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# KLCI to trade range bound, confined between 1,762 and 1,788 levels

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**KUALA LUMPUR (May 29):** The FBM KLCI is expected to trade range bound today, with trading activity confined between the 1,762 and 1,788 levels.

Oil prices recovered on Friday from some of the previous day's steep slide after investor disappointment that OPEC curbs did not go far enough, while Wall Street stocks eked out a seventh straight day of gains, according to Reuters.

U.S. bond yields stayed steady and gold saw big gains as a risk-off sentiment and concerns about political uncertainty took hold, with spot gold rising to its highest since May 1, it said.

The Dow Jones Industrial Average fell 2.67 points, or 0.01 percent, to end the week at 21,080.28, the S&P 500 gained 0.75 point, or 0.03 percent, to 2,415.82 and the Nasdaq Composite added 4.94 points, or 0.08 percent, to 6,210.19, said Reuters.

AllianceDBS Research in its evening edition last Friday said that dampened by the weak up close in the preceding day, the FBM KLCI had on May 26 traded lower to 1,769.47 as market participants chose to play on the selling side, in anticipation of a lower market.

It said in the absence of stronger buying interest, the benchmark index was in the red throughout most of the trading sessions, before settling off the day's low at 1,772.30 (down 1.66 points or 0.09%) ahead of weekend.

"In the broader market, losers outnumbered gainers with 770 stocks ending lower and 208 stocks finishing higher. That gave a market breadth of 0.27, indicating the bears were in control," it said.

AllianceDBS Research said the market made a lower low on May 26 with market participants seen more willing to play a selling game.

"Instead of sitting on their hands over the weekend, many apparently had chosen to liquidate part of their stock positions in an attempt to reduce risk exposure for fear of external negative market development.

“A preliminary analysis on how the market had carried itself over the past 9 days suggested an on-going battle between the bulls and bears with market trading activity confined between the 1,762 and 1,788 levels,” it said.

The research house said a fall below 1,762 would put pressure on the market to test the subsequent support at 1,748.

However, it said a rise above 1,788 could send the market to 1,800.

It said following the down close on May 26, there should be more selling attempt again.

“The analysis of overall market action on May 26 revealed that buying power was weaker than selling pressure.

“As such, the FBM KLCI would likely trade below the 1,772.30 level on May 29,” said AllianceDBS Research.

Based on corporate announcements and news flow last Friday, stocks in focus today may include: China Automobiles Parts Holdings Ltd, Hibiscus Petroleum Bhd, Mah Sing Group Bhd, Icon Offshore Bhd, Serba Dinamik Holdings Bhd, KPJ Healthcare Bhd, RCE Capital Bhd, Econpile Holdings Bhd, Boustead Heavy Industries Corporation Bhd, Titijaya Land Bhd, Tropicana Corp Bhd, Pestech International Bhd, Mitrajaya Holdings Bhd, MCT Bhd, Kenanga Investment Bank Bhd and PIE Industrial Bhd.

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