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## market outlook

### FBM KLCI



### Hang Seng



### Dow Jones



### Nikkei



#### MARKET SUMMARY

Share prices generally headed higher on

the local bourse last week amid renewed buying interest in rotational plays like food and educational stocks.

Food companies like Fraser & Neave Holdings Bhd and Dutch Lady Bhd soared to record highs last week. Education group HELP International Bhd and SEG International Bhd also jumped to historical highs during the week.

The FBM KLCI gained 12.34 points from 1,324.31 the previous week to close at 1,336.65 last Friday. The index has climbed close to its 52-week high of 1,349.9 points recorded in May.

Last Thursday, the government announced that it was cutting subsidies for sugar, petrol, diesel and liquefied petroleum gas. The price increase is 25 sen for sugar, 10 sen for LPG and five sen for RON 95 and retail diesel fuels. The subsidy for the higher-grade petrol RON 97 has been removed entirely.

While a decrease in subsidies will help reduce the fiscal deficit and fund government expenditure, analysts expect minimal changes in the market as the increase is small

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## Little impact from subsidy restructuring

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and the restructuring of subsidies widely expected.

Although the Dow Jones Industrial Average rose to 10,359.3 points last Thursday, the regional markets were mostly lower.

W-o-w, Tokyo's Nikkei 225 lost 176.96 points to 9,408.36, the Shanghai SE Composite Index 46.65 points to 2,424.2 and Hong Kong's Hang Seng Index 128.5 points to 20,250.2.

The Jakarta Composite Index bucked the trend w-o-w, rising to 2,992.45 points from 2,934.89, as did Singapore's Straits Times Index, which climbed to 2,957.72 points from 2,917.17.

"The market may take some time to digest the impact of the subsidy restructuring, but barring some sectors like transport and maybe food and drinks manufacturers, not much impact is seen," says Edmund Tham, senior analyst at Mercury Securities Sdn Bhd.

He adds that the local market is expected to continue to follow the regional trend and thus will be heavily influenced by external news.

TA Securities Sdn Bhd chartist Stephen Soo pegs the support level for the FBM KLCI at 1,325 points and resistance level at 1,342 to 1,349 points. — By Tony CH Goh