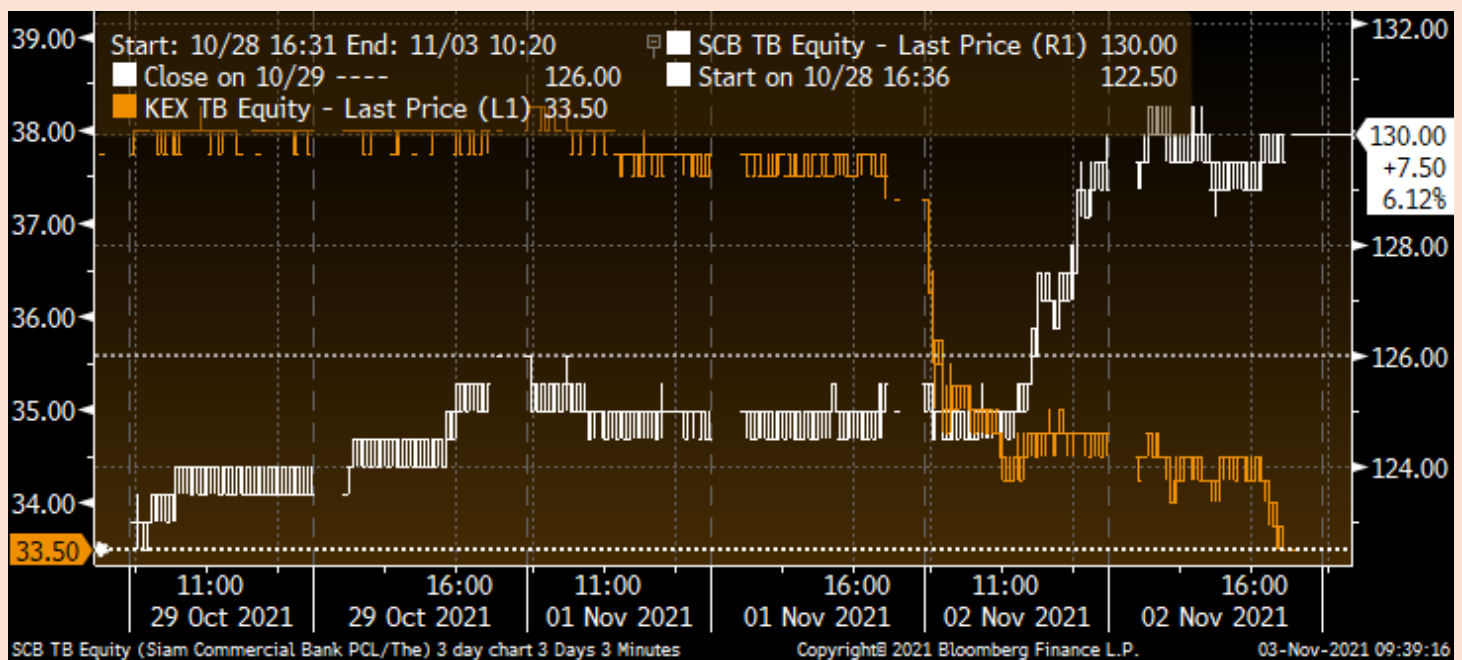


Two Big Local Stories – SCB and KEX

Rumors of SCB's purchase of BITKUB, the largest crypto currency trading platform owned by a 31-year-old, Jirayut Srupsrisopa, sparked sudden interest in SCB share just an hour before the lunch break.



At the same time, KEX shares fell to lifetime low on speculations that intensifying competition from new entrant in the document and cargo delivery business, is eating up into KEX business. Read [more details here](#).

SCBX Buys BIT

Rumors were that SCB was swallowing BITKUB for Bt40bn – an exorbitant sum considering it sold its life assurance business just a few years ago for Bt93bn.

After the market close yesterday, SCB disclosed it has agreed to buy 51% stake for Bt17.3bn or at a valuation of nearly at US\$1.0bn for the BITKUB exchange. In 9M21, BITKUB earned profit of B1.53bn, that puts the purchase price at almost at 15-17x this year earnings. Of course, BITKUB's growth is in super-fast track. You can read more [about it here](#).

Most analysts see the purchase as a positive move. Yet are not impressed to change their forecast because a) purchase is to be completed by 2Q22, and b) it adds just 5-7% to SCB's earnings.

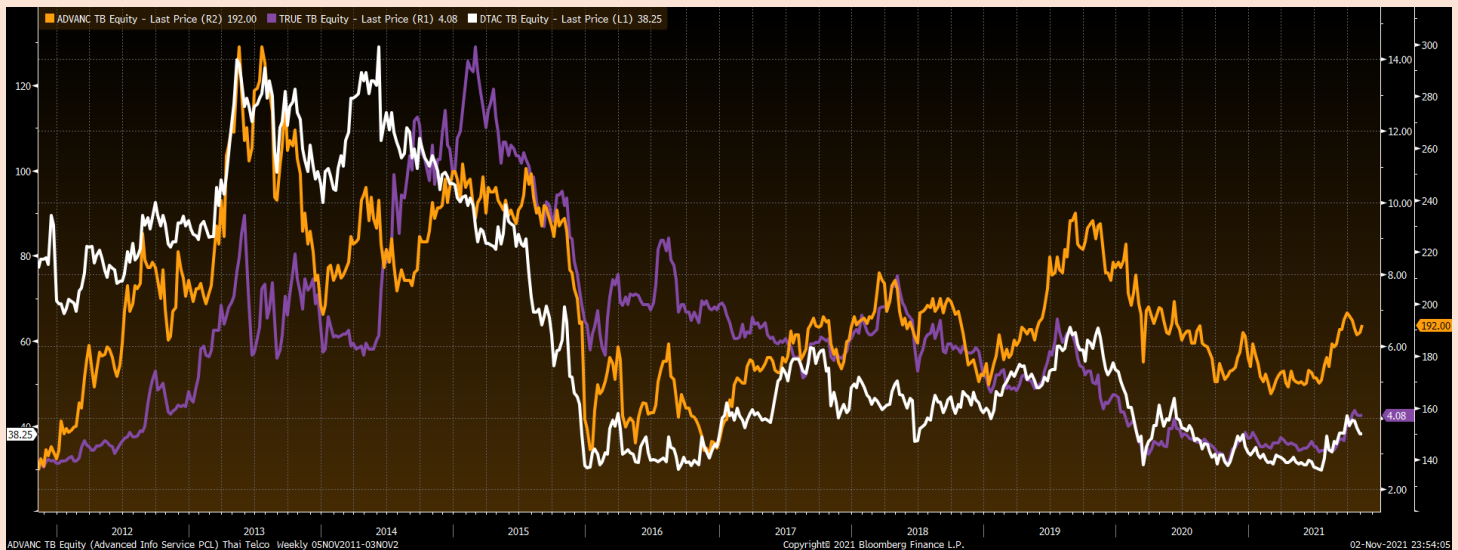
Investors' reaction is hard to guess, yet retail may like the transaction because the purchase price is less than speculated amount of Bt40bn.

KEX share price hit hard on competition fears.

While delivery business is growing, Thailand is not in hyper growth segment given its saturating population and low GDP growth. KEX and new players may however argue that everyone needs to send documents and demand would grow as postal services are replaced with delivery service from private companies. It is too early to tell if new entrants will cause a price war – so far KEX has cut minimum charge and certain fee on collection of documents. We are not analysts, will not make a case for “for” or “against”.

Yet, going by the example of competition in the mobile phone industry over past 12 years, it is unlikely KEX share price may rebound soon, and certainly not to the level seen past 2 years, because “competition” is here to stay until the weaker players exit or market share can not be achieved without significant price cuts. Let’s not even talk about the competition in brokerage industry – we all know where it ends.

In the mobile phones, segment, competition led to sliding share price, falling margins and increased capex for all participants. See the price chart below.



Further note that in a price war, overvalued stocks get punished more because the super growth to justify expensive valuation to becomes doubtful. KEX has 6 buys and 6 sells – and trading on PER of 39x.

Musk's Doubts Over Hertz 100k EV Cars Makes EA Less Attractive

If investor go buy pure speculative sentiment over the great future of EV cars and its parts makers, Elon Musk tweet that he was not sure if Hertz would follow through its announcement of placing 100k Teslas, then sentiment on EA, the EV cars battery maker, should turn sour.



Surprisingly, Hertz says it has its order is firm and it has already started taking delivery of its order to be fulfilled by 2022.

Iron Ore Price – What a Reversal in just few weeks.

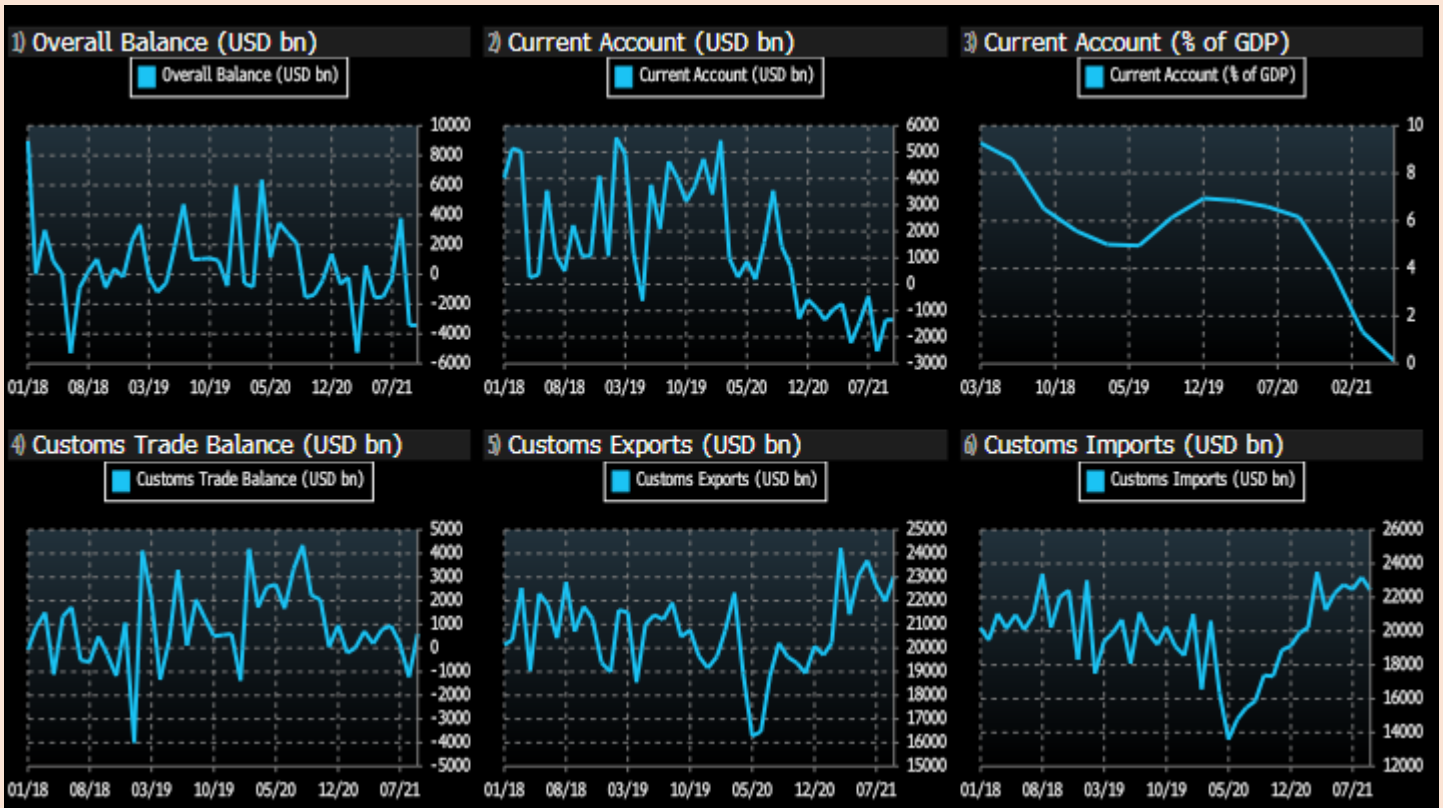
No narrative needed – look at the chart below, and blame China for the spike early this year, and reversal in last few weeks.! Names such as Tata Steel and Posco Thainox to suffer.

Sudden Slump Futures sink below \$100 a ton as steel curbs hammer demand



Current Account – Still in Deficit but gap narrows

In September, Thailand’s current account deficit narrowed to \$1.3 billion from a \$2.53 billion deficit in August as trade surplus rose. Foreign tourist arrivals remained low but should pick up in November as Thailand reduced mandatory quarantine for vaccinated travelers from over 60 countries this month. Gov’t hopes arrivals of at 24K per day this month.



Regional Markets Are Down, Commodities Down

EQUITIES AND COMMODITY DASHBOARD							
Name	Last	% Δ 1D	% Δ 5D	Name	Last	% Δ 1D	% Δ 5D
Dow Jones Indus. Avg	36,052.6	+0.39%	+0.83%	Brent Crude Futr Jan22	83.4	-1.48%	-2.55%
Straits Times Index Sti	3,230.5	-0.29%	+0.57%	Wti Crude Future Dec21	82.3	-1.81%	-2.67%
Hang Seng Index	24,990.4	-0.91%	-4.48%	Natural Gas Futr Dec21	5.5	-0.32%	-7.98%
Nikkei 225	29,520.9	-0.43%	+1.43%	Dce Iron Ore Fut Jan22	586.5	-0.17%	-17.28%
Kospi Index	2,977.1	-1.20%	-2.35%	Generic 1St 'Xw' Future COAL	140.9	-2.83%	+4.17%
Psei - Philippine Se Idx	7,178.7	+1.31%	-0.17%	Baltic Dry Index	3,187.0	-7.03%	-21.43%
Ftse Bursa Malaysia Klsi	1,534.3	-0.32%	-3.25%	Baltic Handysize Index	1,877.0	-3.45%	-8.71%
Jakarta Composite Index	6,508.8	+0.17%	-2.29%	Lme Copper 3Mo (\$)	9,495.5	-0.62%	-2.99%
Taiwan Taiex Index	17,120.8	+0.22%	+0.41%	Cotton No.2 Futr Mar22	113.2	-0.69%	+5.77%
Nifty 50	17,889.0	-0.23%	-2.08%	Soybean Future Jan22	1,249.5	-0.58%	+0.12%
Stock Exch Of Thai Index	1,617.9	+0.05%	-1.06%	Sugar #11 (World) Mar22	19.5	+0.88%	-0.61%

DASHBOARD			
SET	Turnover	VNG	KEX
0.25%	10.16%	5.46%	-10.07%
1,617.9	76.9bn	9.65	33.50
BRENT	COAL	BDI	BAHT
-0.33%	-2.76%	-2.59%	0.63%
84.4	141.0	3,428.0	33.25
RETAIL	BROKERS	LOCAL FUNDS	FOREIGNERS
-1,251.2m	390.8m	1,441.1m	-580.7m
Index in points, Commodity in USD, Investor data in Baht mil			02-Nov-21

Market Wrap

On 02-Nov SET Index gained 1.82 points (0.25%) to close at 1617.89, taking last 5 day loss to -1.11%.

Big lot of Bt542m traded in Thai Rayon - could be an internal transfer within the group. A small market cap OTO also saw Bt140m worth change hands in one trade. SET Index may have fallen again if rumors of SCB's expensive purchase of digital exchange had not raised SCB share price. Combined with slight recovery in MAKRO, ADVANC, PTTEP and DELTA share prices, top 5 impact stocks added 5 points out of net rise of 4.11 points. Commodity stocks may see more selling pressure today.

Trading value rose 10.16% to Bt76.9bn - following are top 10 names, 5 movers and 5 shakers, that created the most market impact.

Movers

SCB↑ Bt132.5(+2.5) 1.9% Δ5D +5.7%, PER 13.3x, TP Bt138.3, added 1.46 points ►► As always news gets leaks drive speculations in Thailand. Post trading hours, SCB announced purchase of 51% in digital exchange, BITKUB, for Bt17.8bn - estimated PER of 17x '21F

MAKRO↑ Bt48.75(+0.5) 1% Δ5D +4%, PER 36.3x, TP Bt48.9, added 1.26 points ►► Slight recovery from oversold position. Being a large market cap stock, it contributed to 30% of SET's net points rise on Tuesday

ADVANC↓ Bt191.5(-0.5) -0.3% Δ5D 1.6%, PER 19.9x, TP Bt224.1, added 0.89 points ►► A big move as most analysts reiterated buy after in line 3Q result. ADVANC is forecast to post EPS growth in '22F after 16% fall in '20, and estimated 3% fall in '21F

PTTEP↓ Bt117.5(-1) -0.8% Δ5D -4.4%, PER 7.3x, TP Bt139.9, added 0.68 points ►► Technical rebound - PTTEP price fell on 5 of 6 previous trading days. In last 3 months it is up 12%, and has B/H/S ratings of 23/5/1 respectively

DELTA↑ Bt422(+6) 1.4% Δ5D +9.2%, PER 79.2x, TP Bt364.1, added 0.64 points ►► Sympathy buy - price of KCE, HANA rose as well

Shakers

KEX↓ Bt33.25(-0.3) -0.7% Δ5D -13%, PER 43.5x, TP Bt46.8, lost -0.56 points ▶▶▶ Last straw brings it down. Analysts have warned about impact from rising competition from new entrants. What triggered selling is recent price cut on delivery fee by KEX

JTS↑ Bt71(+2) 2.9% Δ5D +10.4%, PER 0x, TP Bt0, lost -0.3 points ▶▶▶ Up one day, down another day. Last 8 day

INTUCH↓ Bt73.25(0) 0% Δ5D -3.9%, PER 22.1x, TP Bt71.8, lost -0.28 points ▶▶▶ Drifting down on low volume ahead of 3Q results announcement today - no surprises expected as ADVANC result was in line. In last 1 month, its '21F is up 2%. Brokers expect 3Q to fall 2% QoQ

PTTGC↓ Bt62(0) 0% Δ5D -4.6%, PER 7.5x, TP Bt74.4, lost -0.19 points ▶▶▶ No specific reason for slight correction. Chemical and oil related shares have been in correction mode last month after a gain of 11-13% in Aug

CPF↓ Bt25(0) 0% Δ5D -2%, PER 12.1x, TP Bt31.6, lost -0.19 points ▶▶▶ Expectations of poor 3Q result

Most Traded

SCB↑ Bt133(+3) 2.3% Δ5D +5.7%, PER 13.3x, TP Bt138.3 ▶▶▶ Rumors of purchase of BITKUB, a local platform for trading crypto currency at high value of almost over \$1.1bn came true. SCB buys 51% stake for \$537m of BITKUB which earned \$45m in 9M21

KBANK↑ Bt142.5(+0.5) 0.4% Δ5D +1.8%, PER 9.4x, TP Bt158.6 ▶▶▶ Sympathy buying on rise of SCB? In last 10 days it is up just 0.7% vs. SCB's 6.1%

KCE↑ Bt89.5(+0.5) 0.6% Δ5D +4.4%, PER 44.3x, TP Bt98.2 ▶▶▶ Expectations of strong 3Q and even better 4Q

BANPU↑ Bt11.3(+0.2) 1.8% Δ5D +-8.3%, PER 5.5x, TP Bt14.3 ▶▶▶ Small rebound after a big fall over 12% fall in past 10 days as China is hell bent to reduce coal price

SCC↑ Bt394(+1) 0.3% Δ5D +-0.3%, PER 9x, TP Bt497.9 ▶▶▶ News of temporary closure of its Kaeng Khoi plant last week due to fire hurting its exports a bit may have driven trading to pick up. Foreigners have net sold Bt3.5bn in 10 days

Newsworthy

KEX↓ Bt33.25(-0.3) -0.7% Δ5D -13%, PER 43.5x, TP Bt46.8 ▶▶ New price promotion reducing delivery cost for documents now starting at Bt19 vs Bt25 earlier, collection fee also reduced by 2.4%. Investors fear this could be a start of a price war

DPAIN↑ Bt9.6(+0.2) 1.6% Δ5D +7.5%, PER 0x, TP Bt0 ▶▶ In explanation for selling 20m shares on 1st day of trading, a controlling family said, she sold as share price was too attractive to exit. This MAI listed stock rose almost 200% on 1st day.

CPN↓ Bt58(-0.3) -0.4% Δ5D -1.3%, PER 31x, TP Bt60.4 ▶▶ Has allocated Bt400m on new promotions starting 12 Nov. Says traffic at its malls has returned to pre-covid days of 70k over the weekends.

GUNKUL↑ Bt5.65(+0.1) 0.9% Δ5D +0.9%, PER 20.9x, TP Bt5.8 ▶▶ FDA has approved 878 licenses for planning hemp over next 8 months. RBF, SNNP and GUNKUL are on top of this list. GUNKUL share price reached life time high of Bt5.85 recently

BANPU↑ Bt11.3(+0.2) 1.8% Δ5D +8.3%, PER 5.5x, TP Bt14.3 ▶▶ Sells 47.5% stake in Sunseap for \$364m, as part of restructuring and raise funds for expansion. Its cost of the investment is \$173m,

KBANK↑ Bt142.5(+0.5) 0.4% Δ5D +1.8%, PER 9.4x, TP Bt158.6 ▶▶ Govt' may seek Bt20bn loan from KBANK to boost liquidity of its oil fund.

Brokers Picks

SCB↑ Bt133(+3) 2.3%, 1MΔ +5.7% B/S/H: 19/5/1 TP Bt138.3 ▶▶ It is a bold entry in digital exchange industry - price seems expensive. HOLD maintained. (KSS)

KEX↓ Bt33.25(-0.3) -0.7%, 1MΔ -13.5% B/S/H: 6/6/0 TP Bt46.8 ▶▶ Investor reaction to sell the stock is not justified as impact from new promotion, price cuts, is just 1% on annual profit. Sentiment may remain negative in short term, BUY (BLS)

HMPRO↑ Bt14.8(+0.1) 0.7%, 1MΔ +8.1% B/S/H: 18/6/2 TP Bt15.9 ▶▶ Earnings have bottomed out - BUY (KSS)

BGRIM↓ Bt42(0) 0%, 1MΔ +1.8% B/S/H: 17/2/0 TP Bt55.4 ▶▶ Core profit may have fall QoQ and YoY in 3Q21 - surging gas price has led us to cut '21-22F forecast. (KGI) - Bloomberg consensus EPS forecast is down 16% in last 1 month

BBL↑ Bt126(+1.5) 1.2%, 1MΔ +6% B/S/H: 17/6/1 TP Bt146.9 ▶▶ Pandemic resilient. No disclosure on its bid to buy Citibank Thailand's retail operations. BUY (KE-LIVE)

For a change, local funds net bought

Perhaps they were engaged in momentum buying of SCB, ahead of SCB's announcement of purchase of stake in Bitkub that was announced after the market close

TRADING FLOW BY INVESTOR TYPE							
Investor Type	02-Nov	01-Nov	29-Oct	28-Oct	27-Oct	Last 1 month	5D Sum
Local Institutions	1,441.1	-635.3	535.0	-457.4	-252.5		630.9
Foreign Institutions	-580.7	-3,586.5	-3,003.9	635.6	-2,427.6		-8,963.0
Retail Investors	-1,251.2	4,148.8	1,918.1	-119.3	2,712.8		7,409.2
Brokers' Portfolio	390.8	72.9	550.7	-58.9	-32.6		922.9
SET Index	1,617.9	1,613.8	1,623.4	1,624.3	1,627.6		

Amount in million baht, Index in points

TOP 10 MOST TRADED					
Name	Last	%Ch	Turnover	%vs 5ADT	52W Hi
Stock Exch Of Thai Index	1,617.89	0.25	76.9bn		1,658.1
Thai Set Total Val Trds		10.16	76.9bn	7.2	175.3bn
Siam Comm Bk Pcl	130.00	4.0	7,730.7	196.0	137.00
Kasikornbank Pcl	142.00	0.7	3,227.3	32.5	153.00
Kce Electronics	89.00	0.8	2,596.8	42.7	92.25
Banpu Pub Co Ltd	11.10	0.9	2,317.5	-15.1	14.90
Siam Cement Pcl	393.00	-0.3	1,924.7	38.3	2.40
Bangkok Bank Pub	124.50	1.2	1,773.5	90.2	134.50
Ptt Pcl	38.00	0.0	1,477.8	-18.3	45.00
Hana Microelectr	85.25	1.8	1,363.1	31.7	87.00
Delta Elec Thai	416.00	1.5	1,283.6	33.4	838.00
Advanced Info	192.00	1.9	1,066.9	26.4	201.0

Price in baht, Turnover in million baht, Index in points 02-Nov

TOP 10 - MOST UP / DOWN*					
Name	Last	%Ch	Name	Last	%Ch
Vanachai Group	9.65	+5.46	Kerry Express Th	33.50	-10.07
Precious Shippin	17.50	+4.17	Jasmine Technolo	69.00	-6.76
Siam Comm Bk Pcl	130.00	+4.00	Forth Corp Pcl	19.50	-3.47
Gunkul Engineer	5.60	+3.70	Origin Property	11.20	-2.61
Siam Makro Pub	48.25	+3.21	Sri Trang Gloves	28.75	-2.54
Bumrungrad Hospi	152.50	+3.04	Bangkok Life Ass	29.00	-2.52
Star Petroleum R	10.30	+3.00	Synnex Thai Pcl	24.30	-2.41
Irpc Pcl	4.36	+2.83	Supalai Pub Co	22.90	-2.14
Thoresen Thai Ag	11.00	+2.80	Ptg Energy Pcl	14.60	-2.01
Eso Thailand	7.95	+2.58	Asia Sermkij Lea	40.25	-1.83

Price in baht, Turnover in million baht, Index in points, mkt cap > \$500m 02-Nov