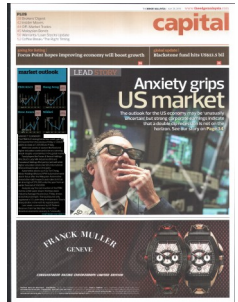
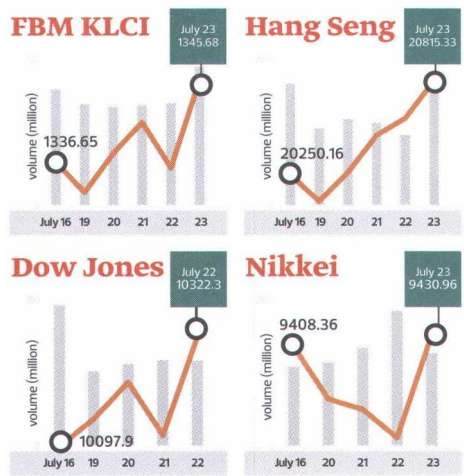


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market outlook



MARKET SUMMARY

The FBM KLCI strengthened last week, gaining 9.03 points from the previous Friday's 1,336.65

points to close at 1,345.68 last Friday.

Defensive stocks in sectors like food and higher education continued to be on a winning streak despite uncertainties in the global market.

Food players like Fraser & Neave Holdings Bhd, Dutch Lady Milk Industries Bhd and Cocoland Holdings Bhd performed well while higher education stocks like SEG International Bhd continued to pile on the gains.

Automotive stocks such as Tan Chong Motor Holdings Bhd and APM Automotive were also in focus after the Malaysian Automotive Association said it expects auto sales to hit an all-time high of 570,000 units this year from an earlier forecast of 550,000.

Analysts say the cool reaction of the FBM KLCI to a 258-point drop in the Dow Jones Industrial Average the previous Friday shows its technical strength. The local bourse only registered a 3.3-point drop in response to Dow's sharp decline, in line with its regional peers.

Last week, a comment by US Federal Reserve chairman Ben Bernanke that American economic recovery is "unusually

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Bursa likely to

see an increase in rotational play

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uncertain" dampened global market sentiment. However, this was offset by strong economic data that came out of the eurozone last Thursday. Industrial orders in the 16-nation bloc saw a m-o-m rise of 3.8% in May.

Asian indices generally rose last week: the Straits Times Index gained 15.75 points to 2,973.47, the Jakarta Composite Index 49.57 points to 3,042.02 and the Stock Exchange of Thailand Index 12.7 points to 840.24.

"Asian markets have been quite resilient as people have to place their money somewhere for returns. We could see more rotational play this week with money from gains in stocks which had seen a strong rally being put into stocks with cheaper valuations," says Maybank Investment Bank Research's vice-president and head of retail research Lee Cheng Hooi.

Lee sees the key resistance level for the FBM KLCI at 1,349.92 and the support level at 1,315 to 1,320 points. — *By Daniel Khoo*