

KEY HIGHLIGHTS

Strategy **Page 2**
 Balance of risk has turned negative after the failure of political crackdown, prompting us to call for a more cautious view on SET.

AT A GLANCE

Corporate **Page 4**
BECL: Protest taking its toll on expressway revenue in 1Q.
PTTAR: To take over IRPC.

Economics/Politics **Page 4**
UDD rally: Could cost Bt70b.
Exports: Likely to increase by 30% in March.

Key Indices

Symbol	Close	Chg	%Chg
SET	736.16	(24.74)	(3.25)
SET50	518.43	(18.19)	(3.39)
Value (Btm) - SET	29,763.30		

Top 5 Sector

BANK	291.16	(10.80)	(3.58)
PETRO	604.85	(31.14)	(4.90)
PROP	103.46	(3.72)	(3.47)
ENERG	16,435.32	(445.74)	(2.64)
ICT	66.55	(4.37)	(6.16)

Top Volume

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PTT	247.00	(3.52)	12,906.0
KBANK<XD>	84.75	(7.88)	28,386.6
SCB<XD>	81.50	(4.12)	17,832.5
BANPU<XD>	594.00	(0.67)	2,450.4
ADVANC<XD>	74.00	(6.03)	18,802.3

Top Gainers

Symbol	Price (Bt)	Chg (%)	Volume ('000)
MME-W1	0.03	50.00	20.4
LIVE-W1	0.04	33.33	9,701.0
AMAC<NP>	0.61	29.79	41,369.2
ROCK	12.50	25.00	0.2
LIVE	0.06	20.00	10,148.5

Top Losers

Symbol	Price (Bt)	Chg (%)	Volume ('000)
ESTAR-W2	0.04	(20.00)	6,911.0
SHIN<XD>	24.70	(14.83)	2,399.3
SFP<XD>	70.00	(13.58)	0.5
SIRI-W1	0.73	(13.10)	29,459.0
GC<XD>	4.22	(10.59)	108.0

Key Statistics

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	87.5	8.2	10.4	8.6
Dubai crude*	83.9	9.2	9.7	7.2
Baltic Dry Index	3,001.0	(16.0)	(9.0)	(0.1)
Gold Spot***	1,158.5	2.7	2.4	5.6

* (US\$/bbl), *** (US\$/toz)

Foreign Exchange Rate - THB/US\$ (onshore) = 32.24

Interest Rate (%) - TH 1-day RP = 1.25

Thai Lending Rate (%)* - MLR = 5.88

* Based on Bangkok Bank's rate

Strategy

Balance of risk has turned negative

Rising political uncertainties following the 10 April crackdown prompts us to adopt a more cautious investment strategy on the SET. While uncertainties remain high and rising, take profit and stay sidelined.

Event

The political violence on 10 April has led to at least 24 deaths and several hundreds wounded due to the use of weapons by unknown groups of people. Effectively, this has turned the outlook of Thai politics from bad to worse and put Abhisit's government in a more vulnerable position.

Impact

We had believed that the crackdown by the government would end the demonstration sooner than later, similar to what happened in Apr 09. However, the situation seemed to have gotten out of control following the interference of unidentified groups of people who started using weapons to attack soldiers and the protestors. This led to at least 24 deaths and hundreds injured, forcing the government to withdraw the crackdown attempt.

Over the Songkran holidays (12-16 April), the Red Shirts made a new strategic move to shift their demonstration to Rachaprasong Intersection, a major business district of Bangkok, and continue to demand an immediate dissolution of the parliament.

While the government seems to adopt a wait-and-see strategy, we see three possible scenarios in this situation:

- a) the government tries to stage a new round of crackdown,
- b) a new round of talks which could lead to an early election, and
- c) another military coup.

The first scenario would be most welcome by the market. However, with the failure in the first attempt, we are not certain that the government would like to risk another loss which could bring more damage to the business sector (now that the demonstrators are at the business centre of Bangkok).

There have been more urges from the various parts of society for a new round of negotiation which could lead to an early election (within six months in our view). This could be a quick fix to the current dispute.

As for another military coup, we believe this could happen only when the situation spins totally out of control.

Strategy

While we admit it is still too early to predict what will happen next, we see the second scenario as the most likely. However, against the backdrop of rising political uncertainties, we have turned more cautious on the SET and would advise taking profit and stay sidelined. The banking stocks will face the most selling pressure during this round of correction as they are more prone to any fall-out on the economy. To a lesser extent, the energy stocks may see some selling pressure from foreign dumping. We see 690, a 5-year PE mean at 10x, as the major support level (re-entry point).

THAILAND Strategy

SET Estimated PE: Mean And Standard Deviation



Source: Bloomberg, UOB Kay Hian

SETINDEX



Source: Setsmart, UOB Kay Hian

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Corporate

BECL: Protest taking its toll on expressway revenue in 1Q. Bangkok Expressway Plc (BECL) expects its 1Q10 financial results to fall short of forecasts because the political unrest has cut the number of motorists using its expressways. The company's performance would remain weak if the red-shirt protests drag on and hurt toll traffic near the Ratchaprasong intersection, said Suttida Sukhanindr, senior manager for investor relations of BECL. Last month's traffic volume averaged 972,056 trips per day, -1.2% yoy and -3.9% mom, the first decline since Jun 09 as the United Front for Democracy Against Dictatorship (UDD) began its protests in mid-March. Daily revenue also slid 1% yoy to Bt21.34m as the Yommaraj interchange was closed for two weeks when the UDD occupied the Phan Fa bridge, she said. The March figures pushed 1Q10 traffic growth to below 3% yoy to 979,090 trips per day, compared with more than 3% during the first two months. Revenue was still up 2.96% to Bt21.53m. "It is very likely that the first-quarter results were slightly weaker than our original forecast due to political protests," Mrs Suttida said. April toll traffic will also be affected, especially at the Phloen Chit and Sukhumvit interchanges, she said, now that the red shirts have consolidated their grip on the Ratchaprasong area of central Bangkok. "This month's figures have remained under pressure," said Mrs Suttida. "If the protests last longer, we might need to revise (down) our financial outlook for the rest of the year." BECL earlier projected its traffic and revenue would grow 3% and 3.5% respectively this year as the economy and tourism rebound. The company will release its 1Q10 financial results by mid-May. (Source: Bangkok Post)

Comment: As the economy is recovering in line with the global economy, we expect BECL's traffic volume to restore to normal once the protests end. As we expect the political impasse to end soon, we maintain our 2010 conservative forecast of a 2% traffic growth for now. Maintain BUY on BECL with a target price of Bt24.50.

PTTAR: To take over IRPC. PTT Aromatics and Refinery may have a takeover plan for IRPC and expect to decide within May, while is considering whether to de-list IRPC. The merger would take about six months. Once the merger between PTTAR and IRPC is successfully completed, PTT might consider merging PTTCH too. For Thai Oil (TOP), as it is located in a different area from the others, it might not be in the merger scheme. (Source: Kao-Hoon)

Economics/Politics

UDD rally: Could cost Bt70b. If the anti-government rally carries on to mid-May, the country could lose Bt50b-70b, the University of the Thai Chamber of Commerce (UTCC) reported on Sunday. UTCC's Economic and Business Forecasting Centre director, Thanawat Polvichai, said the red-shirt UDD may want to converge on Silom Road because the group knew that occupying main business areas can put significant pressure on the government. However, the estimated loss does not take into account potential political violence. He also urged the government to closely follow the movements of different political groups after the yellow-shirt People's Alliance for Democracy (PAD) held a conference on Sunday. (Source: Bangkok Post)

Exports: Likely to increase by 30% in March. According to the consensus estimates compiled by Reuters, exports are likely to increase for the fifth straight month in March by 29.5% (Feb 10: +23.2%) due to a pick-up in demand as the world economy recovers. Imports probably jumped 53% in March, indicating investment and consumption are recovering. But the expected increase may fall from Feb 10's record of 71.2%. (Source: Reuters)

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