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MARKET FLASH

FBM KLCI DAILY CHART



TECHNICAL INDICATIONS

Support : 1475

Resistance : 1,505

Bias : Downtrend

Despite the rebound, the index is still trading within the down trending channel and below the 5-day and 10-day moving averages. We repeat that a failure to break free from the current channel will have adverse consequences by affecting market sentiment that had begun to unravel on unfavorable development.

COMMENTARY

Regional rebound spill over ... In line with regional markets, the market rebounded sharply during the early part of the day to regain part of losses sustained earlier. Several index-linked counters bounced back from oversold positions while several lower liners also participated in the upswing momentum. Oil prices also took a breather that helped in the rebound process. However, the concerns over oil prices and its impact on inflation is not over yet as it may still head north due to the outstanding uncertainties in Middle East.

The broader market was mixed as the underlying sentiment remains uncertain following the recent sell-down. However, if external factors stabilizes, the prospects of further recovery are good.

Monday, 28 Feb 2011

MARKET STATISTICS

	Close	Chg.
LOCAL		
FBM KLCI	1,489.87	(0.60)
Volume (m)	1,390.03	
Value (RMm)	1790.03	
Up	524	
Down	300	
Unchanged	256	
FOREIGN		
Nikkei	10526.76	74.05
Hang Seng	23012.37	411.33
STI	3025.16	52.08
Shanghai CI	2878.57	(0.04)

BURSA MOVERS

Gainers	Close (RM)	Chg (RM)
TWS	8.23	0.67
Shell	10.80	0.50
Paramon	4.88	0.37
MTD	11.30	0.30
Hiro-WA	0.305	0.30
Losers	Close(RM)	Chg(RM)
KLK	20.20	(0.58)
Digi	25.80	(0.20)
KYM-WA	1.84	(0.19)
Sindora	1.63	(0.17)
Kassets-WA	1.38	(0.13)
Actives	Close (RM)	Chg(RM)
TANCO	0.40	0.06
Jotech-WA	0.085	0.01
Tejari-WA	0.045	0.005
HWGB-WB	0.62	0.055
HWGB	0.66	0.025

Current Stock Review

Trading buy on breakout – **Tradewinds**

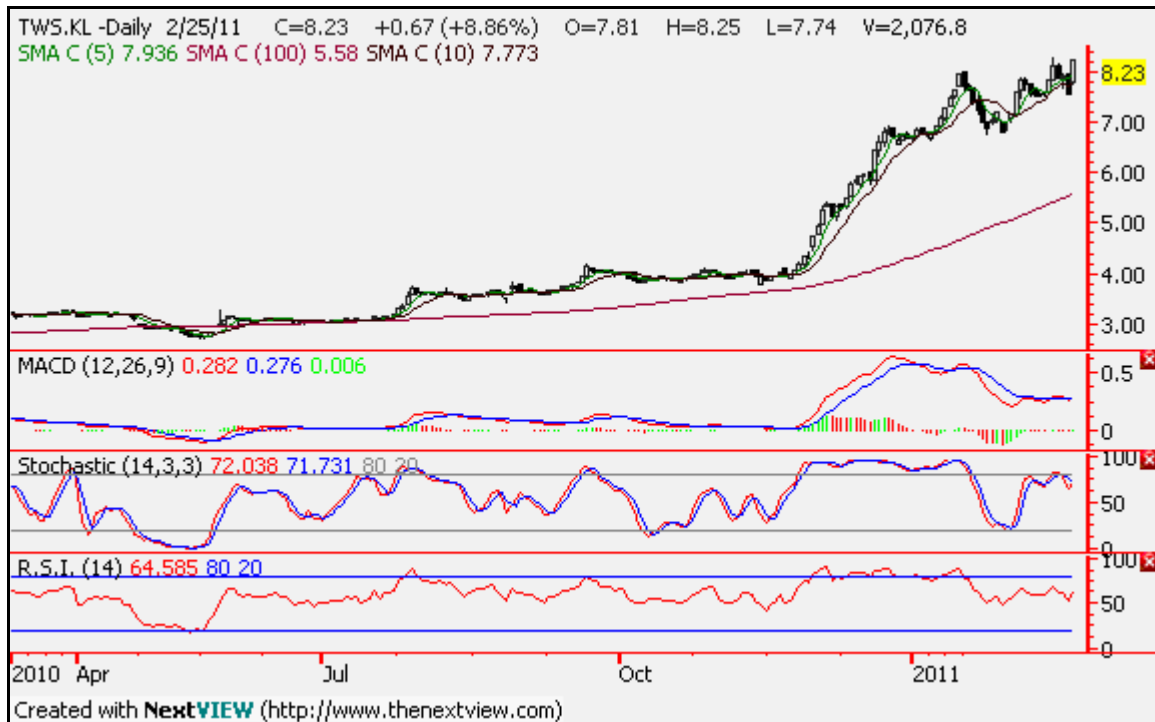


Chart wise:

Tradewinds Bhd (4421)-Consumer Products- RM8.23.

Tradewinds had been riding high on the palm oil theme and its share price surged to a high of RM8.29 from a base at RM3.00. It is currently taking a breather to consolidate sideways between the RM7.60 and RM8.00 band, while awaiting the next catalyst to direct its next move.

From here, a breakout to above RM8.00 will set the stage for it to move higher while on the reverse, a breakdown to below RM7.60 will spell more downward correction.

MAJOR NEWS

Commodity, Currency and Economic News

Crude palm oil (CPO) futures on Bursa Malaysia Derivatives are expected to trend higher this week on supply concerns and other external factors, traders said. Interband Group of Companies senior trader, Jim Teh, said CPO prices are expected to be traded between RM3,400 and RM3,600 this week. Currently the price was above industry's expectation (RM3,000 per tonne), he said. Meanwhile, he said, CPO production was expected to fall in the first six months of the year on concerns the fresh fruit bunches production would fall by about 25%. At the same time, he said, the unrest in West Asia has caused crude oil price to spiral upwards which in turn helped to propel commodities prices. The market week started the week on a bearish note with prices down by over RM100 in the middle the week before recouping their losses at the close. The week also saw the market registering its biggest all-time daily volume of 48,704 on Thursday. Cargo surveyor Societe Generale de Surveillance said exports of Malaysian palm oil products for Feb 1-25 fell by 6% to 957,224 tonnes from 1,017,913 tonnes during the same period last month. On a weekly basis, March 2011 declined RM190 to close at RM3,565, April 2011 fell RM192 to RM3,542, May 2011 eased by RM168 to RM3,515 and June 2011 declined by RM135 to RM3,495. Total turnover increased to 164,998 lots from the 113,112 lots the previous week while open interests fell to 107,659 contracts from 108,046 contracts previously. (Star)

Australia's dollar fell, snapping a three-day gain versus the greenback, after China's premier Wen Jiabao lowered the Asian nation's economic-growth forecasts. The so-called Aussie depreciated against all of its major counterparts as traders reduced their prediction on how much the Reserve Bank of Australia will raise borrowing costs over the next 12 months. Losses in the New Zealand dollar were tempered after the government announced the nation's first trade surplus in seven months. Australia's dollar declined to \$1.0146 as of 10:42 a.m. in Sydney from \$1.0177 in New York last week. The currency slipped 0.3 percent to 82.90 yen. New Zealand's dollar traded at 75.19 U.S. cents from 75.16 cents, and was at 61.44 yen from 61.39 yen. (Bloomberg)

The euro traded 0.1 percent from its lowest level in two weeks against the yen on speculation a new Irish government will seek to share the burden of rescuing the country's financial system with senior bank bondholders. The euro is set to drop in February against its Canadian and Australian peers with the Irish election result following a defeat this month for German Chancellor Angela Merkel's party in the first of seven state ballots that threaten to limit her scope to tackle the region's debt crisis. The yen stayed within 0.1 percent of a three-week high against the dollar on concern civil unrest spreading through the Middle East and North Africa will derail a recovery in the global economy. The euro traded at 112.28 yen as of 8:05 a.m. in Tokyo from 112.35 in New York late last week, when it completed a 1.4 percent weekly drop. It fell as low as 112.19 yen on Feb. 24, the least since Feb. 14. The common currency fetched \$1.3746 from \$1.3754 in on Feb. 25. The yen was unchanged at 81.68 against the dollar after reaching 81.63 on Feb. 24, the most since Feb. 4. (Bloomberg)

Major US and UK Equity Indices

Index	Day Close	Change	Change (%)	Index	Day Close	Change	Change (%)
DJIA	12130.50	61.95	0.51	Nasdaq CI	2781.05	43.15	1.58
S&P 500	1319.88	13.78	1.06	FTSE 100	6001.20	81.22	1.37

Global and Local Headlines

Japanese stocks traded in the U.S. rose and Australian shares climbed after U.S. consumer sentiment increased more than forecast and oil eased from a 29-month high. The Bank of New York Mellon Japan ADR Index gained 1.5 percent on Feb. 5, the most in more than a month. American depository receipts of Sony Corp., Japan's biggest electronics exporter, increased 0.5 percent from the closing price in Tokyo. Those Hitachi Ltd., which gets about 44 percent of its sales outside of Japan, climbed 0.2 percent. BHP Billiton Ltd., the world's largest mining company, gained 0.2 percent in Sydney today. (Bloomberg)

U.S. officials will meet with their foreign counterparts in Geneva today to discuss the fate of **Libya**, including measures to pressure Muammar Qaddafi out of power while building ties to opposition leaders. As opposition groups begin planning an interim government, the U.S. has begun contacting anti-Qaddafi forces who control the eastern part of Libya and are making gains in the west. U.S. Secretary of State Hillary Clinton said for the first time yesterday that the U.S. has begun "reaching out" to Libyans organizing for a post-Qaddafi era. (Bloomberg)

Chinese Premier Wen Jiabao said the nation set a lower growth target for the period from 2011 through 2015 than in the previous five years as part of efforts to create a more sustainable economy. The government set an economic growth target of 7 percent for the so-called 12th five-year plan period, which covers 2011 through 2015, Wen said in response to online questions today on the website of the official Xinhua News Agency. China's target was 7.5 percent for the period from 2006 through last year, with actual growth exceeding that each year. "We want to put the emphasis of our work on the quality and the benefits of economic growth," Wen said. "We want the fruits of development to benefit the people." China has introduced initiatives to increase domestic consumption, make growth more energy efficient and encourage investment in poorer inland provinces after the economy more than doubled in the past five years as the wealth divide widened, pollution increased and gains in food and home prices accelerated. China can't "blindly" pursue economic growth that is unsustainable, Wen said today. (Bloomberg)

While technical difficulties at its plant have been settled, **Notion VTec Bhd** (NOTION) continues to face some external pressures including the depreciating US dollar. The hard-disk drive (HDD) and digital camera parts manufacturer suffered a setback in the third quarter ended June 30, 2010 due to technical difficulties at its new RM150mil HDD plant that resulted in its net profit falling more than 70%. However, all the technical issues have been addressed and the group is currently expanding its manufacturing facility in Thailand. (Star)

Bina Puri Holdings Bhd's (BPURI) subsidiary, Bina Puri (B) Sdn Bhd has secured a total of RM1.1bil worth of projects in Brunei. Bina Puri (B) Sdn Bhd chairman Datuk Ali Abdullah in a Q&A session in Kuala Belait, Brunei on Friday said the company had an unbilled portion totalling RM265mil until 2013. He said it planned to secure another RM600mil worth of projects in the Sultanate this year. He said currently, the company was awaiting the results for two tenders worth about RM192mil which would be known within the next three to six months. He said, Bina Puri was working on another five tenders worth RM416mil earmarked for this year. Bina Puri, which is involved in construction and infrastructural development, started operations in Brunei in 2007. (Star)

The RHB banking group, the country's fourth largest by assets, expects to conclude its purchase of Indonesian lender Bank Mestika Dharma in April this year after several delays, its chief said. The group's listed entity, **RHB Capital Bhd** (RHBCAP), had first announced plans to buy 80 per cent of Bank Mestika for some RM1.16 billion in October 2009. Those plans, however, ran into delays because of queries from the Indonesian central bank relating to "structure and disclosure", group chief executive officer Datuk Tajuddin Atan said as early as May last year. Tajuddin told Business Times last week that some changes in structure had since been made, with RHB Bank - RHBCapital's commercial bank - now being proposed as the entity to undertake the purchase. This new proposal, which was submitted on December 20 last year, got the green light from Bank Negara Malaysia on January 31 this year. It is currently pending approval from Bank Indonesia. (BTimes)

Shareholders of **Jerneh Asia Bhd** (JERNEH), which sold its local insurance arm last September for RM532.2 million, may miss out on a special "ang pow" unless the company can table a revamp plan to the authorities. People close to the company said JAB, categorised as a Practice Note 17 company following the loss of a core business, is required by Bursa Malaysia to submit a regularisation plan if it plans to declare a special dividend. "Jerneh has 10 months to formulate a revamp plan to Bursa Malaysia but it hopes to do it sooner to reward its shareholders," the source told Business Times. The company has hired CIMB Investment Bank Bhd to help it find a new core business after selling Jerneh Insurance Bhd (JIB) to ACE INA International Holdings Ltd for RM532.2 million. Market talk has been swirling lately on the possible special dividend payout, pushing the stock to a high of RM3.13 on January 25 this year after being trading below the RM2 level post-sale since mid-November last year. Between January 19 and to-date, Jerneh was up 3.44 per cent, while the broader FTSE Bursa Malaysia KLCI has eased 3.54 per cent in the same period. (BTimes)

CIMB Group Holdings Bhd (CIMB) posted a record net profit of RM3.52 billion in the financial year ended Dec 31, 2010. For the fourth quarter, earnings were RM877.62 million, boosted by its Indonesian operations. The 4Q net profit was 9.3% higher from the RM802.89 million a year ago. Revenue rose 16% to RM3.168 billion from RM2.731 billion. Earnings per share were 11.83 sen compared with 11.37 sen. (EdgeDaily)

Malaysian Airline System Bhd (MAS) posted net profit of RM225.92 million in the fourth quarter ended Dec 31, 2010, down 64.7% from RM640.12 million a year ago, on lower derivative gains and higher finance costs. Its revenue rose 8.2% to RM3.67 billion from RM3.39 billion a year ago. Earnings per share were 6.76 sen compared with 31.17 sen. (EdgeDaily)

Proton Holdings Bhd (PROTON) swung into the red with net loss of RM60.1 million in the third quarter ended Dec 31, 2010 compared to net profit of RM79.68 million a year ago, due mainly to higher branding costs as well as the restructuring expenses incurred by Lotus Group International Ltd (LGIL). (EdgeDaily)

UEM Land Bhd (UEMLAND) recorded a 37.3% increase in its earnings to RM135.36 million in the fourth quarter ended Dec 31, 2010, boosted by higher revenue and higher margin achieved for one-off transactions from strategic land sales. (EdgeDaily)