

INVESTORS PAUSE BEFORE FED DECISION; OIL WOES PERSIST

MARKET MONITOR

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Recap: Global stock markets moved cautiously last week as investors awaited the US Federal Reserve's policy rate decision this week. Falling oil prices amid concern over rising supply from the US and Nigeria also exacerbated market sentiment. The Thai stock market moved in a very tight range on a dearth of positive factors.

The SET index moved in a narrow range of 1,562.73 and 1,573.16 points before closing at 1,566.65, down 0.1% from the previous week, in turnover averaging 43.3 billion baht a day. Foreign investors were net sellers of 1.28 billion baht and institutional investors sold 1.32 billion. Brokers were net buyers of 2.33 billion baht and retail investors bought 269.4 million.

Big movers: PTT led in turnover, falling 2.1% to 383 baht, ADVANC was off 0.6% to 173.50 baht, and PTTEP lost 3.3% to 87 baht. EARTH led in volume and was the top loser, down 45.5% to 1.20 baht. Top gainer CSP surged 31.6% to 3.08 baht.

Newsmakers: China reported stronger-than-expected exports and imports for May despite falling commodity prices, suggesting the economy is holding up well despite rising lending rates and a cooling property market. May exports rose 8.7% from a year earlier, while imports expanded 14.8%, with a trade surplus of US\$40.81 billion.

■ China's foreign-exchange reserves rose in May for a fourth consecutive month as capital controls and a weakening dollar helped limit outflows. Reserves rose \$24 billion in May to a seven-month high of \$3.054 trillion.

■ Japan revised its first-quarter GDP growth figure sharply downward to 1%, from a preliminary estimate of 2.2%, reflecting a fall in crude oil

inventories.

■ The European Central Bank kept its money taps wide open but dropped a reference to possible interest rate cuts as euro zone growth accelerates. Growth in the euro zone accelerated in the first quarter despite the unknowns of Brexit and tension prior to elections in France. GDP expanded by 0.6%, from 0.5% in the previous quarter.

■ Prime Minister Theresa May's Conservatives lost their parliamentary majority in Britain's general election, fuelling uncertainty just days before the start of Brexit talks. The pound sank but the FTSE surged on Friday, led by export-oriented companies.

■ Australia's economy edged up 0.3% in the first quarter, down from 1.1% the quarter before, to match the Netherlands' record of 103 quarters without a recession, but the streak is in doubt as households struggle with paltry wage rises and punishing debt. The central bank held its interest rate at 1.5%, taking an optimistic view even while acknowledging that growth had slowed by more than it expected.

■ The Thai government is considering invoking Section 44 of the interim constitution to remove obstacles to the long-delayed Thai-Chinese high-speed railway linking Bangkok and Nakhon Ratchasima. Authorities hope to start construction this year.

■ The Bank of Thailand loosened some foreign exchange regulations, including allowing Thais to invest up to \$1 million a year directly in securities abroad, in a fresh bid to accommodate capital outflows, curb the appreciating baht and make doing business easier.

■ A new "aerotropolis" — a community where the layout, infrastructure and economy is centred on an airport, in this case U-tapao — is expected to help attract up to 200 billion baht in investment to the Eastern Economic Corridor (EEC), says the Industrial Estate Authority of Thailand.

■ Consumer confidence dropped for the first time in six months in May because of the bomb blast at Phra-

mongkutkiao Hospital and low crop prices that pinched provincial purchasing power. The consumer confidence index fell to 76 points from 77 in April.

■ PTTEP has suspended production in parts of its Sirikit 1 (S1) onshore petroleum block to comply with a court ruling on usage of agricultural reform land. The suspension has cut production by 55% of the block's total of 27,351 barrels per day.

■ B Grimm Power Plc plans to raise up to 10 billion baht from an initial public offering (IPO). It will allocate 716.9 million shares, or around 27.5%, of paid-up capital. Some 60% of the total would be set aside for foreign investors.

■ Group Lease Plc (GL) chairman and chief executive Mitsuji Konoshita says the Japanese Financial Services Agency (FSA) has ordered him to pay a fine over alleged share price manipulation in Wedge Holdings Co Ltd, but he is seeking a court ruling to overturn the order.

Coming up this week: The Fed meets tomorrow and Wednesday with the decision — almost certain to be a 25-basis-point rate increase — expected around 2am Thursday Thailand time.

■ China will release retail sales, fixed asset and industrial production data on Wednesday. Due the same day is US inflation for May.

■ Bank Indonesia will meet on Thursday. The Bank of Japan meets on Friday, and euro zone inflation data and US housing starts are due the same day.

Stocks to watch: Bualuang Securities notes that changes to the FTSE SET Index series will be announced on June 19. The FTSE SET Large Cap will remain unchanged while BPP, EA, KSL, TPIPP, VNT and WHAUP will be added to the FTSE SET Mid Cap. The FTSE SET Small Cap will include ORI, CMR, SQ, LANNA, TNR, FN, GLAND, UTP, MACO, CTW and TKS. It will drop VNT, CHUKAI, PRIN, ABC, SOLAR and MAX. Amata Summit Growth Freehold and Leasehold REIT, MCHAI, ASAP, MODERN, RPH, Chukai, PRIN, ABC, SOLAR, MAX and APX will be added to FTSE SET Fledgling Index.

Finasia Syrus Securities' portfolio for June includes FSMART, HANA, MGT, RS and TACC.

Technical view: DBS Vickers Securities tips support at 1,550 with resistance at 1,590 points. ASL Securities sees support at 1,555 and resistance at 1,582 points.