

MARKET MOVEMENTSGlobal bourses drift in response to disappointing US economic data. **B6**

RATE CUT BUOYS SET AHEAD OF HOLIDAY AS GLOBAL STOCKS DRIFT

Recap: Global bourses moved mostly lower in response to disappointing US economic data and despite Federal Reserve signals that interest rates would not rise anytime soon. In Thailand, the SET rebounded on Thursday after the Bank of Thailand surprised the market by cutting its policy rate by 25 basis points to 1.50%.

Movement on the SET was volatile ahead of another five-day holiday (the market will reopen on Wednesday). The index moved in range of 1,513.42 to 1,562.64 points and closed at 1,526.74, down 1.8% from the previous week, in trade worth 44.48 billion baht.

Local institutional investors were heavy net buyers at 13.3 billion baht. Foreign investors were net sellers of 9.06 billion baht, brokers sold 2.6 billion and retail investors 1.64 billion baht.

Big movers: There were no new listings

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last week. Top loser FVC slid by 23.4% to 2.16 baht and top gainer YUASA rose 45.5% to 8.15 baht. U led in volume, unchanged at 0.05 baht. Leading in turnover were KTB, down 3.4% to 20 baht; KBANK, down 5.8% to 210 baht; and PTT, unchanged at 356 baht.

Newsmakers: The Fiscal Policy Office (FPO) cut its 2015 GDP growth forecast to 3.7% from 3.9% projected earlier but is maintaining a wide range between 3.2% and 4.2%.

■ The central bank's Monetary Policy Committee (MPC) unexpectedly

made its second rate cut of the year, in a fresh effort to create economic momentum amid shrinking exports and tepid consumption.

■ The cabinet approved a budget of 2.72 trillion baht for the 2016 fiscal year that will begin on Oct 1. The budget is a 5.6% increase from fiscal 2015.

■ Exports in March contracted 4.45% year-on-year to \$18.9 billion, resulting in a 4.7% contraction for the first quarter. As a result, the Commerce Ministry has reduced its full-year growth forecast to 1.2% from 4% earlier.

■ Kasikornbank, King Power and Alipay, the largest online payment service provider in China, have joined forces to tap China's e-commerce market, which grew 21.3% last year.

■ Advanced Info Service (ADVANC) has officially entered the fixed-line broadband market with its AIS Fibre brand, promising speeds of up to one gigabit a second.

■ Jasmine International (JAS) expects Q1 operating profit to be similar to last year's figure. It said net profit would rise because of asset sales to JASIF. For the new 4G business, JAS said it would allow a foreign partner to hold a 15-20% stake, similar to TRUE and China Mobile.

■ Thai Solar Energy (TSE), the MAI-listed subsidiary of Channel 3, plans to spend 10 billion baht to expand capacity to 150 MW this year from 98.5 MW, starting with a solar farm joint venture in Japan. Locally, it expects to receive a solar farm licence for agricultural cooperatives of 50 MW. TSE is also in talks to buy into another solar farm licence holder that has delayed its project.

■ Siam Cement Group (SCC) says it is still optimistic about revenue reaching its target of 490 billion baht, up 1% from last year, despite a slight drop in cement sales in the first quarter.

■ Amid a decline in global sugar prices, Kaset Thai International Sugar Corporation (KTIS) is spending 400 million baht to upgrade its machinery. The company also plans to expand its renewable energy business.

■ Pace Development (PACE) has topped off MahaNakhon at 77 floors, the tallest building in Thailand. At 314 metres, the skyscraper surpasses Baiyoke Tower II, which is 304m high. Residential unit transfers are expected to start by year-end at the 22-billion baht luxury tower.

Coming up this week: The Bank of Thailand is expected to further loosen restrictions on capital outflows to control foreign exchange rates and stimulate exports.

■ Manufacturing PMI updates are due today for China and the euro zone. The Kuala Lumpur Stock Exchange is closed for a holiday.

Stocks to watch: Finansia Syrus

Securities sees leasing firms as the biggest beneficiaries of the interest-rate cut. It said MTL and SAWAD would gain the most because they have the highest short-term loan exposure at 90%. The impact will be neutral at GL, KTC, SINGER and ASK, while TK (with a sell recommendation) benefits the least because long-term exposure is 70% of its portfolio.

Bualuang Securities recommends focusing on small and medium-cap stocks and those that will gain from lower interest rates as well, mainly in leasing and hire-purchase. Its picks are TISCO, KKP, TCAP, LPN and SPALI. Export-oriented stocks such as HANA and DELTA will gain from baht depreciation.

Technical view: Bualuang Securities sees support at 1,510 and resistance at 1,550. KT Seamico sees support at 1,480 and resistance at 1,555.