

## **Optimism lifts SET 3%**

*Foreign, institutional buyers lead trade*

Thai stocks jumped 3.01% yesterday on foreign and institutional buying amid optimism that the worst of the global downturn may be past. The Stock Exchange of Thailand index closed at 556.47 points, up 16.25, in heavy trade worth 33.4 billion baht. The index breached 550 minutes after opening and reached a high of 562.32 in the afternoon before falling back on profit-taking. Foreign and institutional investors were net buyers of 2.77 billion and 2.16 billion baht respectively while retail investors were net sellers of 4.94 billion baht.

Energy stocks dominated trade, rising 5.08% on analysts' upgrades for market heavyweight PTT Plc. Bank stocks rose 1.9% while transport firms gained 1.87%.

Energy stocks such as PTT, PTT Exploration and Production and Thai Oil gained as crude prices hit a six-month high above \$60 per barrel on supply concerns about unrest in Nigeria and a US refinery outage.

Other markets also posted gains on fresh optimism about the global economy, with Hong Kong jumping 3.06%, Tokyo rising 2.78% and Seoul up 2.99%.

Analysts said the Thai market rose even with downgrades by Deutsche Bank and Morgan Stanley suggesting that the SET, up 22.6% over the past three months, was overbought.

Sukit Udomsirikul, an assistant managing director at SCIB Securities, said the moves by the two banks to underweight Thai stocks were overwhelmed by foreign inflows into the Asian market.

"The market isn't being driven by fundamentals, but rather foreign speculative inflows," he said. "On a fundamental basis, valuations are quite high." The SET is now priced at 15.77 times earnings, compared with 12.6 times over the first four months of the year and seven times in 2008. "Investors should be cautious of new profit-taking by foreign investors," Mr. Sukit said.

Paiboon Nalinthrangkurn, chief executive officer of Tisco Securities, agreed that the recent rally was driven by excess liquidity rather than fundamentals. He noted the US economy continued to report weakness in the auto and export sectors, and the global recession may last at least six more months. "With no negative news, everyone appears to be happy. But even though foreign and institutional investors have been buyers, I note that retail investors are ready to sell," Mr. Paiboon said.

Among the most active stocks yesterday, PTTEP rose 9.50 baht to 127.50, PTT gained nine baht to 218 and PTT Aromatics rose one baht to 19.20. Thai Oil closed up 1.25 baht to 40.25 while Kasikornbank rose two baht to 59.

**Source: Bangkok Post**

