather than the current level, would be a more likely trigger for an end to the policy of refraining from sales of the currency, which last week hit a 15-year high against the dollar. (Bloomberg)

**The Bank of Japan** may seek to delay implementing further monetary easing until at least October, waiting to see whether the yen's gains and a U.S. slowdown will force it to abandon a forecast for a sustained recovery. Governor Masaaki Shirakawa and his board will probably forego fresh liquidity injections at a two-day meeting ending Sept. 7, according to all but one of 15 economists surveyed by Bloomberg News. The board will keep the benchmark overnight lending rate at 0.1 percent, where it's been since December 2008, all economists predicted. (Bloomberg)

Naked short sales of shares and government bonds may be limited by **European Union** proposals that say the practices cause a "disorderly market and possible systemic risks." Under the proposed rules, traders would be required to submit proof they can access the underlying security to settle a trade designed to profit from falling prices, according to a European Commission document obtained by Bloomberg News. The rules would need approval of the full commission before being submitted to the Parliament and national governments. (Bloomberg)

**European Central Bank** President Jean-Claude Trichet extended emergency lending measures for banks into 2011, remaining in crisis mode as the risk of a renewed U.S. recession puts the euro-area's rebound in jeopardy. The ECB will keep offering banks unlimited one-week and one-month loans until at least Jan. 18, Trichet told reporters in Frankfurt today. The ECB will also offer banks three-month loans in October, November and December at interest rates linked to the ECB's average benchmark rate over the maturity of the loan. (Bloomberg)

**Mudajaya Group Bhd** (MUDAJYA) has appointed Asgari Mohd Stephens as its non-executive chairman effective Aug 30. Asgari, who is the former chairman of Leighton Asia, has extensive experience in both public and private equity investing in Malaysia and is the former chairman of the Malaysian Venture Capital Association. He is director and co-founder of Intelligent Capital Sdn Bhd, a Venture Capital company and Kumpulan Sentiasa Cemerlang Sdn Bhd, an investment advisory and fund management group. (Star)

Trading suspension on **Kenmark Industrial Co (M) Bhd** (KENMARK) and **Evermaster Group Bhd** (EVERMAS) shares will continue as they have failed to submit their quarterly reports for the financial period ended June 30, Bursa Securities said yesterday. Kenmark's securities have been suspended from trading since Aug 9 while Evermaster's have been suspended since May 19, 2009. The trading suspension will continue until further notice. (Star)

**Sunway City Bhd** (SUNCITY) has signed share sale and purchase agreements with Datuk Lim Say Chong and Oh Kim Sun respectively for the proposed acquisition of their stakes in Sunway Lagoon Sdn Bhd. In a statement to Bursa Malaysia, SunCity said the proposed acquisition represents a total of 45 per cent equity interest in Sunway Lagoon and cost RM128.6 million. (BTimes)

Diversified **PPB Group Bhd** (PPB), controlled by tycoon Robert Kuok, plans to open two flour mills with a combined investment of US\$50 million (RM157 million) to expand its flour, grain trading and animal feed milling division. Managing director Tan Gee Sooi said the mills will be in Indonesia and Vietnam to take advantage of the countries' burgeoning population with the capacity to process 1,000 tonnes and 500 tonnes of flour per day, respectively. (BTimes)