

INVESTORS HOLDING THEIR BREATH FOR OUTCOME OF GREECE ELECTIONS

Recap: External factors remained a major driver of Asean and emerging stock markets, including Thailand, as global investors hedged their bets ahead of yesterday's elections in Greece.

The SET Index traded in a range of 1,143.17 and 1,166.96 points and closed on Friday at 1,165.73, an increase of 3.43% from the previous Friday and the best one-week gain in six months. Average daily trading turnover returned to normal levels of around 31 billion baht and surged to 41 billion on Friday.

Foreign investors were net sellers of 4.61 billion baht worth of Thai stocks for the week while local retail investors sold 8.41 billion. Local institutions and brokers were net buyers of 7.31 billion and 5.71 billion baht, respectively.

Big movers: The SET announced the two newcomers, INTUCH and HEMRAJ, for the SET50 and six new stocks on the SET100 — INTUCH, KGI, KTC, MALEE, PF and RML — effective from July 1. MALEE and KTC were among the top 25 in price percentage change. MALEE gained

13.2% over the week to 77.25 baht, and KTC climbed 8.8% to 17.30 baht.

◆ Banking was the top sector by volume. SCB closed up 2.9% at 143.50 baht and KBANK rose 1.6% to 159 baht.

News-makers: Spanish 10-year yields hit a record high of 6.75%, as Moody's cut the country's credit rating by three notches to Baa3 from A3.

◆ US retail sales for May were below expectations, raising further concerns about the fragile economic recovery.

◆ Italy successfully sold €4.5-billion bonds, including a three-year issue at a high yield of 5.3%, up 189 basis points from the previous auction.

◆ The Bank of Thailand maintained its interest rate at 3% as expected, while issuing its usual caution about inflation. The central bank also upgraded its forecast for 2012 GDP growth to 6% from 5.7%, noting resilient domestic demand since the first quarter and the smooth resumption of most flood-affected industries.

◆ Energy policymakers announced plans to call new independent power producer (IPP) licence bids for a

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combined capacity of 5,400 megawatts next year.

◆ True Corporation's internet unit will invest 8 billion baht in network infrastructure next year and expects internet business revenue this year to rise 33% to about 8.5 billion baht.

◆ It's another sign of recovery, advertising expenditures in May jumped 10% year-on-year to 10.3 billion baht. Top spenders included Coca-Cola, Toyota, DTAC, Tesco Lotus, PTT Group, Siam Commercial Bank, TMB Bank, and True Move, according to a Nielsen survey.

◆ Thai Oil, the country's largest refiner, is proceeding with a US\$1.8-billion investment programme, upgrading refineries, increasing efficiency, improving infrastructure, and building capacity in high value-added

petrochemical products.

Coming up this week: India's central bank will meet today, with many expecting an interest rate cut of 25 or even 50 basis points from 7% to spur a rapidly slowing economy.

◆ The US Federal Reserve will meet tomorrow and Wednesday, and despite all the chatter about a third round of quantitative easing, cooler heads say the chances are 50% or less.

◆ Leaders of the G20 countries will meet today and tomorrow in Mexico, where they will talk a lot about the euro zone and issue a statement expressing their concern.

◆ The European Central Bank will meet on Thursday, with most observers expecting an interest-rate reduction of 25 basis points after keeping the benchmark at 1% for almost a year.

◆ The result of the Greek elections will likely set the tone for investors' and policymakers' decisions in the days ahead. KGI Securities says it believes Greece will stay in the euro zone with further compromises between the new government, regardless of who is elected, and international lenders.

◆ Krung Thai Asset Management's Hong Kong ETF, the first exchange-traded fund in Thailand that tracks Hang Seng Index, will begin trade on the SET tomorrow with the HK ticker

Stocks to watch: Asia Plus Securities (ASP) foresees selective window-dressing as big investors prepare to close the books on the first half. In play will be big-caps such as BBL, SCC, CPF and RATCH; and mid- and small-caps including MCS, TMT, PS, RML and SC. Technical plays are JMART, EGCO and SINGER.

◆ KGI Securities has a positive outlook this week, expecting New Democracy to win the Greek election, reducing the threat of a euro exit, along with measures from the G20 to help ease the crisis. Its investment strategy is to increase high-risk stocks BBL and SCB (price discount on SSI's doubtful debt) and AMATA. For property, it likes AP, SIRI and HEMRAJ, plus INTUCH for telecoms, while avoiding energy due to inventory loss potential.

Technical view: ASP sees support at 1,135 points and resistance at 1,184, while Capital Nomura Securities' range is 1,152 and 1,180 points.