

ASIAN STOCKS DOWN OVER GLUM MANUFACTURING DATA

MARKET MONITOR

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Recap: Downbeat manufacturing data from the US and China stoked fresh worries over the global economy and sent Asian stock markets down. Sahaviriya Steel Industries Plc's debt woes also rattled Thai stocks with its shares and those of its three major lenders coming under a selling spree.

The SET Index moved in a range of 1364.73 and 1397.29 points, and closed on Friday at 1376.83 points, down 0.97% from the preceding week, in moderate trade averaging 34.37 billion baht a day.

Foreign investors returned to unload Thai shares with a net position of 10.04 billion baht and institutional investors cashed out 5.11 billion. Brokers were net buyers of 2.21 billion baht and retail investors bought 12.93 billion more than they sold.

Big movers: KOOL, maker of misting, evaporative and industrial fans, had its debut on the Market for Alternative Investment (MAI) on Thursday. It gained 52.2% above its IPO price at 1.80 baht on first day of trade.

SSI was last week's top loser, sinking 40% to 0.06 baht. U, the top gainer, surged 25% to 0.05 baht. Leading in value were SCC, down 4.90% to 466 baht, JAS, losing 4.31% to 5.55 baht and PTT, off 1.19% to 250 baht.

Newsmaker: The Federal Reserve still intends to raise its benchmark interest rate this year, barring unpleasant surprises, its chairwoman Janet Yellen, said. A week after the Fed announced it was not ready to raise interest rates just yet, Ms Yellen said labour market conditions were improving and the Fed expected inflation to follow. But she cautioned that if the Fed's expectations for growth were disappointed again, it might again delay lifting rates.

■ US factory activity stayed at two-year low this month. Financial data firm Markit said its preliminary US Manufacturing PMI for September

was 53, the same as last month, which was its lowest since October 2013. A reading above 50 indicates expansion.

■ Chinese factory activity shrank at its fastest pace in six-and-a-half years this month. Financial publisher Caixin's Purchasing Managers Index's preliminary figure of 47 (PMI), which was below August's final 47.3, was the seventh straight month of contraction and the worst since March 2009. Levels below 50 signify a contraction.

■ China's economic growth is likely slow to 6.9% this year, state media said, quoting the government think tank Chinese Academy of Social Sciences. CASS said in its blue book report on China's economy the slowdown was wrought by falling investment by firms and individuals, and growing debt pressures on local governments, the Shanghai Securities News reported.

■ Weaker China growth is expected to affect the rest of Asia, the Asian Development Bank said. The Manila-based bank forecast Asian growth would hit 5.8% this year and 6% next year. Its March forecast was for 6.3% for both years. Southeast Asia's GDP forecast was cut to 4.4% this year, rising to 4.9% next year.

■ Japan's Prime Minister Shinzo Abe unveiled a new economic growth target of ¥600 trillion (US\$5tn), up from the current ¥500tn, as one of the three new "arrows" of his "Abenomics" plan. He gave no time frame for achieving the goal.

■ Fitch Ratings revised its outlook on the Philippines to "positive" from "stable", saying governance standards and competitiveness indicators have shown steady improvement. Fitch affirmed its rating as 'BBB-', the minimum investment grade rating.

■ The Bank of Thailand cut Thailand's economic growth forecasts for this year and next. The central bank lowered this year's economic growth projection to 2.7% from 3% due to export contraction, ebbing private investment and weaker-than-expected private consumption. Next year's GDP growth is forecast at 3.7%, down from an earlier projection of 4.1%.

■ ADB slashed its forecasts for the

Thai economic growth to 2.7% from 3% due to weak domestic demand and lower exports to China and other Asian economies. It also lowered the 2016 GDP to 3.8% from 4.1%.

■ A proposed restructuring for loans extended to SET-listed Sahaviriya Steel Industries (SSI) by Krungthai Bank (KTB) and Siam Commercial Bank (SCB) would be credit-negative for both banks, says Moody's Investors Service. The three major lenders including Tisco Bank have started discussing a financial restructuring after calling default on debt owed by SSI's British subsidiary.

■ Cabinet approval is being sought for five state projects to allow private sector investment through public-private partnerships. The five projects, worth a combined 200 billion baht, are the Pink Line electric train linking Kae Rai and Min Buri, the Yellow Line connecting Lat Phrao and Samrong, an expansion of the Blue Line between Hua Lamphong and Bang Sue and waste power plants in Nonthaburi and Nakhon Ratchasima provinces.

■ The government may offer special corporate income tax exemption for 10-15 years to major industries located in proposed "super clusters", designated as investment centres for high-tech industries.

■ The fourth-generation auction of two licences for the 1800-megahertz spectrum in November has finally ended up with 15 MHz of bandwidth each for bidding instead of 12.5 MHz.

■ The European Commission has insisted it will not extend the deadline for Thailand's operation to deal with Illegal, Unreported and Unregulated (IUU) fishing, contrary to a Thai newspaper report. Thailand faces seafood export ban after the October deadline if IUU fishing remains rife.

SET-listed Indorama Ventures Plc (IVL) has acquired an ethylene cracker in Louisiana through its US subsidiary Indorama Ventures Olefins LLC. IVL is also in talks to acquire more foreign assets over the next six months, as weaker oil prices have made prices of upstream petrochemical assets more attractive.

Coming up this week: US pending home sales and personal spending and income in August are due today.

■ Bank of Thailand's monthly economic report for August is out on Wednesday.

■ Thailand's inflation data for September is due on Thursday, along with manufacturing data from the

US, China, and euro zone; China's manufacturing and non-manufacturing PMI, US ISM manufacturing and Markit euro zone manufacturing PMI.

Stock to watch: Tisco Securities has buy recommendations on CK, STEC, SEAFCO, SCC, TPIPL and RS, and also stocks expected to be targets for quarter-end window dressing: BJC, CENTEL, EGCO, MAJOR, JMART, LPN, PS, QH, SPALI, ANAN, AP and QH.

Bualuang Securities has buy recommendations buy on IFEC, TSE, RATCH and CHOW, stocks with those stock has growth potential.

Technical view: Bualuang Securities tips support at 1,340 points with resistance at 1,400. Tisco Securities pegs support at 1,360 points and resistance at 1,395.