

# SHARE TRADE SUBDUED AFTER LONG-EXPECTED FED MOVE

## MARKET MONITOR

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**Recap:** Asian stock markets traded cautiously earlier last week as investors awaited the US Federal Reserve's rate decision. A rout in US technology stocks later in the week also dampened market sentiment. The Thai stock market still moved in a range-bound trade amid a lack of positive news.

The SET index moved in a range of 1,560.75 and 1,580.52 points before closing at 1,576.58, up 0.6% from the previous week, in turnover averaging 38.8 billion baht a day. Foreign investors were net sellers of 2.29 billion baht, retail investors sold 1.88 billion and brokers sold 357.6 million. Institutional investors were net buyers of 4.53 billion baht.

**Big movers:** PTT led in turnover, falling 1% to 379 baht; PTTEP was up 0.9% to 87.75 baht, and PTTGC added 3% to 69.75 baht. EARTH led in volume, up 21.7% to 1.46 baht. Top gainer GSTEL surged 28.6% to 0.45 baht and TTI, the top loser, dipped 18.6% to 25.25 baht.

**Newsmakers:** The US Federal Reserve raised its benchmark interest rate by 25 basis points for the second time in three months and said it would begin cutting its holdings of bonds and other securities this year, underlining its confidence in a strengthening US economy. One more rate increase is expected this year. The Fed holds \$4.2 trillion in Treasury bonds and mortgage-backed securities, most of them purchased after the 2007 financial crisis. It did not specify the overall size of the reduction it plans.

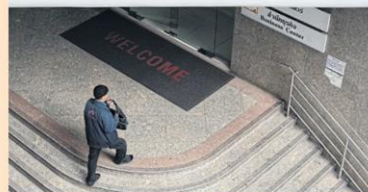
China's economy remained on solid footing in May, but tighter monetary policy, a cooling housing market and slowing investment reinforced views that momentum could slip in coming months. Still, the full-year growth target of 6.5% appears achievable. Slower fixed-asset investment

growth in May and a sharp slowdown in housing starts point to cooling ahead, though stable growth in factory output and retail sales, along with a pickup in exports, are cushioning the impact.

Growth in oil supply next year is expected to outpace an anticipated pickup in demand that will push global consumption above 100 million barrels per day (bpd) for the first time, according to the International Energy Agency. It said production from outside Opec, which is curbing its output until March, would grow twice as quickly in 2018 as this year.

Bids for public-private partnerships (PPP) to operate and maintain two motorways worth 140 billion baht are expected to be completed this year. The motorways link Bang Pa-in district in Ayutthaya with Nakhon Ratchasima, and Bang Yai in Nonthaburi with Kanchanaburi.

Deputy Prime Minister Somkid Jatusripitak has pledged that the current government will approve several big rail projects before it steps aside, ensuring the rise of the Eastern Economic Corridor (EEC) and a boost to the economy. Sticking to that plan



**Bangkok Bank still sees a need for more bricks-and-mortar branches.**

means the government must approve spending of up to 2.4 trillion baht, with construction to start during the next 4-5 years.

WHA Corporation Plc, Thailand's largest developer of build-to-suit logistics facilities, has revised its industrial land sales target this year to 1,400 rai, up from 1,000, as several investors have expressed interest in

new ventures, particularly in the EEC.

Delta Electronics Thailand Plc is switching its focus to producing more parts for electric vehicles (EVs) to serve rising demand in India. It plans to spend US\$30-50 million on R&D in Bengaluru, India where it aims to create innovations that match the rising trend of EVs.

Advertising spending in Thailand will drop 10-15% this year as companies shift their ad budgets to cheaper and more targeted online media, according to Media Intelligence Co (MI).

The Stock Exchange of Thailand (SET) has told cash-strapped Energy Earth Plc to disclose all of its debt obligations to creditors following the revelation that the coal dealer failed to pay a 717.5-million-baht debt. Trading in EARTH shares will remain suspended until it discloses the information. The Bank of Thailand has asked for an update from the firm's creditors but says its default on bills of exchange (B/E) does not pose systemic risks to the financial sector.

Bangkok Bank (BBL) is bucking the industry-wide trend of downsizing branch networks, as it plans to open 20 more branches this year.

Samart I-Mobile (SIM), a subsidiary of Samart Corp, is preparing to leave the mobile virtual network operator (MVNO) business on the 2100-megahertz network of TOT Plc and will return up to 4 million mobile numbers to the regulator. It first served notice of the move in April.

Shares of five SET-listed drinks firms fell on Friday on worries about the negative impact from the coming excise tax on sugar content. Losing ground were Carabao Group Plc, Food and Drinks Plc, Ichitan Group, Malee Group and Oishi Group.

Foreign funds worth 40 billion baht have flowed into Thailand, believed to be for an acquisition deal for a large company, says a currency dealer.

**Coming up this week:** US existing home sales figures for May are due on Wednesday.

The Philippine central bank will meet on Thursday. Euro-zone consumer confidence for June will be announced the same day.

Thailand will release May automobile sales figures on Friday.

**Stocks to watch:** Tisco Securities recommends transport stocks — BA, PSL and TTA — that will benefit from

the oil price decline.

DBS Vickers Securities (Thailand) recommends high-yield stocks including KKP, LALIN, TMT, LH, PSH, SNC, BCP, MC, DIF and LHHOTEL. Its monthly top picks are AMATA and TISCO.

**Technical view:** Bualuang Securities sees support at 1,560 with resistance at 1,600 points. DBS Vickers Securities tips support at 1,500 and resistance at 1,590 points.