

Weekly Highlights: Feb 26 – Mar 2, 2018

Stuck with downside risk

SETI looking exhausted: SETI received support from speculative buying in PTT shares owing to a change in its stock par value while traders should be cautious about a 'buy the rumor, sell the fact' on PTT and other stocks pending earnings releases amid selling pressure in big-cap names after FY17 earnings results.

Market View

Weekly Consensus View

Sideways



No market's EPS upgrade in sight yet: Even though the curtain is about to draw on FY17 earnings season, there has not been a notable upward revision of the market's EPS while we start to see more profit taking by key investor groups.

Choppy in channel as downside risk still intact: Traders should be vigilant about a possible sharp correction as seen in late FY16 when the index traded below 16x forward P/E. The trading range for the SET index is seen to be in a range of 1780-1820 points this week.



- S50H18 tends to be choppy in a range of 1145-1180 points. The market has largely factored in PTT's change of its stock par value and will shift to eye recovering oil price which should not be much positive to energy stocks. There are still no fresh positive triggers and sentiment from US economic figures is expected to have a greater role in guiding the market.

- Spot gold could be in for a downward move toward a range of US\$1,305-US\$1,340 due to the absence of positive impact of the Chinese New Year festival. Keep an eye on the US bond yields that inch higher towards 3% and release of key US economic data this week, which is likely to be positive and push the dollar stronger while pulling gold prices further down.

- The USDH18 is likely to be in choppy mode within Bt31.23-Bt31.65 as the US's increased inflation has worried investors that FED might raise interest rates earlier and affect the economy although positive jobless claim figures provide a boost to the dollar. The markets awaits for Fed Chair Jerome Powell's testimony this mid-week which could result in the dollar's volatility.

Technical View

Trend following with focus on buy on dips

Last week, the SET index opened nicely in positive territory on Monday morning but later slid back continuously while several indicators also adjusted to the downside. So there is potential that the index could head further down below EMA-10 and, as a result, we move support level down to 1785 points (traders should check for a buy signal from our daily report before trading) and adjust resistance levels down to 1820-1827 points.

SET50 Futures



Gold Futures



USD Futures

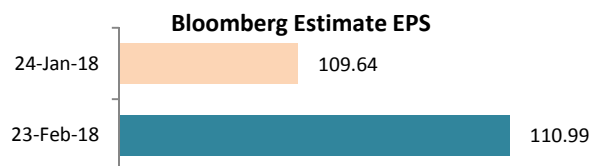


Strategy Team: 02-635-1700 #486

Figure 1: 10 stocks that have impact on the SET index's movement on Feb 20-22, 2018

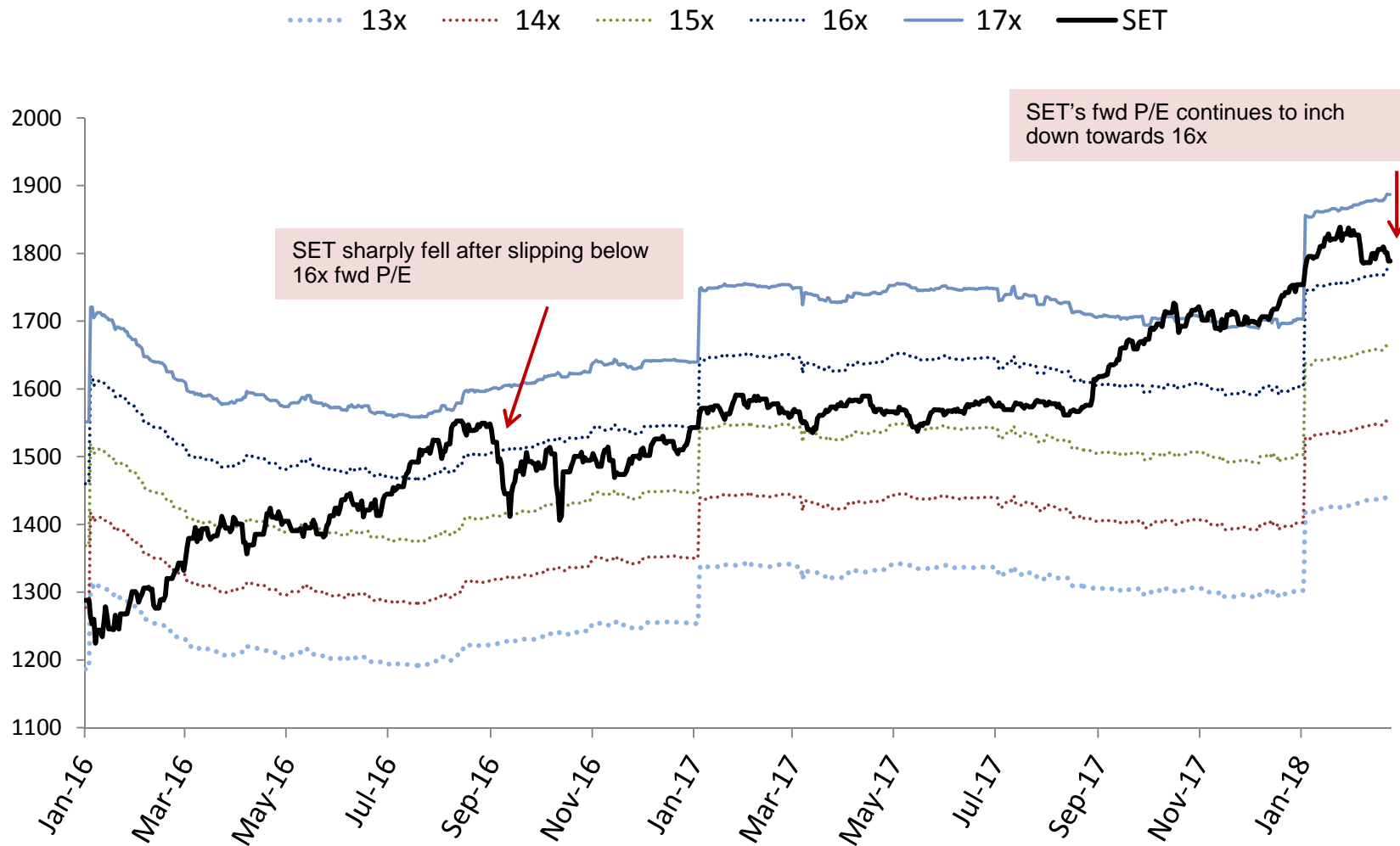
Stock	Closed price as of		Index movers (points)	
	22/2/2018	20/2/2018		
PTT	540.00	490.00		14.16
CPALL	84.25	82.75		1.34
PTTEP	115.00	113.00		0.79
U	0.03	0.02		0.56
IRPC	7.85	7.65		0.41
HMPRO	14.40	14.20		0.26
BH	201.00	198.00		0.22
BBL	206.00	205.00		0.19
VNT	30.50	29.50		0.12
PTTGC	93.75	93.50		0.11
BDMS	21.90	22.30		-0.61
BJC	54.50	56.50		-0.79
GULF	71.50	75.25		-0.79
GPSC	72.75	79.25		-0.97
EA	64.25	67.00		-1.02
AOT	67.75	68.50		-1.06
BAY	42.25	44.00		-1.28
MAKRO	43.00	46.00		-1.43
CBG	59.75	75.25		-1.54
IVL	51.25	54.50		-1.74

Figure 2: No upward revision of the market's EPS in sight despite the FY17 earnings season almost coming to an end.



- **SETI looking exhausted:** The SET index looks exhausted but speculative buying in PTT shares owing to a change in its stock par value lent key support against the index's downside over the past week. With ongoing selling pressure in big-cap names after FY17 earnings releases almost coming to an end, traders should be cautious about a 'buy the rumor, sell the fact' phenomenon to emerge out of both PTT and other stocks pending earnings announcements this week.
- **No market's EPS upgrade in sight yet:** Even though the curtain is about to draw on the FY17 earnings season, there has not been a notable upward revision of the market's EPS while the lack of positive fundamentals starts to trigger profit taking by institutional investors preceded by foreign selling along the way.
- **Choppy in channel as downside risk still intact:** Based on the SET forward P/E band in Figure 3, the broader market valuation is no longer cheap and traders should be vigilant about a possible sharp correction as seen in late FY16 when the index traded below 16x forward P/E. The correction is expected to continue further and we expect to see a range-bound choppy market with remaining downside risk this week because earnings plays will end soon while the impact of foreign and institutional selling is increasing. The trading range for the SET index is expected to be in a range of 1780-1820 points this week.

Figure 3: Traders should be wary about a further correction if SETI slips below 16x forward P/E as happened in late FY16.



Allocation Guide

- Phillip's Fear & Greed Index, a gauge of investor sentiment in the Thai stock market remained volatile near the 'fear' territory, which reflects investors' relatively low confidence.
- This week, we anticipate the market will continue to be highly volatile amid a dearth of fresh positive triggers while the last phase of earnings announcement season will start to see lower levels of speculative buying. On the other hand, the negative factor is becoming clearer foreign investors have shifted from buy to sell mode. Wary eye needs to be kept on both internal and external uncertainties e.g., the domestic election delay and the US bond yields' rise towards 3%.
- We advise traders to take short-term trading position and set a clear cut loss around 1780 points if the SET index fails to maintain its grip on the 1780-point support level. The next support level is seen at 1750/1760 points.

Phillip's Fear & Greed Index

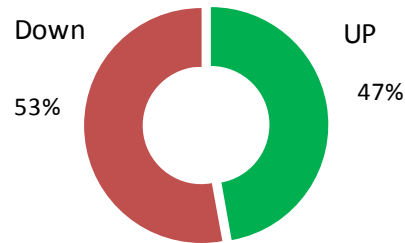
BULL SCORE : 5/10



Weekly Strategists & Technical Analysts Consensus

BULL SCORE : 7/10

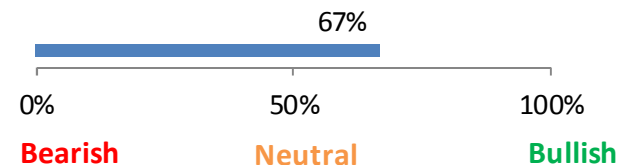
Probability



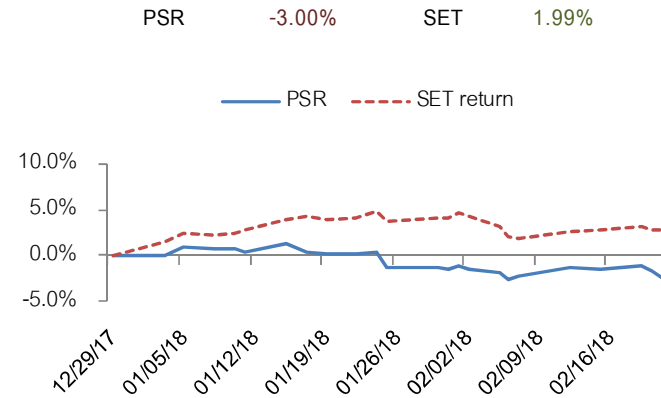
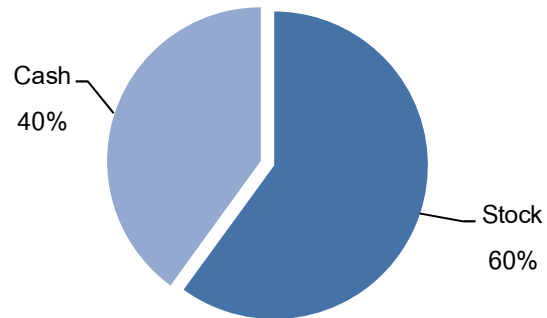
Weekly range

Upside	1,817
Downside	1,784

Bullish level



Portfolio



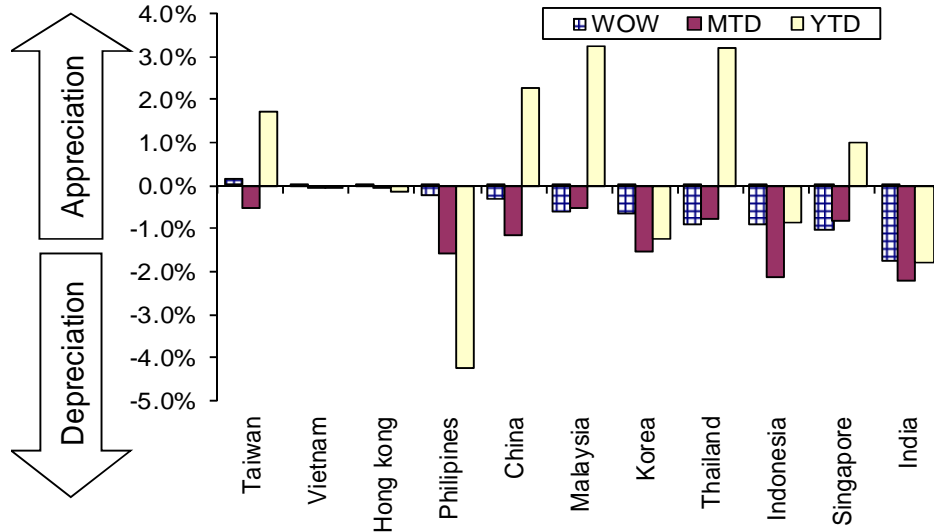
PSR's Model Portfolio Update

Position	Stock	Cost	P/L	Investment Theme	Strategy
Long	KKP	83.37	-4.65%	Selective trading	Exit after KKP announced to pay a dividend of Bt3/share with lower-than-expected yield.
Long	SYNEX	15.52	-2.73%	Selective trading	Hold onto SYNEX on expectations that 4QFY17 results will be strong on the back of the government's shopping tax breaks and the positive effect of the stronger baht.
Long	D	9.06	2.06%	Selective trading	Exit after D delivered upbeat earnings as expected.
Long	SVI	4.33	-3.39%	Selective trading	Hold on to SVI on view that the stock has already bottomed out.
Short	KBANK	226.34	0.59%	Selective trading	Selling pressure in big-cap names by foreign investors remain in place in times of the volatile market.
Long	MTLS	43.31	0.43%	Selective trading	Hold onto MTLS in view of its continued, impressive earnings release.
Long	RS	32.80	-7.77%	Selective trading	Cut loss when bouncing back after the stock dropped sharply.
Long	BIG	3.00	0.52%	Selective trading	Hold onto BIG after BIG after it announced good earnings as forecast plus high dividend yield.

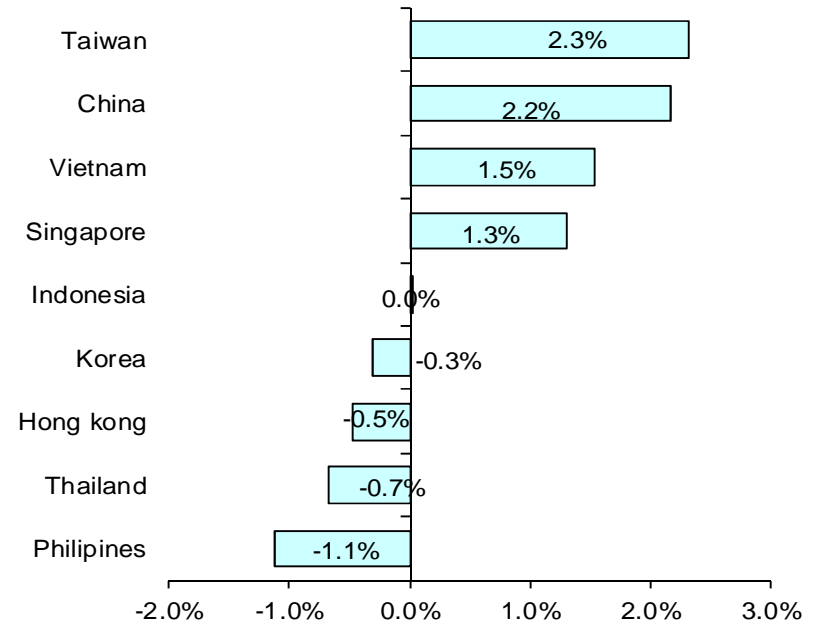
Weekly Statistics

Weekly Statistics

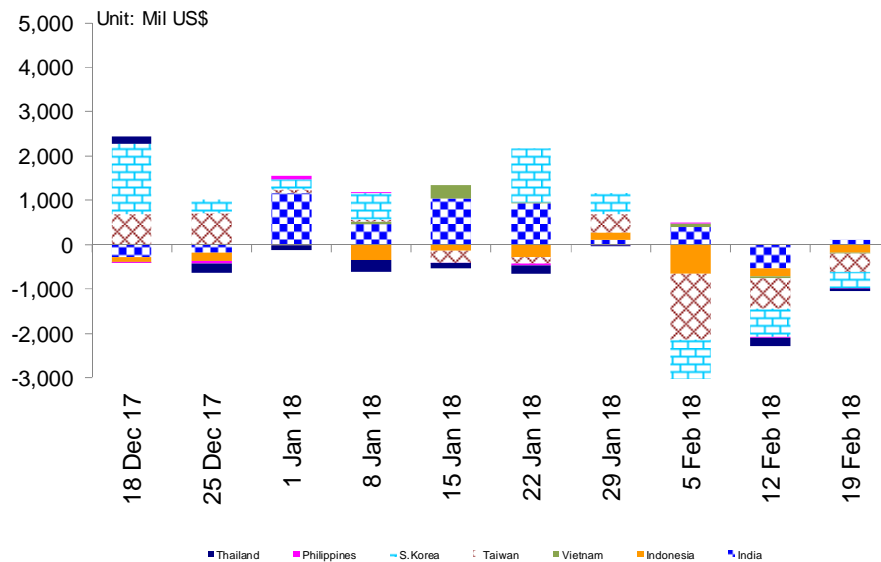
Performance of major Asian currencies against US dollar



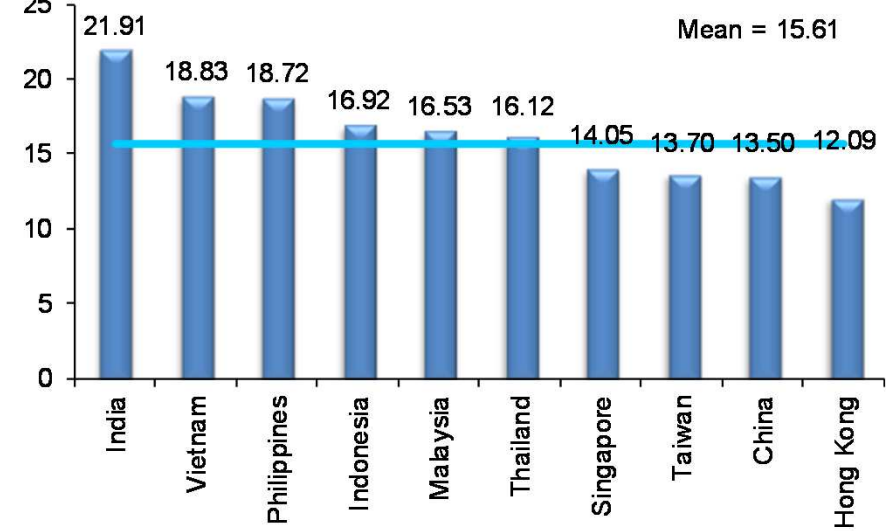
w-w Asian stock market performances



Foreign portfolio Flows into 7 ASIAN bourses



Forward P/E ratios of Asian stock markets



Source: Bloomberg

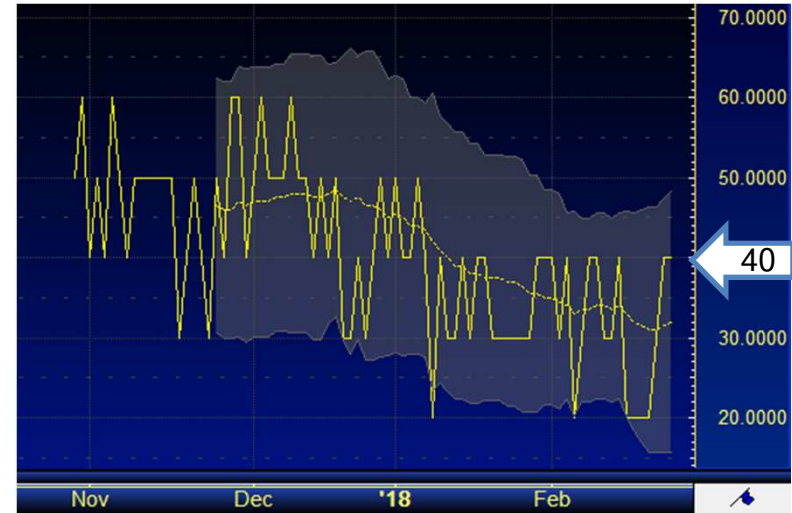
Weekly Statistics: Derivatives

Spread between S50H18 and S50M18



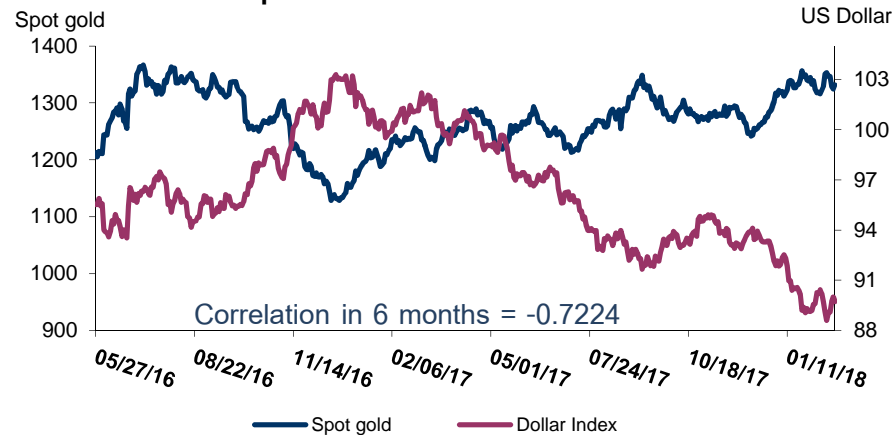
Source: BISNEWS Professional

Spread between GF10G18 and GF10J18



Source: BISNEWS Professional

Relationship between Spot Gold and Dollar Index
Spot Gold and US Dollar Index

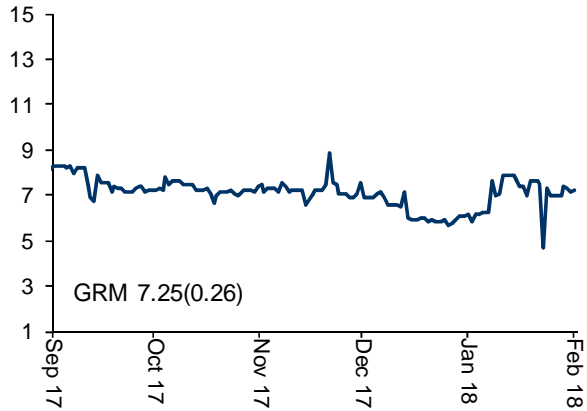


Source : BISNEWS Professional , PSR

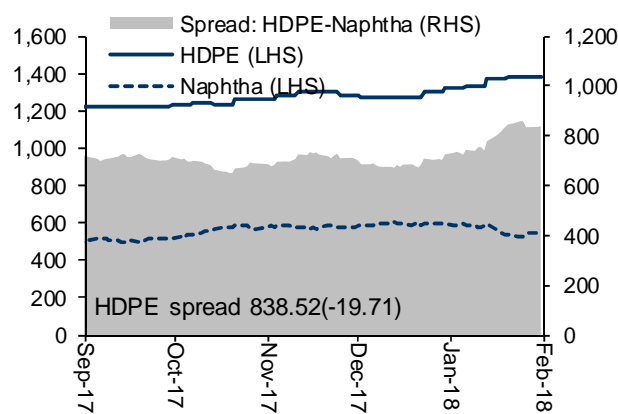
Commodity Watch

Source: Bisnews, Bloomberg

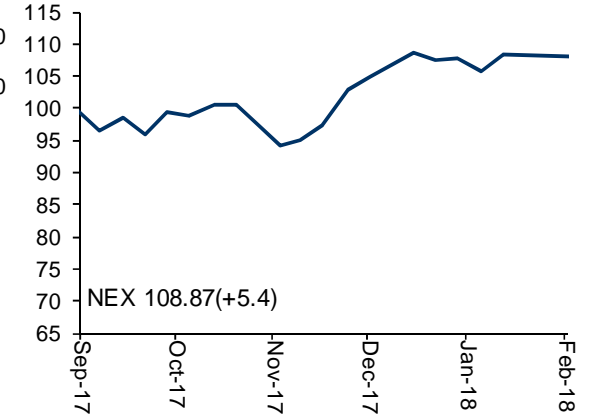
Gross Refinery Margin Unit: US\$/bbl
 ▲ Positive ▼ Negative BCP, IRPC, PTTGC TOP



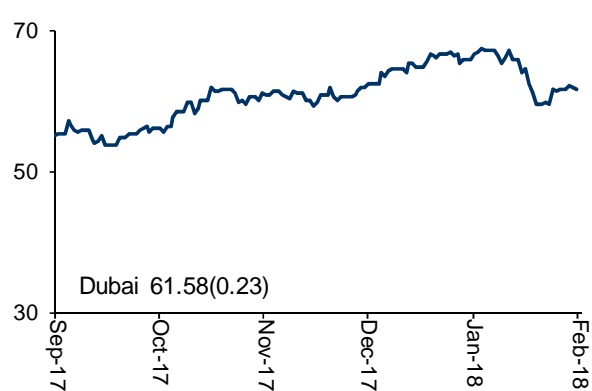
Olefin Spread Unit: US\$/ton
 ▲ Positive ▼ Negative IRPC, PTTGC, SCC



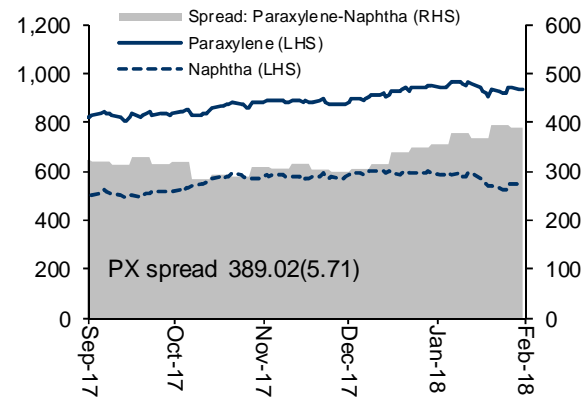
NEX Index (Weekly) Unit: US\$/ton
 ▲ Positive ▼ Negative BANPU



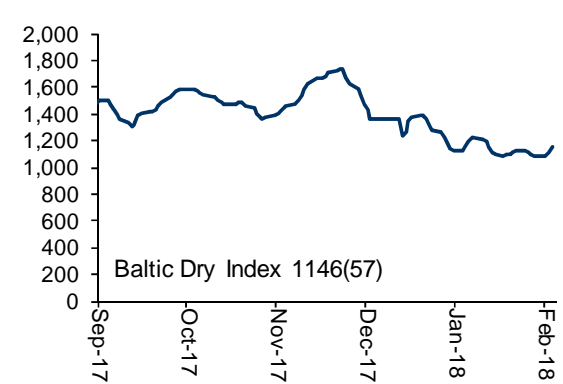
Dubai Unit: US\$/bbl
 ▲ Positive ▼ Negative BCP, IRPC, PTTGC TOP, PTTEP



Aromatic Spread Unit: US\$/ton
 ▲ Positive ▼ Negative IRPC, PTTGC, TOP

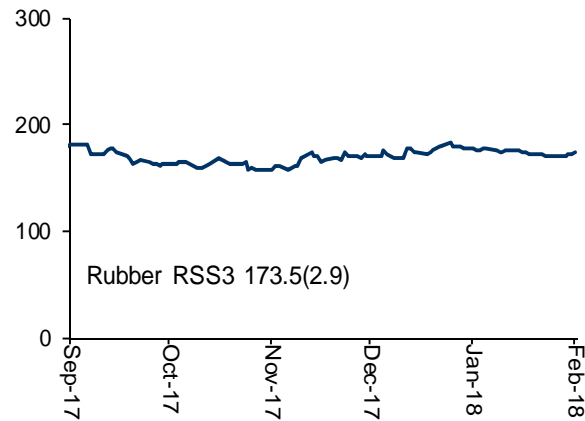


BDI Index
 ▲ Positive ▼ Negative JUTHA, PSL, TTA

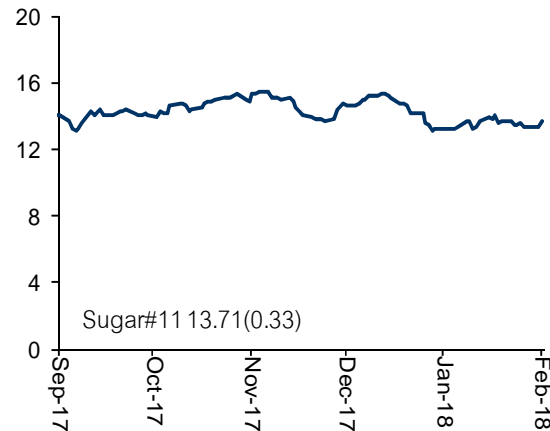


Commodity Watch

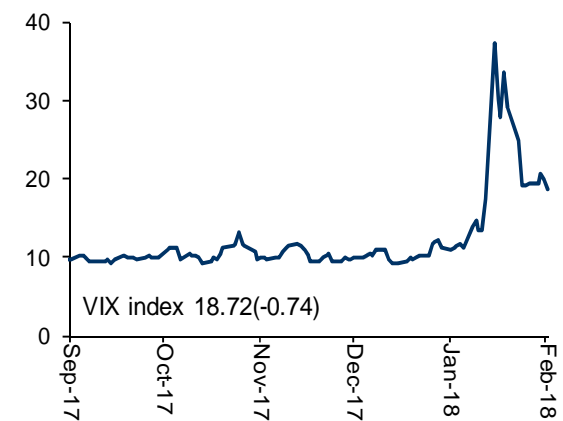
Rubber RSS3 Unit: US cents/Kg
 ▲ Positive ▼ Negative STA



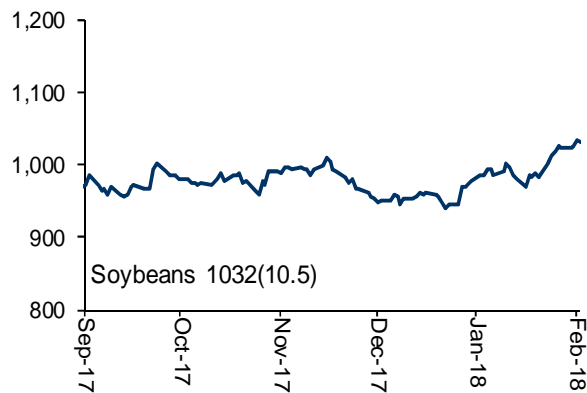
Sugar#11 Unit: Cents/lb
 ▲ Positive ▼ Negative KBS, KSL, KTIS



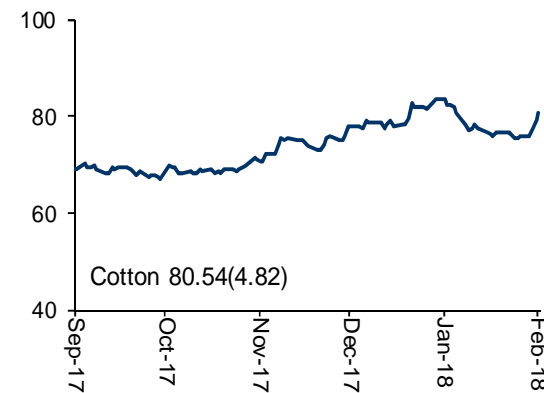
VIX Index SET Index
 ▲ Negative ▼ Positive



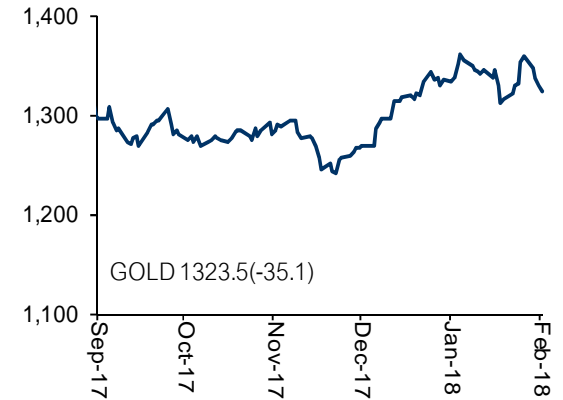
Soybeans Unit: US cents/bushel
 ▲ Positive ▼ Negative TVO
 ▲ Negative ▼ Positive CPF, GFPT, TU



Cotton Unit: US\$/ton
 ▲ Positive ▼ Negative IVL



GOLD Unit: US\$/ounce
 ▲ Negative ▼ Positive SET Index



Research Team

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Kanittha Sriwong			
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Chaiyot Ingkhasorarat			
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Viphavadee	333 Lao Peng Nguan Tower 1, 15th Fl., Soi Chuaypuang, Viphavadi-Rangsit Rd., Jomphon, Chatuchak, Bangkok 10900
Yaowaraj	308 Kanchanadhat Bldg., 19th Fl., Yaowarat Rd., Jakawat, Sampantawong, Bangkok 10100
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Bangkapi 2	3522 The Mall Office Tower-Bangkap, 8th Fl., Lad Prao Rd., Klongchan, Bangkapi, Bangkok 10240
Hualumphong	320 Tang Hua Pak Bldg., 4th Fl., Rama 4 Rd., Maha Prutharam, Bangrak, Bangkok 10500
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Central World	999/9 The Offices at CentralWorld, 17 FL. Unit ML 1707, Rama I Rd, Pathumwan, Pathumwan, Bangkok 10330
Sindhorn	130-132 Sindhorn Tower 3 Building, 19 Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330
EmQuartier	689 Bhiraj Tower at EmQuartier, 39th floor, Unit 3909-10, Sukhumvit Rd., Klongton Nuea, Vadhana, Bangkok 10110
Amarin	496-502 Amarin Tower, 8th floor, Unit 6-7, Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330

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Had Yai - Petkaseam	607 Redar Group Bldg., 3rd Fl., Unit 3D, Petkaseam Rd., Had Yai, Had Yai, Songkla 90110
KhonKaen	359/2 Kow Yoo Hah Bldg., 4th Fl., Mittapap Rd., Naimuang, Muang Khon Kaen, Khon Kaen 40000
Phitsanulok	59/15 Thai Sivarat Bldg., 2nd Fl., Baromtrilokanad 2 Rd., Naimuang, Muang Pitsanulok, Phitsanulok 65000
Chumporn	25/45 Krom Luang Chumporn Rd., Tatapao, Muang Chumporn, Chumporn 86000
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