



SET Index today is expected to swing sideways up to a resistance range of 1,333 pts as there are no new fundamental driving force. We favor stocks with strong 2Q20 earnings and interim dividend. Today we switch from DIF to TKN and RJH. Top picks are INTUCH, RJH, and TKN.

### Favor stocks with strong 2Q20 profit, interim dividend

2Q20 earnings of listed companies decreased but still dropped less than expected yoy (from 2Q19), especially property plays, while earnings of energy plays were mostly as expected. Investors still have to watch earnings results for the remaining companies this week. There is no new fundamental factors today. SET Index is expected to swing sideways up near a resistance range of 1,333 pts.

Medium- and small-cap stocks are now favorable and probably outperform the SET, especially those that showed strong earnings in 2Q20 and pay interim dividend; we already have these stocks in our portfolio. Today we switch from DIF (10% of portfolio) to RJH (5%) and TKN (5%), which have robust earnings in 2Q20 and still pay interim dividend. Top picks are INTUCH, RJH, and TKN.

#### Small-Cap, High Earnings, Interim Dividend & Low Foreign Shareholding

Company	Sector	Mkt. cap.	Last Price (10/08/2020)	FairValue	Upside	PER 20F	Div Yield 20F (%)	Foreign Holding
MCS	STEEL	6.80	13.60	17.70	30.1%	7.7	6.34	9.04%
STA	AGRI	43.78	28.50	37.00	29.8%	12.2	3.51	18.45%
RJH	HEALTH	6.66	22.20	26.90	21.2%	21.7	3.23	4.12%
INSET	TECH (MAI)	1.94	3.46	4.18	20.7%	13.2	3.03	0.02%
TKN	FOOD	12.56	9.10	11.00	20.9%	29.5	3.00	2.9%

Source: ASPS Research

SET Index **1,322.01**  
Change (pts) **-2.39**  
Market Cap (Million B) **37,418**

#### Net Trading Value by Investor Type (Million B)

Foreign **262.05**  
Proprietary **-237.88**  
Institutional **-1,197.42**  
Retail **1,173.25**

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## Watch US-China trade deal review

Worldwide markets now wait and see the outcome of the review of US-China trade deal phase 1 on August 15 (this Friday) as well as increasingly intensifying US-China conflicts. Yesterday, China stated it will impose sanction on 11 American individuals (no detail yet), after the US banned Chinese applications TikTok and WeChat and imposed sanctions on Chinese officials.

### US-China Conflicts

FY 2020		Important Events
15 Jan		• Both countries reached trade deal phase 1
15 Feb		• Trade deal phase 1 took effect
30 Jun		• China imposed National Security Law against Hong Kong
1 Jul		• The US prohibited government organizations from buying Huawei and ZTE products.
15 Jul		• The US revoked Hong Kong's special trading status
22 Jul		• The US closed the Chinese consulate in Houston
27 Jul		• China closed the US consulate in Chengdu
7 Aug		• The US prohibited U.S. firms from doing business with TikTok and WeChat, accusing them of personal data issues.
8 Aug		• The US imposed sanctions on Hong Kong Chief Executive Carrie Lam and the city's current and former police chiefs
9 Aug		• TikTok threatened legal action against the US after the US gave TikTok no chance to clarify the allegation.
10 Aug		• China imposed sanctions on 11 U.S. citizens
15 Aug		• Both countries meet to review the trade deal phase 1

Source: ASPS Research

US-China tension is escalating, having negative sentiment on global stock markets and probably affecting the US-China trade deal review on August 15. China had promised to increase import of U.S. goods by US\$77bn, but it failed to reach the import goal because of the COVID-19 pandemic. As a result, the US may impose additional sanctions on China or, in the worst-case scenario, proceed with import tariff hike round 4 on Chinese goods worth US\$160bn (the US promised to not impose import hike during the trade deal phase 1). This would have negative sentiment on the economy and stock markets worldwide again.

Dubai crude oil price stood above US\$44 at present and marked the YTD average of US\$42.8, higher than our 2020 assumption of US\$40, thanks to rising demand after business reopening and a rebound in leading economic indicators of major oil consumers (US and China). U.S. retail sales (reported on August 14) is expected to grow 1.5% mom. Meanwhile, OPEC+ oil producers agreed to cut oil production by 7.7 million bpd in August-December 2020. Investors have to watch OPEC Monthly Report on August 12, whether OPEC+ oil producers have cut oil output as targeted, and then watch IEA Monthly Report on global oil demand and supply on August 13. If oil demand shows a rebound, this would boost crude oil prices and benefit PTT(BUY:FV@B42) and PTTEP(Switch:FV@B100).

## Foreigners not interested in Thai stocks. Favor small-cap STA, RJH, MCS, TKN, INSET

In 2020, foreigners were net sellers in Thai markets in all months with YTD cumulative net selling of B231bn and thus pressured SET Index by 16.3%ytd, the 30th lowest YTD return among 93 stock markets worldwide (Bloomberg).

Spotlight has not shined on Thai stocks because market earnings have continuously plummeted far below projection. Bloomberg slashed Thailand's 2020F EPS consensus forecast by 40%, from B102 in the beginning of 2020 to the current consensus of B60.3, now estimating 2020F EPS to plunge 35%yoy.

Bloomberg also slashed U.S. 2020F EPS forecast by 26%, from US\$174.48 to US\$129.18, now estimating 2020F EPS to decrease 21%yoy.

2020F EPS Forecast and YTD Returns by Country

Countries	EPS 20F				Index
	Early-2020	Present	%Chg	%YoY	%Chg YTD
Taiwan	737.86	651.89	-11.7%	0.05%	7.48%
USA (S&P)	174.48	129.18	-26.0%	-21.14%	4.01%
S. Korea	186.36	137.75	-26.1%	-1.00%	9.54%
<b>Thailand</b>	<b>101.96</b>	<b>60.32</b>	<b>-40.8%</b>	<b>-35.30%</b>	<b>-16.32%</b>

Source: ASPS Research

2020 earnings are projected to plunge severely from 2019, while profit would be much lower than expected, having more downside on Thai stock market compared with other markets.

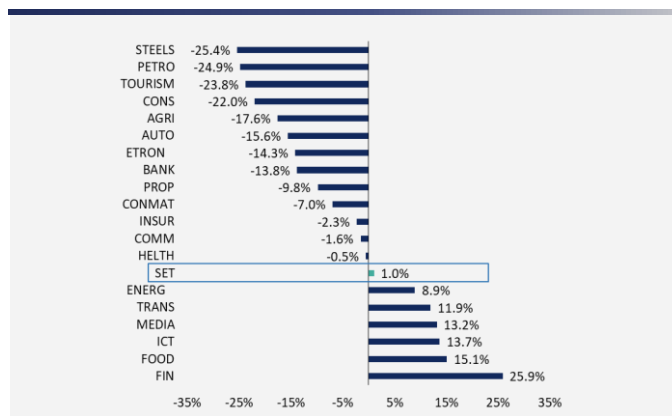
We favor small-cap stocks that have good profit potential, probably interim dividend, and have low foreign shareholding (which means larger room for local shareholding) as follows:

### Small-Cap, High Earnings, Interim Dividend & Low Foreign Shareholding

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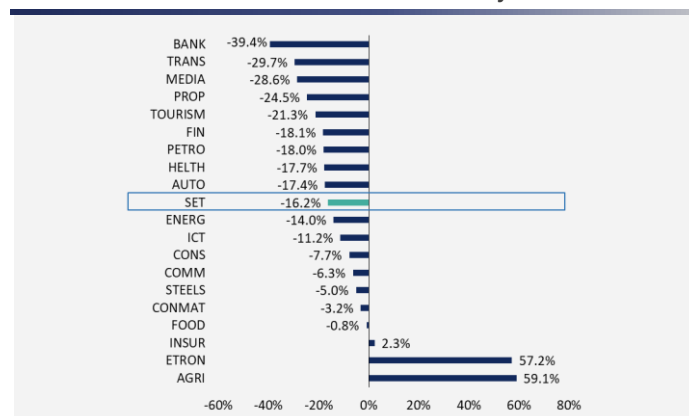
Source: ASPS Research

SET vs Sector Return 2019



Source: ASPS Research

SET vs Sector Return 2020ytd



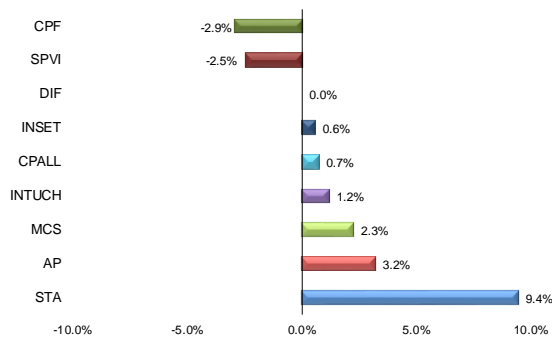
Source: ASPS Research

### Market Talk Top Picks

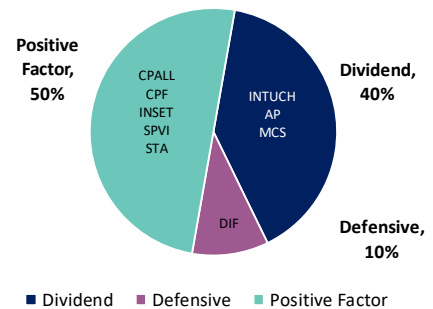
Stocks	Start Date	Weight	Accumulated Return	Avg. Cost	Price Last	Fair Value	PER 2020F	Dividend Yield	Cut Loss/ Stop Profit	Strategist Comment
CPALL	30 Jul 20	10%	0.74%	68.00	68.50	78.00	27.05	1.86	65.00	CPALL is still greatly underperforming the SET, even though its businesses already rebounds back to normal (driven by necessity goods sales) while stores are reopened after lockdown.
INTUCH	9 Jun 20	15%	1.18%	56.33	57.00	70.20	17.08	4.04	51.50	INTUCH enjoys positive sentiment from THCOM (holding over 40% stake in THCOM).
<b>DIF</b>	<b>3 Aug 20</b>	<b>10%</b>	<b>0.00%</b>	<b>15.20</b>	<b>15.20</b>	<b>N.A.</b>	<b>N.A.</b>	<b>6.87</b>	<b>14.80</b>	<b>DIF is a good safe haven amid SET fluctuation. Dividend yield expected over 6%p.a.</b>
AP	22 Jul 20	15%	3.20%	6.25	6.45	7.70	5.86	6.48	6.00	AP's 2Q20 profit is estimated at B1.17bn, jumping 153%yoy and 90%qoq, driven by shared profit from JV and transfer revenue.
STA	4 Aug 20	10%	9.43%	26.50	29.00	37.00	12.42	3.45	<b>27.00</b>	STA's 2Q20 net profit is expected to grow qoq and yoy thanks to rising rubber glove demand. Prolonged COVID-19 would keep STA's profit growing from 3Q20 on.
INSET	3 Aug 20	10%	0.57%	3.50	3.52	4.18	13.45	2.97	3.26	INSET's 2Q20 profit is estimated at B26.8m, down only 2%yoy. More projects will be delivered as COVID-19 subsides. Revenue from maintenance works (higher margin) will increase.
SPVI	3 Aug 20	10%	-2.47%	2.83	2.76	3.40	14.51	3.71	2.62	SPVI's 2H20 profit is expected to grow strongly yoy. SPVI focuses on educational market, having 25% of total outlets in universities. It benefits from learn from home (LFH) policy.
MCS	16 Jul 20	10%	2.26%	13.30	13.60	17.70	7.66	6.34	12.60	MCS's 2Q20 profit is estimated to grow 71%yoy to B202m, mainly from delivery volume of 13,500 tons to Japan.
CPF	15 Jul 20	10%	-2.94%	34.00	33.00	40.00	12.64	2.42	32.00	CPF's net profit is estimated to grow 16.8%yoy in 2020 and 4.7%yoy in 2021, driven by a strong growth in the pork business in Thailand and Vietnam.

Today we exclude DIF from our portfolio and switch to RJH and TKN by 5% each

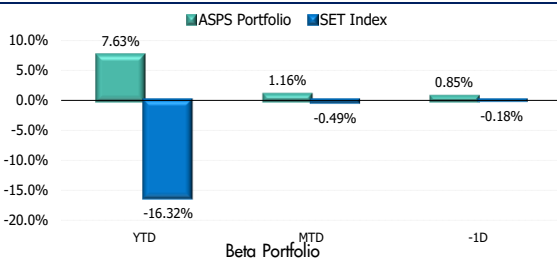
Accumulated returns since our recommendation



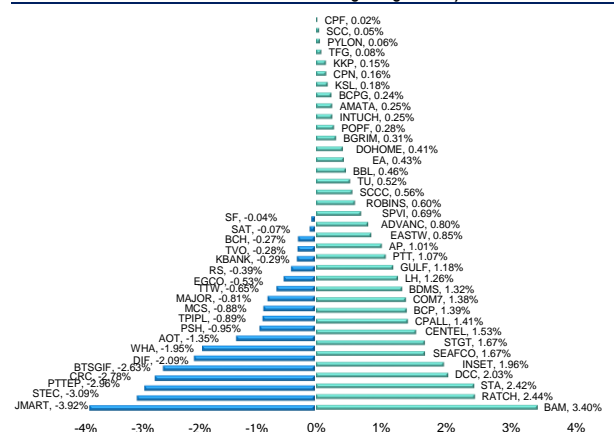
Stock Classification



Accumulated returns



Accumulated returns since beginning of the year



Source: ASPS Research

# Equity Calendar

Research Division

August 11, 2020

August 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
<b>10</b> XD RP @B0.0056 RP 20 existing: 1STD @free WHABT @B0.1365 WHART @B0.1780  XN WHABT @B0.02 WHART @B0.0135  New shares trading MILL 1,148 shrs (w)	<b>11</b> Share delist <b>GOLD</b>  Par decrease THL B0.92 par (from B13)  XD DREIT @B0.175 TCAP @B1.20 TCAP-P @B1.20  New shares trading NEX 1,070m shrs (pp)	<b>12</b> <div> <div>PUBLIC HOLIDAY</div> <div>(H.M. Queen Sirikit The Queen Mother's Birthday)</div> </div>	<b>13</b> Par decrease <b>ERWPF</b> B8.882 par (from B9.0401)  XD CPNCG @B0.2515 DIF @B0.2610 GC @B0.18 NC @B0.10 POPF @B0.2470 PPF @B0.175 PTTEP @B1.50 RAM @B0.90 SCC @B5.50  XW ALL 4 existing: 1ALL-W1 @free	<b>14</b> Conversion BM-W1 1:1w @B4.00 (final) TCAP-P 1:1
<b>17</b> XD BOFFICE @B0.2497 LHPF @B0.0500 SNC @B0.35  XW SAWAD 25 existing: 1SAWAD-W2 @free  Conversion MINT-W6 1.027:1w @B41.878	<b>18</b> XD HREIT @B0.1715 SKY @B0.001851851932 SKY 30 existing: 1STD @free	<b>19</b> XD ADVANC @B3.24 BH @B1.15 BH-P @B1.15 FTREIT @B0.1670 PLE @B0.07 SAT @B0.12 TACC @B0.13 TPRIME @B0.1283  XN TPRIME @B0.0617	<b>20</b> XD AUCT @B0.18 INSET @B0.038 INTUCH @B1.15 PM @B0.10 PT @B0.10 SAAM @B0.037 TNP @B0.03 TPCH @B0.088  Conversion DIMET-W3 1:1w @B0.65	<b>21</b> XD BSBM @B0.04 CBG @B0.90 SFLEX @B0.08 SMPC @B0.37 SUN @B0.05 THIP @B0.50
<b>24</b> XD AIT @B0.25 DCC @B0.045 GVRIET @B0.1765 KAMART @B0.03 MAKRO @B0.40 OTO @B0.02 QH @B0.04 RJH @B0.40 RPH @B0.03 SINGER @B0.10 SPCG @B0.55  Conversion LIT-W1 1:2w @B4.00 <b>NESDB - GDP 2Q18</b>	<b>25</b> XD <b>KCAR @B0.22</b>  Conversion ECF-W3 1.0008:1w @B4.9958	<b>26</b> XW CWT 10 existing: 1w @free  Conversion META-W4 1:1w @B3.50	<b>27</b>	<b>28</b>
<b>31</b> Conversion CSC-P 1:1 SUPER-W4 1:1w @B2.49 (final) <b>BOT : Jul-20 Trade</b>				

September 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
	<b>1</b> Delisting SUPER-W4  XD ORI @B0.29 <b>MOC : Aug-20 CPI</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
<b>14</b>	<b>15</b>	<b>16</b> XR TSF 1:2n @B0.02	<b>17</b> XR AMATA 12.8554217:1n @iba	<b>18</b>
<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>
<b>28</b>	<b>29</b>	<b>30</b>	<b>MPC meeting</b>	
	<b>BOT : Aug-20 Trade</b>			

October 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
			<b>1</b>	<b>2</b>
<b>5</b>	<b>6</b>	<b>7</b> <b>MOC : Sep-20 CPI</b>	<b>8</b>	<b>9</b>
	<b>MPR Press Conference</b>			