

Thai bourse performance up in Q2/2010 and June 2010

As at end-Q2/2010, The Stock Exchange of Thailand (SET) Index had increased 1.18% over Q1/2010 and 8.55% over end 2009. Thailand's strong economy and listed firms' steadily improving performance were the reasons for this rise, even though investors' confidence was affected by the European debt crisis and intense domestic political conflicts.

A surge in the SET and Market for Alternative Investment (mai) Index resulted in a slight 1.70% overall increase in market capitalization over the end-Q1/2010 figure. Meanwhile, the forward P/E ratio at end-Q2/2010 slightly dropped to 11.53 from 11.90 at end-Q1/2010. The collective dividend yield as of end-Q2/2010 rose to 3.91%, from 3.34% at Q1/2010, the highest rate of any exchange in the region.

In Q2/2010, daily average trading value of SET and mai was at THB23.49 billion (approx. USD734.17 million), a 19.94% increase over Q1/2010 and an 8.14% increase over Q2/2009. Foreign investors became net sellers of THB60.01 billion (approx. USD1.87 billion), after being net buyers of THB42.47 billion (approx. USD1.33 billion) in Q1/2010, making foreign investors into net sellers amounting to THB17.53 billion (approx. USD547.94 million) throughout six months.

Thailand Futures Exchange PCL (TFEX)'s daily average trading volume in Q2/2010 was 18,179 contracts, an increase of 24.52% over Q1/2010, due to high volumes of SET50 Index futures and single stock futures. However, in June 2010, TFEX's daily average trading volume was 16,899 contracts, down by 8.83% over the previous month's figure.

In Q2/2010, listed companies raised a total of THB38.44 billion (approx. USD1.20 billion) using equity, 2.62 times more than in Q1/2010. Much of the funds raised was by two new listings, Teera-Mongkol Industry PCL (TMI) and Cyberplanet Interactive PCL (CYBER), and one property fund, the Thai Commercial Investment Fund (TCIF). Meanwhile, a seasonal equity offering through SET and mai raised THB36.32 billion (approx. USD1.13 billion), mainly by BTS Group Holdings PCL (BTS).

1. Performance Overview

In Q2/2010, SET Index closed the quarter at 797.31, a minor 1.18% rise from end-Q1/2010 but a significant 8.55% rise from end-2009. The country's strong economy and listed firms' steadily improving performance resulted in an increase in the SET Index, even though foreign investors were net sellers due to Europe's debt crisis and Thai political conflicts in May. A rise of the SET Index resulted in an increase in SET market capitalization to reach THB6.44 trillion (approx. USD20.12 billion), a 1.64% increase from end-Q1/2010.

Meanwhile, mai Index closed at 230.84, up 8.67% over Q1/2010 and a rise of 7.22% over end-2009. mai's market capitalization reached THB43.20 billion (approx. USD1.35 billion), up 12.90% over end-Q1/2010.

Asian exchanges' indices were relatively volatile in Q2/2010, due fluctuating flows of foreign capital. Since throughout Q1/2010 until through April, foreign capital continued to flow into the region, but flew out in May due to concerns that Europe's debt crisis might affect global economic recovery, including Asia, as the world's leading net exporters. Nevertheless, foreign capital poured back into the region again in June, particularly in countries where domestic demand expanded and which did not rely much on exports, e.g., India and Indonesia. Moreover, ending the yuan's peg to the dollar was a positive factor that signaled the possible appreciation of regional currencies.

SET's forward P/E ratio as at end-Q2/2010 was 11.53, a slight drop from the 11.90 as at end-Q1/2010. This quarter-on-quarter (q-o-q) decline in SET's forward P/E was in line with the general q-o-q trend in

the forward P/Es of most regional markets. SET's dividend yield as of Q2/2010 was at 3.91%, the highest in the region and a rise from 3.34% at end-Q1/2010.

As at end-June, the SET Index had risen by 6.25% over end-May, the highest rate in regional markets. Part of this increase resulted from foreign capital returning to Asian markets after leaving in May due to the concern over Europe's debt. Also, in June, Thailand's domestic political conflicts subsided, while economic indicators continued to expand, building investors' confidence. The mai Index rose significantly, being 11.18% over that of the previous month.

2. **Trading activity**

In Q2/2010, combined SET and mai daily average trading value increased significantly compared to Q2/2009 and Q1/2010. In Q2/2010, total trading value reached THB1.32 trillion (approx. USD41.11 billion), with a daily average trading value of THB23.49 billion (approx. USD734.17 million), an 8.14% rise over its value in Q2/2009 and a 19.94% rise over its Q1/2010 figure.

In terms of trading value by customer type (for SET and mai combined), in Q2/2010 foreign investors changed from being net buyers totaling THB42.47 billion (approx. USD1.33 billion) in Q1/2010 to be net sellers of THB60.01 billion (approx. USD1.87 billion). Thus, taking H1/2010 as a whole, foreign investors were net sellers of THB17.53 billion (approx. USD547.95). Foreign investors' share of total trading value slightly dropped to 21.82% in Q2/2010 from 22.02% in Q1/2010. Retail investors and local institutional investors changed from being net sellers in Q1/2010 to being net buyers in Q2/2010. Retail investors were net buyers of THB49.05 billion (approx. USD1.53 billion) in Q2/2010, whereas they were net sellers of THB31.35 billion (approx. USD 979.60 million) in Q1/2010; their share in total trading value increased slightly to 58.03% in Q2/2010 from 55.90% in Q1/2010. Meanwhile, in Q2/2010, institutional investors were net buyers of THB10.95 billion (approx. USD342.16 million). Proprietary traders continued to be net buyers for three consecutive quarters, with a net buy of THB7.44 million (approx. USD232,500) in Q2/2010, a drop from Q1/2010, with a net buy of THB641.43 million (approx. USD20.04 million). Proprietary trading's share of all trading declined slightly to 12.90% in Q2/2010 from 14.45% in Q1/2010.

Changing Charoen Pokphand Foods PCL (CPF) from the agribusiness sector to the food and beverage sector effective from April 1, 2010, resulted the latter area's share of trading value to soar sevenfold, to 7.06% in Q2/2010 from 1.00% in Q1/2010. Meanwhile, the share of trading value in Energy Industry group dropped to 28.02% in Q2/2010 from 31.72% in Q1/2010.

In terms of trading value by market capitalization, listed firms that were outside of the SET50 Index accounted for 26.75% of total trading value in Q2/2010, significantly up from 20.86% in Q1/2010. The share of trading value of the top 11-30 and top 31-50 securities in SET50 Index ranked by market capitalization decreased to 25.99% and 8.18% in Q2/2010 from 28.40% and 11.32% in Q1/2010, respectively.

In June 2010, daily average trading value was at THB22.01 billion (approx. USD684.76 million), a drop of 7.97% over the May 2010 figure. Foreign investors returned to become net buyers of THB2.87 billion (approx. USD89.77 million), after being net sellers during April-May, 2010. Local institutional investors were net buyers for the second consecutive month, with a trading value of THB4.55 billion (approx. USD142.35 million), while proprietary traders had a net buy position of THB1.38 billion (approx. USD42.98 million). Retail investors were the only group to be net sellers, with a net sell position of THB8.80 billion (approx. USD275.11 million). Retail investors became net sellers after being net buyers in the previous month partly because they wanted to lock in profits from the rise of the SET Index.

Trading value by industry group showed that Energy and Banking's respective shares dropped to 22.24% and 20.62% from 31.49% and 23.02% in May. The shares of Property Development and Information & Communication Technology increased to 9.55% and 6.61%, almost double the May 2010 values of 5.55% and 3.46%, respectively.

Trading value by market capitalization showed that trading of the top 10 and top 11-30 securities in SET50 Index, which mostly were in the Energy and Banking groups, dropped to 30.03% and 23.10%, respectively, in June 2010 from 42.42% and 28.22%, respectively, in May 2010. Meanwhile, trading of the top 31-50 and non-SET50 securities in SET50 Index increased to 10.42% and 36.45%, respectively in June, from 6.91% and 22.45% in May.

3. **Number of trading accounts**

Trading accounts in May 2010 declined 1.92% over the previous month, with 134,671 accounts traded. Meanwhile, of the total trading accounts, 23.23% were active, with an average trading value per account of THB2.84 million (approx. USD88,750), decreased over the previous month that had active account of 23.76%, with an average trading value per account of THB3.27 million.

The number of active Internet trading accounts and Internet trading value dropped in May over the previous month as well. In May 2010, 51,879 Internet accounts were active, with total trading value of THB88.70 billion, an 8.57% drop over April 2010, and 15.89% down over the same period last year, marking the first time in 12 months that the number of active Internet accounts declined. Total Internet trading in May 2010 accounted for 21.09% of total trading value, a slight increase from 19.67% in April 2010.

4. **Overview of the derivatives market**

In Q2/2010, Thailand Futures Exchange PCL's total trading volume reached 1,018,043 contracts, with daily average trading volume of 18,179 contracts, a 24.52% increase over Q1/2010. Total trading volume rose because daily average trading volume of SET50 Index Futures and the single stock futures both rose vis-à-vis Q2/2009 -- the former by 21.93% and the latter more than doubled (or 123.44%) over Q2/2009. Daily average trading volume jumped by 41.98% m-o-m as volume of every product rose, especially gold futures, whose Q2/2010 trading volume was more than triple its year-ago level, or 344.14% and single stock futures, whose daily average trading volume rose tenfold, or 1,070.63% over the same time period.

In June 2010, TFEX recorded a total trading volume of 371,780 contracts and daily average trading volume of 16,899 contracts, an 8.83% drop over the previous month. The decline resulted from a decrease in trading of SET50 Index futures, which dropped by 21.84%. Single stock futures recorded the highest daily average trading volume, reaching 3,306 contracts, up 43.55% m-o-m.

5. **Overview of funds raised**

In Q2/2010, listed companies used equities to raise funds of THB38.44 billion (approx. USD1.20 billion), increasing from THB10.62 billion quarter-on-quarter or up 2.62 times, due mainly to funds raised by BTS Group Holdings PCL. In Q2/2010, two new listings raised funds through initial public offerings: Cyberplanet Interactive PCL (CYBER) and Teera-Mongkol Industry PCL (TMI) at THB96.00 million (approx. USD3.00 million) and THB70.40 million (approx. USD2.2 million) respectively. Moreover, a new property fund, Thai Commercial Investment Fund (TCIF), raised THB1.96 billion (approx. USD61.25 million).

In Q2/2010, companies raised a total of THB36.32 billion (approx. USD1.13 billion) through seasonal equity offerings through the SET or mai, accounting for 94.34% of total funds raised. Most funds were obtained through private placements at a total of THB22.33 billion (approx. USD697.90 million), followed by rights offerings of THB11.98 billion (approx. USD374.50 million), and exercise of warrants totaling THB2.00 billion (approx. USD62.43 million).

Funds raised in Q2/2010 were higher than the figure for the previous quarter mainly because of the THB31.37 billion (or 81.60% of total funds raised that quarter), which BTS Group Holdings PCL (BTS) planned to use in reorganization.

In June 2010, listed companies raised a total of THB17.90 billion (approx. USD889.49 million), a drop of 11.50% over the previous month. Most of the funds raised were by BTS Group Holding PCL (BTS) and Thai Commercial Investment Fund (TCIF).



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