



**MARKET MONITOR**

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# SET RALLY EBBS AS NORTH KOREA WORRIES PERSIST

**RECAP:** Global stock markets continue to keep a close watch on rising tensions between North Korea and the US, which has announced fresh sanctions intended to prevent international banks, including Chinese ones, from doing business with nuclear-equipped Pyongyang. The US stock market declined this week while European counterparts rose after the US Federal Reserve signalled that it might raise interest rates at its December meeting.

The SET Index moved in a narrow range with no significant factors to affect market sentiment. The bourse hovered between 1,658.26 and 1,678.23 points before closing at 1,659.05 on Friday, down 0.1% from the previous week, in heavy turnover averaging 63.95 billion baht a day. Foreign investors were net sellers, after three consecutive weeks of net purchases, of 2.35 billion baht, while institutional investors sold 1.6 billion baht worth of shares. Brokers bought 3.2 billion baht and retail investors were net buyers, after five straight weeks of selling, at 747.23 million baht.

**NEWSMAKERS:** US President Donald Trump has ordered new sanctions on individuals, companies, and banks doing business with North Korea as he seeks to further isolate the regime



BANGKOK POST GRAPHICS

and increase economic pressure for it to curb its weapons programme. The yen edged up 0.3% against the US dollar on Friday after Pyongyang suggested it might test a hydrogen bomb over the Pacific Ocean.

- The US Federal Reserve will start cutting its US\$4.5-trillion balance sheet in October, initially by just \$10 billion per month. Fed chair Janet Yellen said the normalisation process would be gradual and predictable. Policymakers also left the benchmark interest rate unchanged at 1.25%.
- The flagship American division of Toys “R” Us Inc filed for bankruptcy as the retailer, loaded with debt in a buyout more than a decade ago,

has been hit hard by defections by consumers to online shopping. The filing will not affect operations in Asia, including in Thailand.

- China’s attempts to reduce risks from its rapid buildup in debt are not working as quickly as expected and credit growth is still too fast, S&P said on Friday, a day after it downgraded the country’s sovereign credit rating to A+ from AA-.
- The SET index on Monday reached its highest level in nearly 24 years at 1,678.23 points, but analysts do not see an equity bubble forming as the index’s price-to-earnings ratio remains low.
- Foreign investors have been stampeding into the Thai bond market this month in search of combined currency and yield gains, says the Thai Bond Market Association. Net foreign capital inflows for the month totalled 100 billion baht as of Sept 18, with year-to-date inflows at 240 billion.
- Bank of Thailand governor Veerathai Santi-prabhob said policymakers need to consider financial stability in setting the policy interest rate, in addition to short-term benefits. His comment came in response to a Finance Ministry call for a lower rate to help stimulate the economy and curb speculative money.
- Despite the stronger baht, exports grew at a double-digit pace for the fourth straight month in August, up 13.2% to \$21.2 billion, the highest value in four-and-a-half years, as demand for Thai products rose substantially in major markets, according to Commerce Ministry.
- The state-owned Thailand Tobacco Monopoly increased its retail cigarette prices by 9-22 baht per pack after new excise tax rates came into force last Saturday. The US tobacco giant Philip Morris has absorbed additional costs by maintaining its prices.
- The National Legislative Assembly on Thursday will vote on the first civilian law to govern all economic activities in the government’s flagship Eastern Economic Corridor. It is likely to take effect in October as planned, says Industry Minister Uttama Savanayana.
- A total of 3.13 million international tourists visited the country in August, an 8.66% increase from the same month last year, according to the Tourism and Sports Ministry.

**COMING UP THIS WEEK:** On Monday, Singapore will release August inflation data and Germany will release September business confidence

figures. On Tuesday, Japan will release minutes of its last monetary policy meeting, and France and the US will release business confidence for September.

The Bank of Thailand's Monetary Policy Committee (MPC) will meet on Wednesday, with no change expected in the benchmark rate despite some comments from the Finance Ministry that now might be a good time for a reduction. The UK will release second-quarter GDP data on the same day.

**STOCKS TO WATCH:** Bualuang Securities expects the MPC to maintain its interest rate at 1.5% this week. Stocks benefitting from low interest rates are TISCO, KKP, TCAP, SAWAD, MTL, ECL, JMT, COM7 and ASAP, and laggard stocks in the property sector.

DBS Vickers recommends high dividend yield stocks identified as KKP, TISCO, LH, PSH, LALIN, TMT, MODERN, BCP, MC, SENA, SNC, DIF, CPNRF and LHHOTEL. For fundamental plays, it suggests AMATA, CPN, MONT and TISCO.

**TECHNICAL VIEW:** Bualuang Securities sees support at 1,650 points and resistance at 1,680 points. DBS Vickers sees support at 1,650 points and resistance at 1,690 points.