

SET STALLS DESPITE HIGH TURNOVER, GLOBAL OPTIMISM

MARKET MONITOR

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Recap: US and European markets surged last week. The Dow Jones Industrial Average hit a new high, buoyed by signals from the European Central Bank (ECB) signal that it stands ready to introduce more economic stimulus measures if necessary.

The SET Index moved in a narrow range of 1,572.77 and 1,591.15 points and closed at 1,578.37, down 0.4% from the previous week, on high average daily turnover of 55.74 billion baht. Foreign investors were net buyers of 4.26 billion baht. Brokers bought 5.09 billion more than they sold and institutional investors had net buys of 4.59 billion. Retail investors were net sellers of 13.94 billion baht.

Big movers: Two stocks made their debuts on the SET. Bangkok Airways (BA), the largest IPO this year, fell 12% from its 25-baht IPO price to close at 22 on its opening day. Buriram Sugar (BRR) added 28% above its 6.80-baht IPO price to 8.70.

Top gainer DNA soared 84.1% to 11.60 baht and top loser AJD fell 77.6% to 3.20 baht. NPARK led in volume, down by 14.3% to 0.06 baht. The top three in trading value were TSE, gaining 44.8% to 10.50 baht; PTT, adding 6.25% to 391 baht; and SCB, up 4.2% to 185 baht.

Newsmakers: China's manufacturing growth picked up to a three-month high in October. The final HSBC purchasing managers' index (PMI) came in at 50.4, above the 50-point level that separates expansion and contraction and the strongest since July's 51.7.

■ ECB members are ready to take more policy action if needed to revive a struggling euro zone economy. The ECB kept interest rates at a record low 0.05%, waiting to see how measures already in place unfold.

■ Indonesia's economy grew 5.01% in the third quarter from a year earlier,

the slowest in five years.

■ The Bank of Thailand's Monetary Policy Committee (MPC) will revise down its economic growth and export forecasts due to a tepid domestic recovery, declining shipment growth and global economic uncertainty. The new projections will be announced on Dec 26. The central bank earlier forecast GDP growth of 1.5% this year and 4.8% next year, while projecting exports to be flat in 2014 but growing by 4% in 2015. It also kept its rate steady at 2% as widely expected.

■ The National Energy Policy Committee this month will consider further price increases for LPG, NGV and diesel to reflect production costs, which are falling in any case due to a world oil glut. Talks with management of PTT Group revealed that the government will likely increase retail LPG and NGV prices in steps of 0.50 baht a kilogramme for LPG, and 0.50 baht 1 baht for NGV each month, similar to that seen previously, according to KGI Research.

■ Inflation hit a 12-month low in October on the back of declining food and energy prices, which eased for a fifth consecutive month. Headline inflation, based on 450 items, dropped to a 12-month low of 1.48% year-on-year. In September, the rate had fallen to 1.75% after readings of 2.09% in August, 2.16% in July and 2.35% in June.

■ The consumer confidence index recovered to 80.1 points last month after falling to 79.2 in September, in response to the government's economic stimulus measures and lower oil prices, the University of the Thai Chamber of Commerce reported.

■ The SET may tighten its cash-balance rule after the number of stocks on the cash balance list spiked in the past three months. The total for the first 10 months was 163, matching the figure for all of 2013. Stocks on the trading alert list surged to 98 from 64. Most of the companies on

the list were from the MAI or small and mid-cap SET stocks. The SET will consider extending the cash trading period from six weeks when it meets

this month.

■ The Joint Private Standing Committee on Commerce Industry and Banking said volatile foreign-exchange rates would be the biggest threat to Thai exports next year. Even though the baht has weakened 0.7% against the dollar since the end of QE was announced, its depreciation has been slightly less than for the ringgit and Singaporean dollar, putting Thai exports at disadvantage.

■ The global index provider MSCI Inc plans to add 10 more Thai listed companies to its indices. Delta Electronics (Thailand) (DELTA), Energy Absolute (EA) and Thai Union Frozen Products (TUF) will be added to the MSCI Global Standard Index, effective from Nov 26. Aira Capital (AIRA), Ichitan Group (ICHI), Kaset Thai International Sugar Corporation (KTIS), P.C.S. Machine Group Holding (PCSGH), E for L Aim (EFORL), Srisawad Power 1979 (SAWAD) and Superblock (SUPER) will be added to the MSCI Global Small Cap Index.

■ Siam Commercial Bank appointed two senior executive vice-presidents — Arthid Nanthawithaya and Yol Phokasub — as its top executives. Mr Arthid will be chief executive and deputy chairman of the executive committee, while Mr Yol will be appointed present, effective next April 3, the day after current president Kannikar Chalitaporn retires.

■ The superboard of state enterprises last week agreed to a proposal by the Electricity Generating Authority of Thailand (Egat) to offer a 20-billion-baht infrastructure fund, the first by a state enterprise. An IPO application to the SEC is expected by year-end.

■ The office furniture company Modernform Group Plc is interested in acquiring a hospital in Bangkok as part of the plan to extend its reach, says CEO Thaksa Busayapoka. It is interested in the business as a subsidiary has imported medical equipment for several years.

■ PTTGC reported Q3 earnings of 7.59 billion baht, up 24.7% quarter-on-quarter but down 44.9% year-on-year.

■ CPALL announced a Q3 net profit of 2.69 billion baht, up 4.0% year-on-year and 19.4% quarter-on-quarter.

Coming up this week: NCL International Logistics (NCL) will debut on the MAI tomorrow.

■ China will release October retail sales and industrial production data on Thursday, and US retail sales figures for October are due on Friday.

Stocks to watch: Tisco Securities recommends trading stocks that will

be added to the MSCI indices such as TUF, EFROL, SAWAD and PCSGH. It also likes stocks that benefit from the baht's retreat — KCE, TUF, and STPI — and says avoid investing in oil and petrochemicals. The broker has buy recommendations on stocks likely to be added to the SET50 index — CK, KTIS and HEMRAJ — and the SET100 index, which are HANA, ICHI, SAWAD, SIM, PCSGH, GOLD, ANAN, SNP, MAX and SGP.

Bualuang Securities suggested trading on earnings plays expected to post high profits in Q3. Its top picks are CPF, QH, AP and BLA.

Technical view: Capital Nomura Securities sees support at 1,570 with resistance at 1,591. Bualuang Securities puts support at 1,555 and resistance at 1,600.