

Friday, November 30, 2018

## Investment Strategy

Some buying supports still take a wait-and-see attitude, expecting a conclusion from the US-China trade negotiation. We believe the US will continue to hike tariff on Chinese imports, which will depress the world's economy, but the market likely has partly absorbed the impact. Fed also signaled a slower rate hike next year, so a move of funds from risky assets to bonds will decrease. Accordingly, SET Index will swing around 1,630-1,650 pts. We like stocks that benefit from the oil price downtrend: construction material (TASCO, SCC, DCC) and petrochemical (IRPC, SCC, TOP) and domestic plays that benefit from the spending season. Moreover, modern trade has also allowed product purchases by the state welfare cash card. Top picks are BJC(FV@B61) and DCC(FV@B2.9).

### SET Index falls before closing

SET Index peaked at 1,650 pts but fell near the closing hour and finally closed at 1,636.49 pts yesterday, down 4.14 pts (-0.25%) with trading value of only B36.6bn. The market was mainly weakened by 1) banking stocks (BBL, KTB, and SCB) and 2) ICT stocks, especially ADVANC (after rallying on the previous day) and INTUCH. Some stocks enjoying positive factors still rallied, especially TASCO (+1.9%) thanks to declining global crude oil price and MTC (+3.1%) after being added in MSCI Global list (effective next week).

SET Index is expected around 1,630-1,650 pts. Markets have been keeping an eye on the G-20 summit on November 30 – December 1, which mainly revolves around US-China trade war; the US is projected to proceed with the fourth import tariff hike. Meanwhile, Fed signaled it would slow down interest rate hikes in 2019, having positive sentiment. Crude oil price is lower than US\$60 now, benefiting oil importers and lowering cost for oil-consuming industries, e.g. petrochemical, construction material, and aviation.

### Modern trade privilege for welfare card holders

Global markets are keeping an eye on the G-20 summit on November 30 – December 1 in Argentina, especially the informal US-China trade negotiation. The trade talk is expected to not reach an agreement and the US is anticipated to proceed with the fourth import hike (at the rate of 10-25%) against Chinese goods worth US\$267bn. The US also plans to impose additional import tariff hikes on goods imported from China; for example, import tariff on Chinese auto will be raised from 25% (effective in July) to 40%.

Consumption stimulus measures are making progresses. The government is proposing fourth year of Shop for Nation campaign: tax deduction for spending on domestically-produced tires, books (either hard copies or e-books), and OTOP goods of up to B15,000, effective on December 15, 2018 – January 15, 2019; this Shop for Nation would benefit medium-income people, but it is less enticing than the previous three rounds. Moreover, the government is proposing additional incentive for 11.4 million low-income welfare card holders (in addition to

SET Index	1,636.49
Change (pts)	-4.14
Market Cap (Million B)	36,622.06

### Net Buy and Sell by Investor Type (Million B)

Foreign	-579.66
Proprietary	-1,001.03
Institutional	1,872.29
Retail	-291.60

**Porrane Thongyen**

License No: 004146

**Therdsak Thaveeteeratham**

License No: 004132

**Pobchai Phatrawit**

License No: 052647

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Analyst Assistant

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Economist Assistant

monthly allowance of B500 for people with annual income below B30,000 or B300 for people with annual income of B30,000-100,000), allowing them to use welfare card privilege at modern trade stores (addition to only Blue Flag stores). According to newspaper this morning, at least two modern trade retails would accept payment through welfare card, Tesco Lotus (plus 5% vat refund) and BIGC, while 7-11 is proposing to provide this welfare card privilege. This would have positive sentiment on retail plays, especially BJC(FV@B61) and CPALL(FV@B80).

## Foreign net buy slows down, waiting for G-20 summit

Foreign funds possessed a net buying position in Asian stock markets at US\$258m yesterday (fifth day). South Korea was with net buying of US\$280m (fifth day), followed by Indonesia of US\$48m (after a day of net selling). In contrast, the other three markets faced net selling: Taiwan at US\$38m (after a day of net buying), the Philippines at US\$13m (after two days of net buying), and Thailand at US\$18m or B580m (eighth day, totaling B9.3bn). Local institutions were net buyers at B1.87bn though (sixth day, totaling B13.1bn).

Amid uncertainty about the G-20 meeting this weekend, foreign fund flow slowed down in stock markets and switched to bond markets for the short term. U.S. ten-year bond yield continuously declined and made a two-month low below 3% last night. Foreigners sold net in Thai stock market while bought net in Thai bond market for the third day at B7.61bn; thus, Thailand's ten-year bond yield dropped from the peak of 2.89% on October 9 to 2.71% at present.

**Monthly Foreign Fund Flow in Asia**

Date	Indonesia	Philippines	S. Korea	Taiwan	Thailand	Total
2017	-2,960	1,095	8,268	5,758	-796	11,343
2018 (YTD)	-3,204	-1,066	-5,856	-9,857	-8,923	-28,907
January 2018	132	45	1,963	2,856	-177	4,819
February 2018	-760	-296	-2,598	-3,480	-1,310	-8,444
March 2018	-1,085	-371	-449	-2,089	-352	-4,345
April 2018	-750	-171	-1,213	-2,873	-684	-5,691
May 2018	-460	-174	-262	-1,064	-1,620	-3,580
June 2018	-647	-253	-1,148	-2,638	-1,499	-6,184
July 2018	54	-49	113	-4	-321	-207
August 2018	-106	-89	1,652	1,108	-319	2,245
September 2018	-66	-213	-148	2,144	-236	1,483
October 2018	-224	-202	-4,059	-4,917	-1,963	-11,365
November 2018	706	706	291	731	-443	1,991

Unit: Million US\$

## SET Index sideways. U.S. import tariff hike against China likely at G-20 meeting

The world are waiting for the outcome of the US-China trade negotiation at the G-20 summit this weekend. The US is expected to proceed with import tariff rate hike against China; regardless of the conclusion, markets have substantially absorbed this issue already.

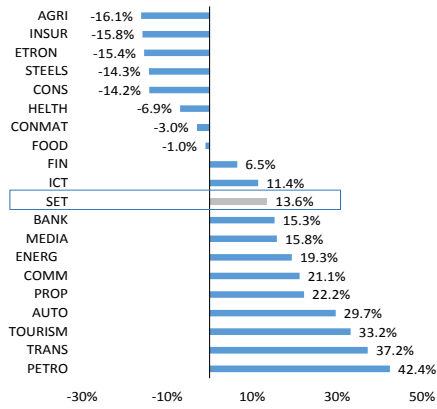
SET Index is enjoying more positive factors. Yesterday, the Election Commission's (EC) announcement of an electoral boundary redrawing of the 350 constituencies for the election of MPs was published in the Royal Gazette. It has become more certain that the general election will be held on February 24, 2019 as anticipated. This would revive investors' confidence and foreign fund flow. Foreigners have already possessed YTD net selling of B287bn, following Taiwan and South Korea.

Moreover, Fed signaled that the interest rate uptrend would be less hasty, making safe assets (especially U.S. bonds) less attractive and encouraging investors to switch to riskier assets with not too expensive valuation, e.g. emerging stock markets. Thailand's 2019 expected P/E ratio is 14.6x, close to neighbors; yet, owing to Thailand's stronger economic position (trade surplus, current account surplus, and massive international reserves), foreign fund inflow is likely for Thai stock market.

We recommend domestic plays that benefit from the government's stimulus measures and have high dividend yield and upside as well as stocks benefiting from falling oil price.

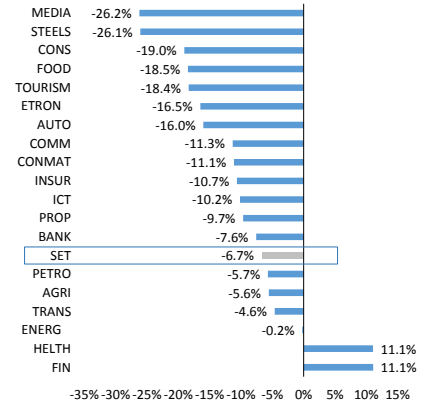
	Price 11/29/2018 (B)	FairValue (B)	Upside	PER(X)		Dividend Yield(%)		EPS Growth	
				2018F	2019F	2018F	2019F	2018F	2019F
<b>Stocks benefiting from falling oil price</b>									
TASCO	16.30	18.00	10.4%	26.6	11.8	2.8	6.1	-62.2%	125.6%
SCC	442.00	515.00	16.5%	11.1	11.1	3.8	3.8	-13.0%	0.1%
IRPC	6.00	7.50	25.0%	10.1	10.8	5.0	5.3	4.0%	-6.0%
DCC	2.16	2.90	34.5%	14.3	13.3	5.2	5.6	-11.7%	7.1%
<b>Domestic plays</b>									
BJC	52.00	61.00	17.3%	32.4	28.5	1.9	2.1	22.9%	13.7%
CPALL	68.50	80.00	16.8%	29.0	26.4	1.9	2.0	6.5%	9.9%
ROBINS	68.25	74.00	8.4%	23.4	21.5	2.2	2.4	18.4%	8.6%
DTAC	46.50	60.00	29.0%	54.0	17.4	2.8	4.0	-3.7%	210.5%
ADVANC	176.50	240.00	36.0%	16.2	14.9	4.3	4.7	7.5%	8.8%
<b>Utility stocks benefiting from EEC projects</b>									
EASTW	11.10	13.50	21.6%	16.5	15.9	4.1	4.2	-8.5%	4.2%
BGRIM	27.25	34.00	24.8%	31.3	23.4	1.5	1.8	6.9%	33.5%
WHA	4.12	4.89	18.8%	21.3	16.4	1.9	2.4	-15.1%	29.8%
AMATA	23.20	35.70	53.9%	17.3	15.5	4.9	5.5	1.6%	11.4%
<b>Stocks benefiting from election and government investment</b>									
SEAFCO	9.55	11.00	15.2%	19.2	19.1	2.4	2.6	44.1%	0.6%
CK	26.00	34.50	32.7%	18.3	22.7	1.9	1.9	32.6%	-19.3%
STEC	24.10	29.25	21.4%	27.9	21.0	1.7	1.7	-315.8%	33.0%
<b>Stocks benefiting from tourism stimulus measures</b>									
ERW	6.90	9.00	30.4%	31.4	27.3	1.4	1.6	8.6%	15.3%
CENTEL	42.00	52.00	23.8%	25.6	24.4	1.6	1.6	11.0%	5.2%
MINT	35.75	48.00	34.3%	27.8	24.3	1.1	1.3	9.8%	14.2%
<b>Dividend plays</b>									
LH	10.20	14.00	37.3%	11.0	11.6	7.8	7.8	5.5%	-4.5%
QH	2.98	4.48	50.3%	7.5	7.3	4.9	5.5	22.3%	3.2%
TTW	12.10	14.40	19.0%	17.2	16.4	5.6	5.9	5.5%	4.8%

### SET vs Sector Return 2017



Source: ASPS Research

### SET vs Sector Return 2018 YTD



Source: ASPS Research

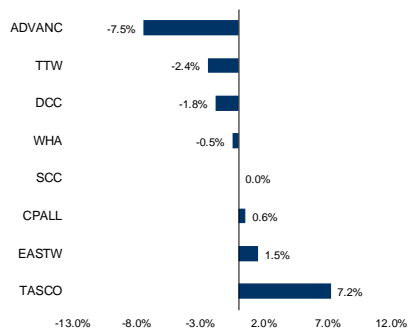
## Market Talk Top Picks

Stocks	SA3:M37art Date	Fair Value	Weight	Price Avg. Cost	Price Last	Accumulated Return	PER 2018F	PBV 2018F	Dividend Yield	Strategist Comment	-5 Day Chart
<b>WHA</b>	14-Nov-18	4.89	15%	4.14	4.12	-0.48%	21.27	2.21	1.88	WHA is very likely to be added to SET50 list. Profit to make a year's high in 4Q18, driven by transfer of rights of warehouses to WHART and HREIT and infrastructure projects in EEC.	
<b>ADVANC</b>	20-Aug-18	240.00	20%	190.75	176.50	-7.47%	16.23	8.61	4.31	ADVANC is ready for 5G development to seek new sources of income in a digital life era. Income in 2H18 depends on introduction of new network and the growing Internet business.	
<b>EASTW</b>	07-Aug-18	13.50	15%	10.93	11.10	1.52%	16.53	1.70	4.11	Strong profit growth in the long run. Although raw water sales dropped as rainfall was heavier than usual, Thailand's economic rebound and ECC development would boost profit.	
<b>DCC</b>	29-Nov-18	2.90	10%	2.20	2.16	-1.82%	14.29	3.84	5.25	Domestic demands for floor and wall ceramic tiles have grown continuously in July - September, reflecting good purchasing power. Moreover, a business model adjustment to a con-mat center will boost profit since 2019 onwards.	
<b>TTW</b>	16-Nov-18	14.40	10%	12.40	12.10	-2.42%	17.18	4.06	5.64	Domestic economy has improved, so tap water sales increased from both the household and industrial segments, good for TTW. It is also a low beta stock with over 5%p.a. dividend yield.	
<b>CPALL</b>	14-Sep-18	80.00	10%	68.13	68.50	0.55%	29.02	9.23	1.86	Share price already absorbed loss from overseas investment via MAKRO and will gradually pick up. Two-digit growth is expected since 2019.	
<b>TASCO</b>	26-Nov-18	18.00	10%	15.20	16.30	7.24%	26.56	2.14	2.76	Sell TASCO to take profit and switch to BJC instead.	
<b>SCC</b>	28-Nov-18	515.00	10%	442.00	442.00	0.00%	11.08	1.84	3.85	Product spread has increased on decreasing raw material cost, good for SCC. Petrochemical business to strengthen profit in 4Q18-2019.	

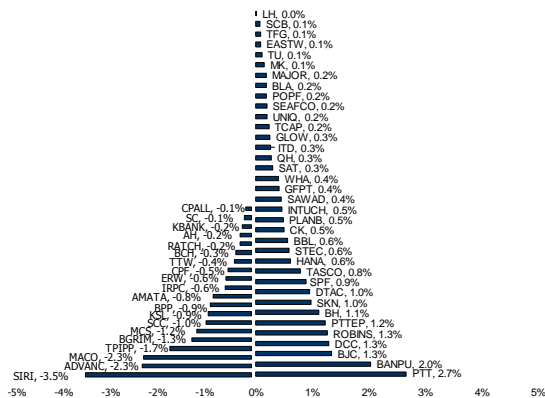
Yesterday we sold CPF to take profit and switched to DCC instead.

Today we sell TASCO to take profit and switch to BJC instead.

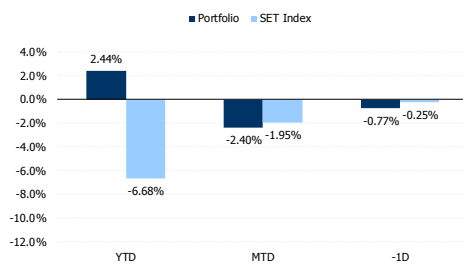
Accumulated returns since our recommendation



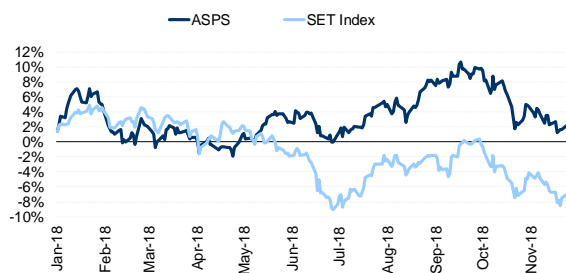
Accumulated contribution returns since beginning of the year



Accumulated returns



Accumulated returns since beginning of the year



Source: ASPS Research

November 2018

Monday	Tuesday	Wednesday	Thursday	Friday
<p><b>26</b></p> <p>New listing - Derivatives Warrant</p> <p>EPG07C1906A 50m units @B1.00</p> <p>IVL07C1906A 50m units @B1.00</p> <p>MINT07C1906A 50m units @B1.00</p> <p>PTT07C1906A 50m units @B1.00</p> <p>WHA07C1906A 50m units @B1.00</p> <p>BANP11C1909A 90m units @B1.00</p> <p>BGP11C1909A 68.4m units @B1.00</p> <p>BGR11C1909A 86.6m units @B1.00</p> <p>BLA11C1909A 22.5m units @B1.00</p> <p>CENT11C1909A 46.3m units @B1.00</p> <p>COM711C1909A 30.4m units @B1.00</p> <p>CPAL11C1909A 90m units @B1.00</p> <p>GPSC11C1909A 37.3m units @B1.00</p> <p>KTBI11C1909A 90m units @B1.00</p> <p>ORI11C1909A 25.4m units @B1.00</p> <p>PTT11C1909A 90m units @B1.00</p> <p>PTTG11C1909A 90m units @B1.00</p> <p>SPRC11C1909A 65.1m units @B1.00</p> <p>STA11C1909A 24.7m units @B1.00</p> <p>TCAP11C1909A 43.7m units @B1.00</p> <p>TPIP11C1909A 21.1m units @B1.00</p> <p>AOT13C1904A 120m units @B1.00</p> <p>AP13C1904A 120m units @B1.00</p> <p>LPN13C1904A 120m units @B1.00</p> <p>SPAL13C1904A 120m units @B1.00</p> <p>CHG24C1911A 50m units @B1.00</p> <p>MTC24C1912A 50m units @B1.00</p> <p>SAWA24C1910A 50m units @B1.00</p> <p>AOT41P1905A 50m units @B1.00</p> <p>XD</p> <p>AMATAR @B0.19</p> <p>BTSQIF @B0.209</p> <p>FUTUREPF @B0.351</p> <p>HPF @B0.0899</p> <p>LPH @B0.10</p> <p>M-II @B0.10</p> <p>M-PAT @B0.181</p> <p>M-STOR @B0.11</p> <p>MNIT @B0.02</p> <p>MNIT2 @B0.06</p> <p>MNRF @B0.04</p> <p>SPF @B0.31</p> <p>TFG @B0.07</p> <p>URBNPF @B0.13</p> <p>Conversion</p> <p>WORK-W1 1:1w @B38.10</p>	<p><b>27</b></p> <p>New listing - Derivatives Warrant</p> <p>BEAU13C1904B 120m units @B1.00</p> <p>COM713C1904A 120m units @B1.00</p> <p>DTAC13C1904A 120m units @B1.00</p> <p>INTU13C1904A 120m units @B1.00</p> <p>ORI13C1904B 120m units @B1.00</p> <p>TKN13C1904B 120m units @B1.00</p> <p>TMB13C1904A 120m units @B1.00</p> <p>BBL19P1904A 120m units @B1.00</p> <p>IRPC19C1905A 120m units @B1.00</p> <p>KBAN19P1904A 120m units @B1.00</p> <p>ORI19C1905A 120m units @B1.00</p> <p>PTG19C1905A 120m units @B1.00</p> <p>SGP19C1905A 120m units @B1.00</p> <p>SPRC19C1905A 120m units @B1.00</p> <p>THAI19C1905A 120m units @B1.00</p> <p>TKN19C1905A 120m units @B1.00</p> <p>XD</p> <p>DCC @B0.027</p> <p>EPG @B0.08</p> <p>PTL @B0.31</p> <p>SEAFCO @B0.05</p> <p>SONIC @B0.045</p> <p>SPC @B0.50</p> <p>SPI @B0.20</p> <p>TVD @B0.05</p> <p>XE</p> <p>TSR-W1 1.10:1w @B1.818 (final, "SP")</p>	<p><b>28</b></p> <p>XD</p> <p>ASIA @B0.10</p> <p>BGC @B0.06</p> <p>CPTGF @B0.1975</p> <p>EGATIF @B0.213</p> <p>KAMART @B0.07</p> <p>SUTHA @B0.07</p> <p>TTLPF @B0.30</p> <p>XE</p> <p>CEN-W4 1:1w @B2.00 (final, "SP")</p> <p>NDR-W1 1.03:1w @B2.93 (final, "SP")</p> <p>XR</p> <p>NEWS 1:1n @B0.01</p> <p>XW</p> <p>NFC 10 existing : 1NFC-W1 @free</p>	<p><b>29</b></p> <p>New listing - MAI &gt; Services</p> <p>SISB Pcl (SISB) 940m shrs, B0.50 par (IPO 260m shrs @B5.20)</p> <p>Par decrease</p> <p>WHART B9.1676 par (from B9.1846)</p> <p>XD</p> <p>CMC @B0.07</p> <p>Conversion</p> <p>META-W3 1:1w @B2.00</p> <p>New shares trading</p> <p>BCPG 0.782m shrs (w)</p>	<p><b>30</b></p> <p>XD</p> <p>CTARAF @B0.10</p> <p>KPNPF @B0.09</p> <p>MJLF @B0.215</p> <p>WHART @B0.092</p> <p>Conversion</p> <p>B-W3 0.09188:1w @B6.53</p> <p>BKD-W2 1:1w @B4.00</p> <p>CGH-W3 1:1w @B2.00</p> <p>CI-W3 1.0172:1w @B2.1628</p> <p>CSC-P 1:1</p> <p>DIMET-W2 1:1w @B1.15</p> <p>NUSA-W3 1:1w @B1.00</p> <p>SAWAD-W1 1.125:1w @B53.324</p> <p>SUPER-W4 1:1w @B2.50</p> <p>TNPC-W1 1.02:1w @B2.21</p> <p>TSF-W5 1:0 @B0.05</p> <p>UKEM-W2 1:1w @B0.50</p> <p>New shares trading</p> <p>CHO 12m shrs (pp)</p> <p>ECF 5.625m shrs (w)</p> <p>BOT : Oct-18 Trade</p>

December 2018

Monday	Tuesday	Wednesday	Thursday	Friday
<p><b>3</b></p> <p>XD</p> <p>IVL @B0.35</p> <p>TREIT @B0.16</p> <p>MOC : Nov-18 CPI</p>	<p><b>4</b></p> <p>XE</p> <p>BSM-W2 1.021:1w @B0.489 (final, "SP")</p>	<p><b>5</b></p> <p><b>PUBLIC HOLIDAY</b> (H.M. the Late King Bhumibol Adulyadej's Birthday National Day and National Father's Day)</p>	<p><b>6</b></p> <p>XD</p> <p>TPIPP @B0.10</p>	<p><b>7</b></p> <p>XD</p> <p>BCPG @B0.16</p> <p>BRRGIF @B0.1556</p> <p>QHPP @B0.165</p> <p>SFP @B8.00</p> <p>Conversion</p> <p>PPS-W1 1.20:1w @B0.333 (final)</p>
<p><b>10</b></p> <p><b>PUBLIC HOLIDAY</b> (Constitution Day)</p>	<p><b>11</b></p> <p>XB</p> <p>TAKUNI 50:1CAZ</p> <p>XD</p> <p>GVREIT @B0.2064</p> <p>LHSC @B0.185</p> <p>XW</p> <p>OCEAN 2 existing :1OCEAN-W3 @free</p>	<p><b>12</b></p> <p>XD</p> <p>CITY @B0.04</p>	<p><b>13</b></p> <p>XD</p> <p>GOLD @B0.46</p> <p>OISHI @B1.90</p> <p>UV @B0.26</p>	<p><b>14</b></p> <p>Conversion</p> <p>BWG-W4 1:1w @B3.00</p> <p>JKN-W1 1:1w @B15.00</p> <p>NEP-W3 1:1w @B0.55</p> <p>PIMO-W1 1:1w @B1.20</p> <p>PLE-W3 1:1w @B2.20 (final)</p>
<p><b>17</b></p> <p>XD</p> <p>SHREIT @B0.2212</p> <p>XN</p> <p>SHREIT @B0.0349</p> <p>Conversion</p> <p>ACAP-W2 1:1w @B6.00</p> <p>AYUD-W1 1:1w @B39.00</p>	<p><b>18</b></p>	<p><b>19</b></p> <p>XW</p> <p>WIJK 3 existing : 1WIJK-W2 @free</p> <p>Conversion</p> <p>TSR-W1 1.10:1w @B1.818 (final)</p>	<p><b>20</b></p> <p>Conversion</p> <p>CEN-W4 1:1w @B2.00 (final)</p> <p>NDR-W1 1.03:1w @B2.93 (final)</p>	<p><b>21</b></p>
<p><b>24</b></p> <p>XD</p> <p>TICON 0.27</p>	<p><b>25</b></p> <p>Conversion</p> <p>WHA-W1 10.2396:1w @B3.4181</p>	<p><b>26</b></p>	<p><b>27</b></p>	<p><b>28</b></p> <p>XE</p> <p>CWT-W4 1:1w @B3.00 (final, "SP")</p> <p>Conversion</p> <p>ATP30-W1 1:1w @B0.85</p> <p>BSM-W2 1.021:1w @B0.489 (final)</p> <p>SCB-P 1:1</p> <p>TAKUNI-W 1.04:1w @B1.93</p> <p>MPR Press Conference</p> <p>BOT : Nov-18 Trade</p>
		<p>MPC meeting</p>		

January 2019

Monday	Tuesday	Wednesday	Thursday	Friday
	<p><b>1</b></p> <p><b>PUBLIC HOLIDAY</b> (New Year's)</p>	<p><b>2</b></p> <p>XW</p> <p>NPPG 2.5 existing : 1w @free</p> <p>MOC : Dec-18 CPI</p>	<p><b>3</b></p> <p>XE</p> <p>PSTC-W1 1:1w @B0.50 (final, "SP")</p>	<p><b>4</b></p>
<p><b>7</b></p>	<p><b>8</b></p>	<p><b>9</b></p>	<p><b>10</b></p>	<p><b>11</b></p>
<p><b>14</b></p>	<p><b>15</b></p> <p>XW</p> <p>ECL 2 existing : 1ECL-W3 @free</p>	<p><b>16</b></p>	<p><b>17</b></p>	<p><b>18</b></p>