

Thailand Morning Cuppa

Top Story

Supalai (SPALI TB, BUY, TP: THB18.80)

Safe Shelter In a Monsoon Season; Keep BUY

Company Update

Maintain BUY, new TP of THB18.80 from THB20.00, 16% upside plus c.6% FY20F dividend yield. Although we trim our earnings forecasts due to unfavourable presales in 2Q20, Supalai remains a preferred sector pick. This is due to its low-risk profile, premised on its abundant orders in hand, which can be recognised over the next three years.

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Today's Report: [Supalai : Safe Shelter In a Monsoon Season; Keep BUY \(10 Apr 2020\)](#)

Previous Report: [Supalai : Low-Risk Pick In The Basket; Maintain BUY \(27 Feb 2020\)](#)

Economic Research

Money Supply Slowest Since Jul 2008

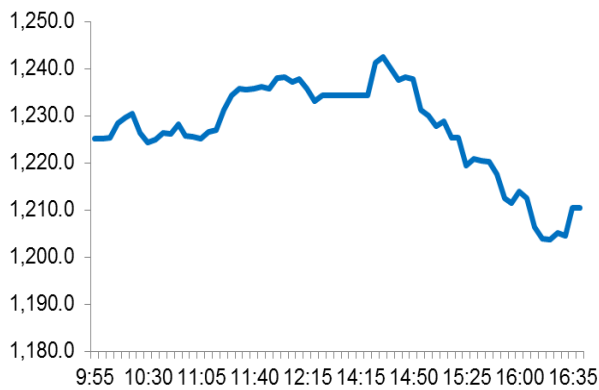
Economics View

- Broad money (BM) supply slowed further to +3.2% YoY in February, from +3.7% recorded in January. This was the slowest pace since Jul 2008 during the Global Financial Crisis, indicating that economic activity is affected by the COVID-19 pandemic.
- The slowdown was mainly due to the sharp decline in net claims on the Government, slower private credit growth, and moderation in net foreign operations.
- With money supply slowing and Thailand entering into a deflation amidst the sharp decline in oil prices, we expect Bank of Thailand to cut its policy rate by another 25bps to 0.50% as the economy is likely to fall into its worst recession since 1998. We also maintain our view that BM could slow to 1% in 2020 before a rebound to 3.5% next year.

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Today's Report: [Money Supply Slowest Since July 2008 \(9 Apr 2020\)](#)

Previous Report: [Thailand Enters Deflation On Falling Energy Prices \(7 Apr 2020\)](#)

Chart 1: SET intra-day graph


SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	11.82	14.08
P/BV (x)	2.03	1.74	1.79	1.33
Yield (%)	2.80	3.35	4.46	4.26

SET Value by investor Type: Daily

	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	8,680.84	9,331.87	-651.03
Proprietary	6,840.55	6,306.49	534.07
Foreign	26,897.87	29,963.28	-3,065.40
Retail	41,242.79	38,060.43	3,182.36

SET Value by investor Type

	MTD (THBm)	YTD (THBm)
Institution	5,827.48	31,900.88
Proprietary	2,509.06	-4,840.96
Foreign	-17,041.64	-132,396.56
Retail	8,705.10	105,336.62

SET50 Index Future

	Long	Short	Net	MTD	YTD
Institution	46,325	50,878	-4,553	34,293	-38,369
Foreign	84,372	72,634	11,738	-27,335	112,251
Local	146,339	153,524	-7,185	-6,958	-73,882

Note: *As at 9 Apr 2020 closing

Table 1: Key market indices (10 Apr 2020)

	Index	Chg	% Chg
SET	1210.48	+4.71	+0.39
SET50	816.47	+1.42	+0.17
SET100	1785.34	+4.84	+0.27
Dow Jones	23719.37	+285.80	+1.22
Nasdaq	8153.58	+62.68	+0.77
S&P500	2789.82	+39.84	+1.45
FTSE	5842.66	+164.93	+2.90
FSSTI	2571.32	+31.88	+1.26
Hang Seng	24300.33	+329.96	+1.38
Nikkei	19345.77	-7.47	-0.04
KLCI	1369.76	+8.37	+0.61
SHANGHAI SE	2825.90	+10.53	+0.37
JCI	4649.08	+22.38	+0.48

Note: *As at 9 Apr 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	250.00	30.89	<ul style="list-style-type: none"> Better profitability due to the TOT litigation settlement (for towers and 2G equipment) that could decrease its network opex by THB3.2bn pa Strong convergence services portfolio, with a low base of fixed broadband customers who should benefit from the shift in the industry's acquisition trends The scaling up of FBB units that expect to turn profit on EBITDA level this year
Charoen Pokphand Foods (CPF TB)	35.00	37.25	<ul style="list-style-type: none"> The uptrend of its core business should be prolonged, given the tighter supply conditions due to the African Swine Fever outbreak in Asia, with relatively low feed costs that remain in place. Although Charoen Pokphand Foods should benefit from lower policy rates and a weakening THB Upside from the acquisition of Tesco Thailand and Tesco Malaysia. While we expect company to enhance its fresh products distribution channel by tapping into the hypermarket network, we think CPF could also ramp up its food services in Tesco's retail space in future. Other positive synergies include cost savings on logistics network sharing, inventory turnover, and cross selling between retail trading formats
CP ALL (CPALL TB)	84.00	32.81	<ul style="list-style-type: none"> Weak consumption should affect staple retailers less than discretionary ones, and CP ALL is the best-in-class among the former. We expect a moderate 6% earnings growth this year 1Q20F-2Q20F outlook may be challenging on uncertain factors, but we still like its aggressive store network expansion, and outstanding product strategies which engender a resilient longer-term outlook CP ALL is acquiring 40% shares in the biggest hypermarket chain: Tesco Thailand and Tesco Malaysia in 2H20F, and be able to offer a complete range of grocery retailing formats. It has lower valuations vs past deals. We expect that it may deliver limited downside to earnings, but could strengthen its business model in the long run
Global Power Synergy (GPSC TB)	80.00	21.21	<ul style="list-style-type: none"> We expect 2 deals to be announced this year in 2H20. One is a 40MW portfolio worth THB3bn. The other is the gas-to-power project. Phase 1 of the project is expected to be c.60-1,200MW, investment range is c.USD360-960m, depending on size and costs We also like GPSCs shift towards being greener. It will also start to produce semi-solid state batteries by Nov/Dec, and we believe there is strong growth potential in this business segment
Osotspa (OSP TB)	49.00	28.95	<ul style="list-style-type: none"> Optimistic 2020F outlook with expected resilient 15% core profit growth and ROE hike by 2% may be driven by strong functional drinks sales, launching of more personal care products, new facility in Myanmar, and efficient cost management to keep GPM rising Successful reformulation of energy drinks has lowered its sugar content excise tax rate materially, playing a vital role in boosting profit margins The inauguration of its new beverage filling facility in Myanmar by end-1Q20F may also provide upside to the topline, and we expect the plant's performance contribution to be more visible from 3Q20F onwards Its market leadership for energy drinks, which is likely to be maintained, deserves premium valuation. This is along with attractive overseas growth story, while its business expansion may also solidify local operations
Supalai (SPALI TB)	18.80	16.05	<ul style="list-style-type: none"> Six of nine condominiums scheduled to be transferred within FY21F-22F have good presales record over 70% of the respective project value. This ensures its earnings visibility longer than other large developers The company is still aggressively acquiring landbank with this year's budget of THB8bn – a high level in the past 10 years. This implies that it is well prepared for launching new projects as soon as the industry recovers Based on the solid orderbook on hand, we expect net profit growth of 3-5%YoY for FY20F-22F. Supalai is one of few developers with the ability to generate growth in the near term

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