



**MARKET MONITOR**

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# VIRUS WORRIES KEEP REGIONAL INVESTORS ON EDGE

**RECAP:** Emerging market assets stabilised following a roller-coaster week marked by rising concern about the coronavirus outbreak in China. While the World Health Organization said there was no need to declare a global health emergency, Southeast Asian indices ended lower yesterday.

The SET index moved in a range of 1,566.86 and 1,598.70 points over the week and closed at 1,569.55, down 1.9% from the previous week, in turnover averaging 63.40 billion baht a day.

Retail investors were net buyers of 14 billion baht and brokerage firms bought 1.5 billion. Institutional investors were net sellers of 14.3 billion baht and foreign investors offloaded 1.3 billion baht worth of shares.

**NEWSMAKERS:** China is rushing to halt the spread of the coronavirus that has killed 26 people so far. Wuhan, where the virus originated, is on complete lockdown, while large public gatherings and many Lunar New Year events have been cancelled across the country.

- The impeachment trial of President Donald Trump has begun in the US Senate, with Democrats calling for his removal from office and Republicans determined to acquit him — and quickly, if possible.
- France has agreed to delay collecting a new tax on multinational technology firms until the end of 2020. The likes of Google, Apple, Facebook and Amazon would have been due to make tax payments equivalent to 3% of their French revenues in April and again in November. President Trump has threatened to slap tariffs on countries that apply such a tax.
- South Korea's economy expanded at its slowest pace for a decade last year, hurt by US-China trade tensions and the sluggish semiconductor market.



- Shin Kyuk-ho, who built a chewing-gum business into the hugely successful Lotte Group in South Korea and Japan, only to see his sons squabble over the corporate empire, died on Sunday at age 98. The company is South Korea's fifth-largest business conglomerate.
- The government is preparing a plan B to brace for the possibility of a further delay in the 3.2-trillion-baht 2020 budget bill pending a court ruling on its legality. Two MPs recorded as having voted in favour of the bill in the House were not physically present there at the time.
- The University of the Thai Chamber of Commerce says the economy could expand by less than 2.5% this year if the budget bill is delayed further.
- The baht's strength is expected to continue throughout this year, buoyed by the country's increased surpluses in current account and trade balance coupled with flat growth in imports, says Kasikornbank.
- Exports last year fell by 2.7% from 2018, attributed to the global economic slowdown, low global oil and agricultural prices, as well as weak industrial product shipments.
- Spending by Thais during the Chinese New Year festival is expected to drop for the first time in 12 years as people fret over economic uncertainties, says the University of the Thai Chamber of Commerce.

- The Securities and Exchange Commission expects regulations related to setting up the Super Savings Fund (SSF) to be published in the *Royal Gazette* next month, with approval of SSF investment units anticipated in the same period.
- The Bank of Thailand is easing loan-to-value regulations governing mortgage lending, shortening the minimum debt-servicing period for first mortgages for those seeking a second mortgage for homes priced below 10 million baht.
- The Finance Ministry is poised to extend the deadline to file personal income tax returns for another three months through June to give taxpayers who are liable for additional bills more time to comply.
- The Stock Exchange of Thailand estimates its market capitalisation will increase to 20 trillion baht by 2023, supported by offshore-related investment products and annual initial public offerings worth 250 billion baht.
- The Industry Ministry has asked for cooperation from 68,757 factories nationwide to reduce their production capacity temporarily in order to reduce the ultra-fine dust causing widespread air pollution.
- The Federation of Thai Industries expects car production in 2020 to decrease marginally from 2019, to about 2 million units, insight of poor economic conditions. Domestic car sales in Decem-



## TOP 5 GAINERS AND LOSERS

Gainers			Losers		
Securities	Closing price	Change	Securities	Closing price	Change
• MAX	0.02	100%	• TWZ	0.07	-22.22%
• AQ	0.02	100%	• THE	1.54	-21.83%
• CIMBT	0.63	26.00%	• SCB	99.00	-15.38%
• TFI	0.05	25.00%	• SAM	0.29	-14.71%
• PACE	0.06	20.00%	• TGPRO	0.06	-14.29%

\*As of Thursday

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\* From the previous week

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ber contracted for a seventh straight month in December, sliding 21.4% to 89,285 vehicles, as banks tightened lending criteria, the FTI said.

- The Energy Business Department forecasts 2020 fuel consumption will increase 2%, driven by benzene, diesel and jet fuel, while consumption of liquefied petroleum gas (LPG) and natural gas for vehicles (NGV) will decline.
- Mobile operators who fail to grab 5G spectrum licences at next month's auction are at high risk of losing a lot of subscribers, says Takorn Tantasith, secretary-general of the National Broadcasting and Telecommunications Commission.
- Online grocery competition in Thailand is expected to intensify this year as major super apps — Line, Grab and Lazada — are jumping into the market worth almost US\$1 billion.
- Nine SET-listed banks delivered a 3% increase in

unaudited consolidated net profit for 2019, with two large banks seeing a bad-loan uptick.

- SET-listed Noble Development is set to debut its first overseas project in London to diversify away from the risks of an unfavourable domestic market.

**COMING UP:** Germany will announce January business sentiment on Monday. Australia will announce December business confidence on Tuesday and the US will release December durable

goods orders.

- Japan will release January consumer confidence on Wednesday and Germany will release the February consumer confidence outlook.
- The US Federal Reserve and the Bank of England will announce interest rate decisions on Thursday, the US will release preliminary fourth-quarter GDP growth data and the EU will announce January business confidence.
- On Friday, Britain will release January consumer confidence, China will release January manufacturing PMI, the EU will release preliminary fourth-quarter GDP data and the US will announce December personal spending.

**STOCKS TO WATCH:** DBS Vickers Securities Thailand recommends high dividend yield stocks such as KKP, TISCO, LH, LALIN, AIMIRT,

DIF, DREIT and TPRIME. Fundamental picks for the first quarter are ADVANC, AOT, CPALL, CHG and PTTEP.

Finansia Syrus Securities suggests avoiding tourism and aviation stocks as the coronavirus outbreak has begun to affect these sectors. Its picks for this month are ADVANC, CBG, RBF, SFLEX and TMB.

**TECHNICAL VIEW:** DBS Vickers sees support at 1,550 points and resistance at 1,595. Finansia Syrus sees support at 1,560 and resistance at 1,600.