

INVESTORS HEARTENED AS FED ENDS RATE SUSPENSE

MARKET MONITOR

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Recap: Investors were treading cautiously ahead of last week's US Federal Reserve meeting when the US central bank raised its benchmark interest rate as expected, but their appetite improved after Chair Janet Yellen's comments suggested a more gradual pace of monetary tightening this year. The Thai stock market joined the global rally as the wild swings in trade of Group Lease (GL) eased.

The SET index moved in a range of 1,528.78 and 1,562.82 points and closed at 1,560.98, up 1.4% from the previous week, in moderate turnover averaging 47.2 billion baht a day. Institutional investors were net buyers of 11.4 billion baht. Retail investors were net sellers of 6.74 billion baht, foreign investors sold 4 billion and brokers 714.8 million.

Big movers: GL led in both volume and turnover, diving 24.8% to 19 baht. PTT was the second highest in turnover, adding 1.5% to 396 baht; and ADVANC gained 3.8% to 176 baht. Top gainer GREEN rose 26.3% to 1.73 baht and top loser U fell 33.3% to 0.02 baht.

Newsmakers: The Fed raised its short-term interest rate by a quarter percentage point, its third such move since the end of 2015, as widely expected. The central bank stressed that it plans to move gradually and stuck to its projection that it will raise rates a total of three times this year. That cooled speculation among some investors that the Fed could move more aggressively.

■ China's central bank raised short-term interest rates to shore up the yuan and prevent outflows following the Fed move. The People's Bank of China raised the rate for its six-month and one-year medium-term lending facility and open-market repurchase operations by 0.1 percentage points. The benchmark one-year commercial lending rate was unchanged.

■ China's economy started the year on a firm footing, with home

sales remaining resilient and steel and aluminium rebounding as prices rallied. Industrial production climbed 6.3% from a year earlier in January and February combined. Retail sales advanced 9.5% and fixed-asset investment increased 8.9%.

■ The Bank of Japan is maintaining aggressive monetary easing measures while gauging the impact of the US rate hike on global markets, reiterating its pledge to achieve 2% inflation. It voted to keep intact its 10-year Japanese government debt yield target at around zero, as well as its interest rate of minus 0.1% for some reserve funds held by commercial banks at the BoJ.

■ Most major Japanese companies offered the lowest increases in base pay in four years, a setback for efforts to spur the sluggish economy. The annual *shunto* spring wage increases are a barometer of corporate confidence, and an indicator of whether consumer spending can get a needed boost — which this year's increases are unlikely to supply.

■ International Monetary Fund (IMF) officials visiting Bangkok last week recommended that Thai policymakers use both fiscal and monetary stimuli to spur economic growth and steer inflation back to target. They estimate Thai economic growth will reach 3.2% this year, mainly driven by exports of services and public investment. Average headline inflation was 0.2%, below the target band for the second year straight, reflecting low energy prices and weak core inflation.

■ The cabinet has approved national strategy and national reform bills, which will direct economic and social development over the next 20 years. The bills call for continuity of development regardless of changes in government.

■ The Finance Ministry will empower the Securities and Exchange Commission (SEC) to sack listed company directors who fail to comply with fiduciary duty and cause damage. The cabinet will consider the amended draft bill next month.

■ GL will call additional loan collateral from its Cypriot debtor and insists it does not need to set aside loan-loss provisions to cover its intercompany loans. The moves are meant to restore

investor confidence after recent sharp sell-offs prompted by concerns over connected lending by the formerly high-flying hire-purchase company.

■ The SEC and the SET are jointly looking into the potential irregularity in GL share price movements and the veracity of its information disclosure following the recent free-fall in prices from above 60 baht to below 20 baht a share in the past month.

■ The tug-of-war among major shareholders of Inter Far East Energy Corporation Plc (IFEC), a renewable power company, continues after some board members, along with the shareholder they represent, walked out of a meeting. The collapse of the meeting bodes poorly for bill of exchange (B/E) payments worth 1.2 billion baht that will soon be due.

■ Platinum Group Plc, a fashion wholesale centre in Pratunam, will allocate 5 billion baht for a new wholesale project to be launched by 2021 in a bid to make the district the largest wholesale hub in Asean.

■ Three top executives at Nation Multimedia Group Plc (NMG) resigned to pave the way for board changes and possible management control by Keeree Kanjanapas, a major shareholder of BTS Group Holdings Plc. They are Pana Janviroj, president of international business affairs; Duangkanol Chotana, president and chief executive; and Adisak Limpapungpatanakij, president of Nation Broadcasting.

Coming up this week: The Philippine central bank meets on Wednesday. US existing home sales for last month are due the same day.

■ Thailand's automobile sales for February and US new home sales are available on Thursday.

■ US durable goods orders for February and the Markit euro zone Composite PMI for March will be announced on Friday.

Stocks to watch: Country Group Securities recommends closely watching stocks expected to be added to or withdrawn from the SET50 Index. Stocks to be added are GL, THAI, GLOBAL, SPRC, JAS, PTG, SCCC and RATCH. Those to be deleted are TASCO, SAWAD, TTW, WHA, BEC, TPLPL, BCP and MTLs.

Asia Plus Securities said small- and medium-cap stocks could outshine heavyweights as inflows to the Thai market remain tepid following the Fed's dovish tone on future rate increases. Its picks for this week are LPH, GUNKUL and ANAN.

Technical view: Maybank Kim Eng Securities (Thailand) tips support at

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1,550 with resistance at 1,585 points.
DBS Vickers pegs support at 1,540 and
resistance at 1,580 points.