

EU SUMMIT GIVES SURPRISE BOOST TO MARKET SENTIMENT

Recap: Global capital markets speculated on the EU summit for almost a whole week. It closed on Friday with positive news after it approved €120 billion (4.79 trillion baht) in economic stimulus measures. Equities, commodities and the euro currency responded to good news, while the Stock Exchange of Thailand (SET) index rose in line with the region.

However, global markets and the SET dropped at the end of the day with speculative selling to close its position, as investors remained cautious.

The SET index last week traded within a range of 1,145.79 to 1,185.63 points and closed the week at 1,172.11, up by 1.67% from 1,152.91 points the week before. Daily average trading last week was moderate at 26 billion baht.

Foreign investors were the largest net buyers at 5.7 billion baht. Brokers had a net buy of 764 million baht. Institutional investors and domestic retailers were net sellers at 3.88 billion and 3.38 billion baht, respectively.

Big movers: Large-cap stocks such as banks, retail and telecoms remained top picks. KBANK closed last week at 162 baht, up by 1.89% from 159 baht the previous week; SCB at 147 baht, up by 3.52% from 142 baht; PTT at 323 baht, up by 2.87% from 314; INTUCH at 60.75 baht, up by 3.85% from 58.50 baht; and ADVANC at 184 baht, up by 4.24% from 176.50 baht.

Newsmaker: The European Council meeting was held in Brussels last Thursday. Leaders from 17 countries agreed to allow emergency measures to aid crisis-hit Italy and Spain and provided billions of euros to boost the economy. The accord paves the way for the euro zone's €500-billion bailout fund to recapitalize ailing banks directly, without passing through national budgets and adding to struggling countries' debt mountains. This, however, would occur only after a Europe-wide banking supervisory body is set up, with leaders targeting this to happen at the end of the year.

◆ Cyprus will participate in the aid package of the International Monetary Fund.

◆ The Fiscal Policy Office has raised this year's gross domestic product (GDP) growth forecast to between 5.2% and 6.2% or an average of 5.7%

MARKET MONITOR

NUNTAWUN POLKUAMDEE
DARANA CHUDASRI

from a previous estimate of 5-6% or 5.5% on average.

◆ The Finance Ministry plans to propose a bill authorising 1.6 trillion baht but not exceeding 2 trillion for infrastructure investment over seven years.

◆ May exports expanded by 7.68% year-on-year to US\$20.9 billion compared with a 3.67% decline in April. Imports in May rose by 18.2% year-on-year to \$22.7 billion, resulting in a trade deficit of \$1.8 billion. Exports over the first four months of this year were down by 1.47% year-on-year, while imports increased by 11.6%. The trade deficit stood at \$9.79 billion.

◆ Deputy Prime Minister Kittiratt Na-Ranong is confident exports will grow by 15% this year. He expected GDP growth of 7% this year.

◆ Unemployment rose by 76% year-on-year to 359,000 in May 2012. The jobless rate in May was 0.9% of total population, compared with 1% in April. Most of the unemployed were new university graduates.

Coming up this week: Apart from developments in the euro zone, investors should look out for Thailand's consumer price index to be announced today, followed by the consumer confidence index tomorrow. As well, the result of Spanish bond sales on Thursday could be a market indicator.

Stocks to watch: KGI Securities recommends SRI, as it has sufficient demand to boost presales to 18 billion baht in its fiscal 2012's first half. It expects the company to earn 350 million baht in Q2, up by 2% year-on-year. Three technical stocks it likes are SCB, TRUE and CPF.

◆ Maybank Kim Eng recommends accumulated buying on BBL, speculative buying on PTTGC and hold on VNT, TTCL, CPF, AP, PS, SAT, AMATA, TUF and TVO.

Technical View: Asia Plus Securities sees support at 1,143 points and resistance at 1,182. Finansia Syrus Securities sees support at 1,160 points and resistance at 1,185.